



Enterprising Rural Families™

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TIP OF THE MONTH:

WRITING ADS

- Keep sentences short and to the point
- Describe products accurately and completely
- Use creative touches carefully
- List primary phone & fax numbers, web address, store location, hours of operation, other contact information
- Be honest—don't over inflate
- Stick to the facts
- Use testimonials and photos, but get permission first
- Tell the customer what the benefits are to him/her—save work? cost efficient? enhance lifestyle?
- Catchy, but not silly, headlines
- Crisply-written copy
- Great photos
- Eye-catching art work
- Creative slogans
- All essential information
- What the buyer really wants is for you to tell him or her why they should purchase your product
- Put yourself in the buyer's place

Creating an Ethical Culture in Your Small Business

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I am a proud graduate of the University of Missouri in Columbia, Missouri. During my tenure there, the Trulaske College of Business happened to build a brand-new building in the heart of campus on the southwest corner of the Mel Carnahan Quadrangle. Cornell Hall is beautiful, both inside and out, and faculty members and students in the College can be proud to call the building home. Just after the building was completed however, there was a rumor going around campus that Kenneth Lay, of Enron infamy, had donated money to the College and now they were in a quandary over what to do with his painted portrait. This was about a year or two after the Enron scandal, so their consternation was understandably justified. After some discussion and hand-wringing, the portrait was hung in the building.

Now, I really do not know how much of this story is true and how much of it was garbled campus gossip. I can say with certainty that I did see the portrait in the building...in a very discreet location. When I saw the portrait, it was hung in a small, dimly-lit space behind a spiral staircase near the back of the building; probably the best compromise that could be reached by those in charge of the facility. While Lay denied all charges of insider trading, securities law violations, and financial fraud, it is pretty clear from the placement of his portrait in Cornell Hall that the scandal caused his alma mater to distance itself from him.

Nothing is More Dangerous than a Tarnished Reputation

While your business or enterprise may be nowhere near the size of Enron, which was the nation's seventh largest publicly-owned firm when it collapsed in 2001, it is imperative that you zealously guard your business' reputation. A tarnished public image has many direct consequences for a business. It affects the sales, profits, and even the day-to-day running of the company. Nothing hurts morale more than a struggling business and a slumping bottom line. The best defense against a tarnished reputation is a good offense of compliance with ethical standards and best practices.

An ethic is defined as a moral principle or framework. Business ethics is a branch of applied ethics that addresses: (1) how an organization/business chooses to interact with its stakeholders; and (2) what principles and standards the organization adopts to guide its decision making and the how its decisions affect its stakeholders. In their book, *It's Good Business*, authors Robert Solomon and Kristine Hanson state that "the whole point of business ethics is to define and defend the basic goals of prosperity, freedom, fairness, and individual dignity," which are the underlying values of business. Studying business ethics enables business owners to see that



every business decision has an ethical component and therefore an element of ethical risk. You can also learn how to manage ethical risk through the use of effective tools and practices and by promoting an ethical culture.

Business owners should be aware that ethical errors can end careers more quickly and effectively than any other type of mistake. If you are caught lying, cheating, stealing, or renegeing on a contract in the business world, colleagues and customers will not easily forgive and forget. These errors are especially problematic because they undermine the ethical foundation of the business world. We may be able to have some compassion for someone caught in an ethical dilemma, but we cannot sweep their unethical actions under the rug. These actions and situations can happen for a number of reasons: an employee unthinkingly did what he or she was told to do; management might not have been clear about standards, priorities and limits; or an employee might have felt “safe” because of a perceived lack of supervision or oversight

There is a difference between what you have a right to do and what is right to do.

U.S. Supreme Court Justice Potter Stewart

Creating and Promoting an Ethical Culture

Given the seriousness of the subject, what can an owner of a small business or family-run enterprise do to overcome ethical dilemmas while protecting the business' image? By creating an ethical culture, you make it easier for employees to do the right thing and harder for them to do the wrong thing. Business owners can create this culture no matter how large or small their operation. A strong ethical culture is an atmosphere which is reinforced by both formal and informal incentives that promote ethical and moral conduct. There are five aspects of business ethics which promote this culture and lead to increased trust and respect for the organization.

Accountability

Does everyone in the organization know “where the buck stops”? In an organization with a strong ethical culture, employees know that managers or owners are accountable for the responsibilities that they delegate to employees. In turn, employees know that they are responsible for their own actions. Accountability also means that owners, managers or any other business leaders respond in appropriate and effective ways when an employee or a stakeholder (customers, investors, or the public) have a concern or issue. Leaders should model ethical behavior to their employees because, as the old saying goes, “The behavior you see, you either taught or allowed.”

Transparency

Transparency means more than just posting the organization's mission, policies, and procedures. A truly transparent organization is open and honest about its structure, how it operates, and its decision-making procedures. A good tool for this is a written and disseminated Code of Conduct. This document is a complementary piece to a business' policies and procedures and it serves as a guide for professional behavior and ethical decision-making. Typically it links the organization's mission, values and principles to standards of professional conduct. (For more information on creating a Code of Conduct, what it should contain, and how to integrate it into policies and procedures please visit the Ethics Resource Center at www.ethics.org and search for the Ethics Toolkit.)

The decision-making process is a vital part of a transparent organization. Owners and managers should share information with employees and stakeholders, not just on WHAT decision was made, but also on how and why it was made. A good framework for making ethical decisions includes recognizing an ethical issue, getting all of the facts from all sides of the issue, generating and evaluating alternative actions, making a decision, and finally reflecting on and evaluating the outcome. The more difficult an ethical choice, the more we should rely on discussion and dialogue with others to gain their thoughts and ideas so that we can arrive at the best possible solution.



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Candor

What occurs in your business when a mistake is made? Do you cover it up? Try to pretend it never happened? Share it with others and use it as a learning/teaching moment? How you deal with mistakes and errors says a lot about the ethical culture of your organization. An ethically sound business takes mistakes seriously and makes the opportunity to learn from them. This business also respects an employee's right to safely (and possibly, anonymously) report unethical behavior. Violators should face some sort of disciplinary action and this should be clearly outlined in your policies and procedures.

If there is open, honest, and reciprocal communication throughout all levels of the organization, that is a sign of a strong and healthy ethical culture. Businesses should also consider soliciting feedback from stakeholders outside the firm. Independent audits of ethical behavior and decision-making processes help a business continuously improve and can only strengthen the business.

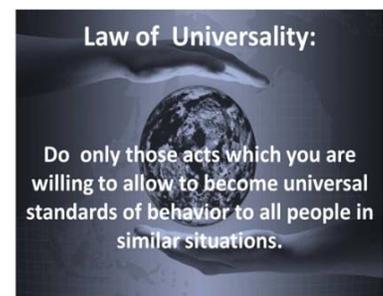
Commitment

Does the organization do more than just provide lip service to an ethical culture? Or is there simply a “print, post, pray” attitude? A firm or enterprise that is truly committed to professional and ethical conduct will have structures in place that support, encourage, and even reward ethical behavior. This means more than giving everyone a copy of the business' policies and conducting an annual training (although that is certainly a good thing). Being fully committed means that you have regular conversations about ethical behavior and acceptable standards of conduct. It means that you make character and ethics a priority when you hire new employees. You reinforce the kind of behavior that you want to be known for through mentoring, performance reviews, and discipline processes. There is a system in place to encourage the organization to address ethical concerns and integrate ethical considerations into decision-making.

Courage

If ethical concerns are shared by employees or stakeholders and the business does not do anything about it, then the business probably lacks courage to deal with ethical (mis)behavior and issues. A courageous enterprise is one that is willing to do the right thing even if there is risk (financial, reputation, liability, etc.) involved. Courageous organizations give their employees freedom to make difficult decisions and act on them. It also means that those employees feel empowered to report unethical behavior without fear of retaliation or negative repercussions. The five tenets of an ethical culture are highly inter-connected; they build off of each other. Businesses that are committed to ethical behavior are more likely to have greater accountability and transparency and are more likely to foster candor and courageous behavior.

As Solomon and Hanson remind us, “Business ethics is not an attack on business but rather its first line of defense.” Being ethical in business means acknowledging that one's actions have consequences and that we must take responsibility for those consequences. By choosing to do the right thing, to act in a professional and responsible manner, and to honor the five tenets of an ethical culture, your business will be heads above your competitors.



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