

**BUSINESS ETHICS MATTER**



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I once heard a speaker sum up perfectly why business ethics matter. What he said is as follows:

"You sow a thought; you reap an action.  
 You sow an action; you reap a habit.  
 You sow a habit; you reap a character.  
 You sow a character; you reap a destiny!"

Business ethics are a hot topic these days. If you were to look back even two to three years ago to find written materials or researched documents on business ethics, you would be hard pressed to find any substantial information relating to the definition of ethics or really how to implement a workplace ethical policy. Today, stroll to the nearest bookstore, newsstand or even library and you have a full array of materials to read. Why the rise in interest? The words Enron, MCI, Global Crossings, Arthur Anderson, Martha Stewart come immediately to everyone's minds.

The construction industry has not been immune to this trend. In particular, we are now seeing more focus on False Claims cases against contractors and an increased scrutiny of the way that Federal, State and local government officials choose and deal with their designers and contractors. It is no wonder that businesses that service our industry are beginning to realize the importance of ethical leadership, but along with this new focus comes many "gray areas." As a result, construction professionals and government officials are now more often forced to decide on issues where there are arguments on both sides - a problem that makes ethical decision-making very difficult.

PinnacleOne's unimpeachable objectivity, along with a proven approach to planning and attention to detail, has earned the company a reputation as one of the finest consultants in the construction industry.

Headquartered in Phoenix, PinnacleOne regional operations are located in Irvine, Los Angeles, Sacramento, and Hartford.

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## What are Ethics?

So let's start with the very basic question of "What are ethics?" The word *ethical* is easier to deal with because it deals primarily with what people *do* as a result of who they *are*. The definition of ethical behavior is written as "being morally right." The question I am always asked is, "Who decides what is morally correct?" We enter that gray area once again because as a society we have allowed for tremendous boundaries on what is accepted as morally correct.

The rules for being ethical are simple. It is knowing the "right thing" to do. You will be starting in the wrong place if you begin with the idea that what is legal is ethical. The law is (or should be) based on ethics, not the other way around. There is really very little reason for the fog surrounding ethics and "ethical behavior" beyond the excuses we make for not being ethical.

## Where Do You Begin?

According to Kenneth Blanchard and Norman Vincent Peale, authors of *The Power of Ethical Management*, there are three questions you should ask yourself whenever you are faced with an ethical dilemma.

***Is it right?*** Most of us know the difference between right and wrong, but when push comes to shove, how does this decision make you feel about yourself? Are you proud of yourself for making this decision? Would you like others to know you made the decision you did?

***Is it balanced?*** Is it fair to all parties concerned both in the short-term as well as the long-term? Is this a win-win situation for those directly as well as indirectly involved?

***Is it legal?*** In other words, will you be violating any criminal laws, civil laws or company policies by engaging in this activity?

Most of the time when dealing with "gray decisions," just one of these questions is not enough. However, by taking the time to reflect on all three, you will often

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Julie is dedicated to the practice of helping others achieve their maximum potential. Julie's passion is presenting timely topics that awaken and encourage others to go beyond mediocrity and truly achieve self-satisfaction and discover their central motivational thrust. Julie is a recognized expert on the theory of multiple intelligences and how to apply the theory into everyday living.

times find that the answer becomes very clear.

Business ethics has come to be considered a management discipline, especially since the birth of the social responsibility movement in the 1960s. In that decade, social awareness movements raised expectations of businesses to use their massive financial and social influence to address social problems such as poverty, crime, environmental protection, equal rights, public health and improving education. An increasing number of people asserted that because businesses were making a profit from using our country's resources, these businesses owed it to our country to work to improve society. Many researchers, business schools and managers have recognized this broader constituency, and in their planning and operations have replaced the word "stockholder" with "stakeholder," meaning to include employees, customers, suppliers and the wider community.

### **Five Benefits of Managing Ethics in the Workplace**

Business ethics is strong preventative medicine. Donaldson and Davis, in "Business Ethics? Yes, But What Can it Do for the Bottom Line?" (Management Decision, V28, N6, 1990), explain that managing ethical values in the workplace legitimizes managerial actions, strengthens the coherence and balance of the organization's culture, improves trust in relationships between individuals and groups, supports greater consistency in standards and qualities of products, and cultivates greater sensitivity to the impact of the enterprise's values and messages.

An ethics policy in a workplace is a reflection of the values deemed important to the organization. A well-defined ethics policy along with an outline of related standards of conduct provides the framework for ethical, moral behavior within your workplace. Some of the key benefits of managing ethics in the workplace are as follows:

1. ***Ethics programs help maintain a moral course in turbulent times.***  
Attention to business ethics is critical during times of fundamental change -- times much like those faced now by businesses, both non-profit and for-profit. During times of change, there is often no clear road map showing

the path to right or wrong. Attention to ethics in the workplace helps ensure a moral compass when leaders and managers are struggling in times of crises and confusion. Continuing attention to ethics in the workplace sensitizes leaders and staff to how they want to act -- consistently.

2. ***Ethics programs promote a strong public image.*** Attention to ethics is also strong public relations - admittedly, managing ethics should not be done primarily for reasons of public relations. Frankly, the fact that an organization regularly gives attention to its ethics can portray a strong positive to the public. People see those organizations as valuing people more than profit, as striving to operate with the utmost of integrity and honor. Aligning behavior with values is critical to effective marketing and public relations programs. Consider how Johnson and Johnson handled the Tylenol crisis versus how Exxon handled the oil spill in Alaska. Bob Dunn, President and CEO of San Francisco-based Business for Social Responsibility, puts it best: "Ethical values, consistently applied, are the cornerstones in building a commercially successful and socially responsible business.
3. ***Ethics programs cultivate strong teamwork and productivity.*** Ethics programs align employee behaviors with those top priority ethical values preferred by leaders of the organization. Usually, an organization finds surprising disparity between its preferred values and the values actually reflected by behaviors in the workplace. Ongoing attention and dialogue regarding values in the workplace builds openness, integrity and community -- critical ingredients of strong teams in the workplace. Employees feel strong alignment between their values and those of the organization. They react with strong motivation and performance.
4. ***Ethics programs support employee growth and meaning.*** Attention to ethics in the workplace helps employees face reality, both good and bad -- in the organization and themselves. Employees feel full confidence they can admit and deal with whatever comes their way. Bennett, in his article "Unethical Behavior, Stress Appear Linked" (Wall Street Journal, April 11, 1991, p. B1), explained that a consulting company tested a range of executives and managers. Their most striking finding: the more emotionally healthy executives, as measured on a battery of tests, the more

likely they were to score high on ethics tests.

5. ***Ethics programs help avoid criminal acts "of omission" and can lower fines.*** Ethics programs tend to detect ethical issues and violations early on so they can be reported or addressed. In some cases, when an organization is aware of an actual or potential violation and does not report it to the appropriate authorities, this can be considered a criminal act, e.g., in business dealings with certain government agencies, such as the Defense Department. The recent Federal Sentencing Guidelines specify major penalties for various types of major ethics violations. However, the guidelines potentially lower fines if an organization has clearly made an effort to operate ethically.

### **Leaders - Be Aware and Be Square!!**

Ethical behavior is established from the top. Without setting an example at the top, it is often difficult, if not impossible to convince staff that they too should be ethical in their business dealings. If you are not committed to the ethics you have outlined, then they become worthless. If you treat your staff with disrespect and distrust, chances are they will do the same toward you. Stated another way, if you promote unethical or dishonest business dealings with your clients or other "stakeholders," in all likelihood your staff will not be ethical and honest with you. As is often said, "what goes around, comes around." ***Thus, formal attention to ethics from top to bottom in the workplace IS THE RIGHT THING TO DO, good for business and great for everyone!***

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