

### The Vibrant Urgency of Business Ethics

“If you steal, if you cheat, just don’t get caught. If you do, beg for a second chance, and you’ll get one.” Sherron Watkins reported that was the culture at Enron. Yet, the company had a very good Ethics document (64 pages long!) that simply sat on the shelf, ignored. Business Ethics are a vital part of any business and may be just as important as marketing is to the future of the company. Ethics happen in the painful, often gut wrenching decisions such as hiring and firing employees or in purchasing.

Most ethics statements seem to be written to reassure customers that they are purchasing from an ethical company. As such, they are only marketing statements and not connected to how the company actually operates.

Business Ethics affect us at the point where we have to make judgements. As such, ethics do not really affect most sales. For the business person, it is rare to even think about ethics while selling. A few times, the business person will decline to sell to someone such as when a government will declare certain businesses “out of bounds” and banks will stop processing their businesses. However, selling is rarely where businesses make ethical decisions.

In business, most of our judgement calls are made mostly when we are purchasing or hiring and firing employees. And it was in those areas that Enron fell down.

We have power in our purchases. For

example, with the efforts to reform the garment factories in Bangladesh, we can see the power of deciding to have ethics in how we purchase. Likewise, a number of companies chose to purchase computer systems from one vendor because they didn’t like the business practices of another vendor.

We have power in our hiring decisions and that is where our business ethics are important. Public examples of this are

being seen in football teams where people with great talent are either hired or not based on other factors in their lives. In many companies, we see people with certain criminal records blacklisted. Other places have overlooked questionable ethical pasts because of how much

profit someone might bring. For example, the people who nearly brought down Salomon Brothers went on to other companies along with their questionable practices and caused problems elsewhere.

We have power in our firing decisions and that is where our business ethics are important. Often, this is the most important aspect of business ethics. At Enron, instead of firing people who cheated, they were “given a second chance”. The culture was “don’t get caught” instead of “do the right thing”.

Because our ethics are involved when we evaluate others, that puts an urgency to ethics. We get to decide over and over again what our real values are. Do we value simply how much money someone brings in or do we also consider how they did it, whether we actually made a profit, and what the costs are to the rest of the organization?

### There is Power in Ethics

#### Slowly Swallowed

A friend recently shared pictures of trees swallowing other items like fence posts, wires, nails, and other trees. There are also fairy tales of people, hobbits, and other creatures being swallowed by trees while they slept. That becomes a cautionary tale for businesses also. We can get slowly swallowed while focused on the day to day crises, missing the slower changes. The same thing happens when acquired – what made us special gets swallowed up by the acquirer and lost. So, it is important to spend time ever so often to look around.

In the fairy tales, someone will fall asleep by a tree. The tree wraps around that person and pulls them in. It often takes some magic to get free. In nature, the trees grow more slowly, but a faster growing tree can wrap around another slower growing tree.

In business, we often get distracted by the day after day crises. That leaves us unable to look around to see what might be growing around us. In today’s world, that inattention to the competitive scene can be deadly. A faster growing competitor can find a way to go around us and pull away our customers. For example, Amazon is constantly trying to figure out how to reach every household in the country. No matter how tight a connection we have with our customers, someone is out there trying to choke off our sales.

After an acquisition, the purchasing company imposes their way of doing things and their supply of both raw parts and new ideas. The people who made the acquired company into what it was and made its’ success often feel choked off. In many cases, the people leave and that which made the acquired company valuable fades away.

It is important to take time to reevaluate the business at least once a year.

#### Risky World

With the rise of “smart toys”, those toys are becoming a security risk also. There are dolls that are listening to everything around them and sending what they record to servers elsewhere. They might also get hacked.

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