

Playing Fair – Ethics and Your Business

A workshop presented at CalScape Expo 2005 for the Plantscape Industry Alliance

Introduction and Thank You's to Vicky, Mary and Matthew for making it possible for me to be here.

ETHICS: A set of moral principles or values. The principles of conduct governing an individual or group.

INTEGRITY: Lacking nothing essential; the quality or state of being complete or undivided.

What is fundamental about ethics and integrity?

“Do unto others as you would have them do unto you.”

“As you sow, so shall you reap”

“What goes around, comes around”

“If you continue in the direction you are going, you are likely to end up where you are headed.”

Dalai Lama: Being good to others, being kind, generous, compassionate is really enlightened self interest. “If I can give some short moment of happiness to others than I feel my life has achieved some purpose. When I help others, I feel happy.”

Cartoon Character – Pogo: “We have met the enemy and he is us!”

On a more practical basis, how does this apply to you and your business?

What kind of ethical problems have you encountered in your companies?

☞☞ with vendors?

☞☞ with customers?

☞☞ with employees?

☞☞ with competitors?

☞☞ with government?

How do you feel when someone has dealt unethically with you?

What do almost all ethical problems have in common?

?? MONEY!

The most fundamental ethical problem in small businesses is an insufficient commitment to or capability for generating PROFIT.

If you are authentically and comfortably profitable, it takes away a lot of the temptation to cheat or operate unethically

The first “FIREWALL” you can build to insure the least possibility of unethical conduct in your business – Be Profitable

So, what is profit?

?? Fundamentally, it is taking in more money than you spend. Pretty simple.

?? As a practical matter, profit is a complex equation in which you must take into account revenue, fixed and variable expenses. (Show Diagram)

?? Too often, people look either at their income statement or their checkbook to see if they are making money. It’s not that simple.

?? Without profit, there is no room for innovation, upgrading technology, taking on new markets, etc. All you are doing is “surviving.”

☞ It requires developing a “culture of profitability” where everyone in the company is aware of the importance of profit and how their specific job accountabilities affect profit.

☞ Often people do not understand, in particular, that greater sales revenue does not automatically mean greater profit. Big pitfall. Profit is often more a function of velocity than volume. If you can get the same amount of revenue in the door with one month’s less overhead, you have that much more profit.

☞ Also, it always requires some investment in new labor, inventory, etc. *on the front end* of growth meaning there is a gap between your investment and the return in terms of a new level of profit. Too many companies get overly ambitious or optimistic and “fall into the gap.”

The second “FIREWALL” you can build to forestall ethical problems is cultivating a “company conscience.” I strongly recommend that you work with your staff to articulate a “Core Purpose” and “Core Values.” When issues arise where there is some question about ethics or integrity, you can look back to your Purpose and Values to guide you decision.

CORE PURPOSE

(This material is taken directly from the work of Jim Collins and his book, “Built to Last.” It is based on very solid, widespread research in terms of its effectiveness, and Collins expressly encourages people to “steal” the methodology and use it in their businesses – get more at www.jimcollins.com)

The organization’s fundamental reason for being. An effective purpose reflects the importance people attach to the company’s work – it taps their idealistic motivations – and gets at the deeper reasons for an organization’s existence beyond just making money.

We deliver “X” service. Then ask yourself “Why is that important?” five times. After a few whys, you’ll find that you’re getting down to the fundamental purpose of the organization.

EXAMPLES (Read the purpose and ask the participants to guess the company)

“To experience the emotion of competition, winning, and crushing competitors”
NIKE

“To make people happy”
DISNEY

“To give unlimited opportunity to women”
MARY KAY

“To solve unsolved problems innovatively”
3M

“To make happier places for people to work and live.”
EVERGREEN INTERIORS (A small plantscaping client of mine)

CORE VALUES

The organization's essential and enduring tenets – a small set of timeless guiding principles that require no external justification; they have *intrinsic* value and importance to those inside the organization. As you consider each value, ask “If the circumstances changed and *penalized* us for holding this core value, would we still keep it?” If you can't honestly answer yes, then it's not *core* and *should be dropped*.

EXAMPLES:

Collaboration

Passion

Results, not excuses

Always learning

Health and wellness for our staff, in all our business activities and for our world

A proactive, no excuses, no exceptions quality in our service

Surprising and delighting the people we care about

Creating wealth through growth and profits

To create a nurturing work environment that positively impacts the owners, employees and clients of our company.

SUMMARY

Your best defense against ethical problems is to develop a culture of profitability and a company conscience.

Questions? Discussion?