

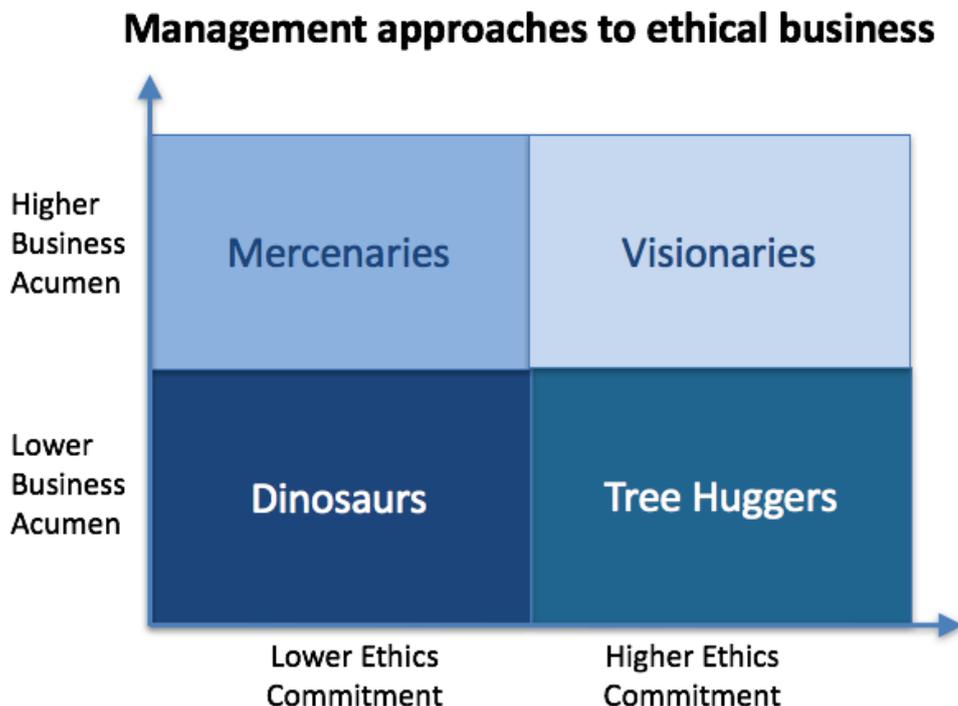
Making ethical business work in practice

What is the *real value* of all the ethics-related work that organisations get involved in? Do they really support your business drivers or are they simply wasting time? This article describes how to understand and focus on the key ethics issues that will make the difference in your business.

The Four Approaches to Ethical Business

Managers with responsibility for delivering ethical programmes of one type or another will often bemoan the lack of *commitment* of senior management to pushing them through. However, I have observed that it is the *business acumen* of management - how they understand and leverage ethical issues to the advantage of the business - that has just as big an effect.

To see what I mean, have a look at the chart below, where I have mapped these two characteristics to show the four main approaches that business leaders typically adopt in ethical business management.



Dinosaurs' overriding focus is on making money, believing that ethics-orientated business principles are effectively just nonsense to be given lip service to. However, their lack of understanding of the wider implications for the business make them less successful. Behaving as if successful business is created through cutting corners or treating staff poorly might have worked in the 19th Century, but it doesn't work today.

Like the dinosaurs, **Mercenaries** are also in it for the money, however they

are smarter, and have sophisticated ways to respond to what they consider the 'fashion' for ethical business. The underlying philosophy is that it is all about looking good, rather than doing anything (a.k.a. 'greenwash'). They use clever marketing to tell customers and stakeholders how good they are, but it is a sham. Without the values in place, everyone sees through it in the end.

Tree Huggers are those 'business' people who are totally committed to warm and inspiring ethical ideas, but don't understand what is realistically achievable. They take the purity of the principle as sacrosanct, and are unable to compute the business consequences of their ethical initiatives. Through naivety, they damage the reputation of ethical initiatives.

Visionaries understand that their customers, employees and other stakeholders want something more. They understand that customers have their own customers to deal with, who care about working with a company that does the right thing. They understand that getting the best employees in this age means engaging and inspiring them, so that they want to work there. They understand that only a great reputation for doing the right thing will give them the leverage with governments and the community to fully develop their business. In other words, their commitment to doing the right thing is made in the context of the business implications, so that the one serves the other.

Google's Code of Conduct nailed this for me with their principle of: "Don't be evil". It tells everyone that they need to behave in a bigger way, beyond making the short term quick buck, because the future of their business is about customer trust. Compare that with United Airlines or Sports Direct.

How to take ethical principles forward in your organisation

How should you find the best approach for your business? This is what I do:

1. Define 'success'. Be very clear about what success looks like for your business. What is your vision for how much it matters whether the business is ethical or not, and in which areas? Common results areas to consider are:

- Overall reputation
- Customer loyalty
- Employee attraction/ retention
- Supplier relationships
- Financials

2. Determine the specific initiatives and measures that will deliver those results and those results only, including the supporting **values**.

3. Rigorously plan and manage for these desired results through a detailed action plan, with targets, accountabilities and timelines to drive delivery.

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