

Making Decisions Easy---Understanding the Ethical Pyramid

There's nothing "ivory tower" about ethics:

People are often put off when the term "ethics" is bandied about. Seems that droning professors, morgue-like libraries and dusty books come to mind at the very mention of the word. Or ---groan---they think of politics or boxing or professional wrestling and make a snap judgment about the people or the business or the decision at hand. Not a very practical business, this ethics business. Or so they might have you believe-----

But I beg to differ with all of that. Ethics is the most practical, one might even say the most useful of topics to study, to understand and to incorporate into one's daily life on both the personal and the professional levels. The reason is simple: ethics are about decisions---making them quick, making them easy, making them defensible. People with a strong ethical foundation rarely seem confused when encountering a "go-no go" decision. And they can explain why they did what they did and they tend to make future decisions which are consistent with those decisions. They can be trusted to act according to those principles in the future. They act without reference to polls and people follow them since they pretty much know where they're going. Others call them ethical. And being ethical is good for you---it lowers stress, projects confidence, motivates others.

In short, ethics are good for your personal well-being and your professional success. Join me for a short "ethical journey" and see how applicable the abstract is to the decisions you make each and every day.

Learning the language:

Before you can communicate with others, you need to have a common language with which to communicate. Agreement on a couple of basic ideas will make your study of the ethical pyramid more interesting and entertaining.

Ethics---ethics are the ideas which underpin decision making. Ethics should never be confused with morality since morality is about absolutes applicable anywhere while ethics, for better or worse, are always "local" and never absolute. By way of example, people everywhere agree that murder is bad---hence, a transcendent **moral** principle. In contrast, taking bribes is considered acceptable in some societies whereas doing so is condemned in others---clearly an **ethical** issue. Therefore it's important to understand that the "local ethics" of the stakeholders are always "in play" when making a decision.

The Ethical Pyramid--- Every decision is the end result of a complex series of decisions called "the ethical pyramid." For most, this pyramid is a sub-conscious structure built up by parents, schooling, society, industry and the specific locale within which one operates. Fundamental concepts underpin the pyramid with each successive "floor" involving a progressively more specific ethical environment. The first floor of that pyramid involves "ethical bricks," that is, words that can be used for further ethical assemblies. The second floor has to do, at least in the United States, with "free market ethics," that is concepts fundamental to operating in a free society. The third floor involves "personal-professional ethics" which are the specific guidelines the individual decision maker uses to evaluate decisions in light of established personal needs. The fourth floor of the Ethical Pyramid involves those ethical guidelines which are considered "good" by the specific industry within which the decision is being made. Lastly, the "penthouse suite" involves company specific ethics---ideas

which are specific to the operating entity where the actual decision is being made. Each of these ideas will be explored in greater depth as we proceed.

Values--- Values are the ideas which contain impulse and direct action. Values are revealed in action. To discover the values of an institution or an individual, one need only observe what they have done to know their values. Discount what they say and record what they do. Those who act in a way consistent with their stated values are considered **ethical**.

Determinism and Free Will: Ethics are based on the idea of choice, that an individual must use his “ethics” to choose amongst competing solutions to a given problem. People who think this way are governed by the notion of “free will,” that they can always act and that the right to choose and the requirement to do so is never relinquished. Determinists, by contrast, say that “choice” is out of their hands and they must blindly follow the dictates of others or of circumstance since they “can’t do anything about it. Free will types understand that some things can’t be changed--- competition for jobs exist and therefore the context is “defined”---but they reserve their “free will” in responding to “the pre-determined.” Ethical people accepts that they are not “pawns before the tidal wave of history,” that choices remain and that action is possible.

The Efficient Ethical Marketplace--- Everything one does will eventually be known by everyone who matters. Although “efficient market” is an investment concept---that the price of stock in the American marketplace at a given point in time represents the “efficient price” since all facts surrounding the value of that stock are known to the investing community at that point in time--- the notion of “efficiency” is equally applicable to ethics since the actions of individuals and of institutions will eventually be known by everyone. It is a short step from this notion to the belief that one should always act as if what they do is already known by those who will pass judgement on their actions.

Stakeholders---Stakeholders are those people and institutions affected by a given ethical decision. The “circle of stakeholders” is always larger than people initially suppose. Decisions ripple outward and impact others in much the same way as occurs when a stone is thrown into water--- although distance reduces the impact, an impact occurs nonetheless. People often make ethical decisions thinking that the stakeholders are more local than they actually are. Decisions ripple outward and their impact, though muted, is evidenced by a much larger community than is initially supposed.

Inductive and Deductive Ethical Thinking---Staff and customers are usually “inductive” in their ethical thinking. They witness a specific situation---a supervisor shouts at an employee for a faux pas--- and draws a “global” conclusion from the example---management endorses the abuse of staff. It is a fact of the “human condition” that people see details and extrapolate an ethical system from the specific. By contrast, management types and leaders need to think “deductively,” creating “first principles” which are then used to guide actions in “the specific.” A manager might say that the company has “zero tolerance” for payroll errors which then guides the payroll department in the hiring of staff, the documentation of hours and the attendance at payroll seminars. **Deductive thinking** is about “ethical vision” and first principles whereas **inductive thinking** is about the application of those principles in the specific.

The Rational Thought Process---An emotional response, though sometimes quite satisfying in the short term, is inappropriate for the ethically inclined since it does nothing to “contain impulse and direct action.” The rational thought process is how one makes decisions and the “ethical imperative” is an integral part thereof. The process is deceptively simple: define the problem, gather all facts relating to that problem (including the larger stakeholder group), analyze the problem using ethical first principles (principles are used to organize the gathered facts), draw a conclusion from the analysis, articulate the conclusion and be open to feedback. By doing so, one can replicate the decision making process they used, can explain their reasoning to others and can replicate the decision should the need to do so arise once again.

Understanding “Free Market Contractual Ethics” and The American Way:

Within the United States, “free market contractual ethics” are fundamental to the decisions we make in both the personal and the public realms. Agreements to act between two or more parties are considered contracts, contracts define the selection made amongst choices and contracts and choices are fundamental to “the market.” “Free market contractual ethics” form the “second floor” in the ethical pyramid.

Point One: People make decisions about choices which are in their vested self-interest. Those reasons may be material, emotional or psychological but people will ultimately act in a way consistent with their self interests. If a contract doesn't seem to be in the best interests of the people or institutions involved, the “contract” is suspect. People who agree to “bad contracts” usually do so knowing they'll eventually break the contract. Example: the contractor who signs a contract for a project after underbidding the competition by 35% will often fail to satisfy the terms and conditions of the contract. Doing so is not in his “vested self-interest” since altruism rarely motivates the building trades. Example: the new manager who signed a contract giving him less money, less authority and less time off than his previous two jobs is unlikely to honor the terms and conditions of the contract for very long.

Point Two: In the free market, one enters into a contract without coercion. If one is forced into making an agreement, the chances are that the agreement will be broken. Example: the man who weds his pregnant sweetie at the point of her father's shotgun is rarely a happy man. It is reasonable to assume that the wedding vows will be broken at some point in the not so distant future.

Point Three: Contracts must be balanced and fair to both parties. Both “signatories” must win a little and give a little. Both dignity and status must be sustained and, if possible, amplified in the relationship. Any contract that's all win for one and all compromise for the other is a contract that will eventually be broken. Example: A general manager pays an employee far less than they're worth because they know the person is emotionally attached to the employee community. The employee knows they're “getting the shaft” but put up with it. They don't get mad but get even---the talk “crap” about the manager, they slow down their job, they bitch and moan. A bad contract since one of the parties thought they were a winner and the other thought they were a loser.

Point Four: Fraud, that is the conscious misrepresentation of facts or agreements, is “The Big No-No.” People who perpetrate a fraud are by common agreement “bad people” in possession of “bad ethics.” Example: The manager who accepts a new position as “General Manager” and who then discovers that he's really and truly a “Clubhouse Manager” has been the victim of a fraudulent act. Example: The wealthy woman who marries an impoverished man who represents that “true love” is his motivation, only to discover in due course that he wanted her for her bank account, has experience fraud. Conscious misrepresentations are bad.

Point Five: Once a contract has been agreed to, both parties are bound to honor both the spirit and the terms of that contract. A contract can be legally enforceable---you agreed to three years of service in exchange for three years of pay as general manager--- but it must also be “spiritually enforceable.” That is, people who sign contracts must adhere to the emotional and psychological commitment implied by the contract. Example: the manager who signs a three year employment contract but continues looking for “his next job.” Example: The basketball player who signs a multi-year contract, then discovers two years into the deal that others are “doing better” than he is, then holds out for more money. Huh? The contract was signed without coercion, was in his best

interests, was balanced and fair and there was no fraud involved---where's the commitment to "honor the contract?"

Point Six: Violations of the contract void the contract. If either party violates "free market ethics" during the negotiation or execution of the contract---not in one's best interests, coerced into signing, not balanced and fair, fraudulently represented or not honored in spirit or deed--- the contract can be considered to be null and void. Example: The board of directors that denies a manager time to attend an industry conference, when their contract clearly states their right to do so, has violated the agreed to contract. The manager is no longer constrained by the agreed to contract.

Building Your "Happiness Quotient" into the "Yes or No" Decision:

Every decision we make either contributes to or diminishes our store of happiness. As such, the search for personal happiness---knowingly or unknowingly--- plays a critical part in our decision making process and, in turn, is a fundamental building block in our ethical pyramid.

Each of us has rules that guide us in the pursuit of personal happiness. When making a decision, these ethics---what I call Personal / Professional Ethics---are a paramount consideration. Will the decision under consideration be in alignment with these principles, thereby promoting one's long term happiness, or will it violate those values, thereby diminishing one's "happiness quotient?"

Everyone has different principles that are fundamental to their happiness. Sometimes we make short term tactical decisions which violate those principles---agreeing to work in a god forsaken part of the country knowing that it's a two month assignment---while understanding the need for long term strategic alignment---your desert-loving personality dictates that you live in a desert community for the remainder of your days. The key is to know the values which underlie your "happiness quotient" and to act in accord with those principles over the course of one's career.

The following two "templates" are worth considering while evaluating your own "Personal / Professional Ethics."

The Balanced Life: Every day, week, month and year of your life should focus on "The Balanced Life." Consider the following questions before making your next big decision:

- a. **Does the decision time for productive work?**
- b. **Does the decision provide time for play?**
- c. **Does the decision provide time for reflection?**
- d. **Does the decision provide time for community involvement?**
- e. **Does the decision provide time for family?**

Happiness Principles: Happiness is a serious business. Consider the following before you make any personal or professional decisions:

- a. **Does the decision contribute to my good health?**
- b. **Is the decision consistent with my "geographic imperative?"**
- c. **Does the decision allow me to acknowledge my passions and does it give me time for their pursuit?**

- d. **Does the decision provide “productive work”---is it fun for me, is it needed and is it meaningful?**
- e. **Is the decision consistent with or does it actively promote my dreams and does it provide me with hope for their fulfillment?**
- f. **Does the decision provide me with and a community of shared values?**
- g. **Does the decision amplify or diminish my relationship with my “significant other”?**

Personal and Professional Ethics are about living “the good life”. Only you can provide that definition. Whatever those principles, the “ethical person” acts in accord with those guidelines. They understand what makes them happy and remember to incorporate those values into each and every decision they make. Knowing what gives you fulfillment is the first step in creating those principles. Acting in accord with those principles is the essence of “personal-professional ethics.”

Industry Ethics:

Within in any given business community---be it the business of education, cocaine trafficking or club management---there are values which are intended to guide behavior by those practicing within that community. These values are absorbed, more often than not, “from the vapors” and are passed down through the generations by the oral tradition. These principles are rarely premeditated. Most have been derived over the years from experience, something of a common law approach to “first principles.”

What some business communities actually do is to document those principles in a “code of ethics,” which is really no more than the written expression of those commonly accepted principles. This codification occurs when a commonly accepted “umbrella organization”---in the club business, CMAA and in the legal business, The American Bar Association---review the histories of their respective organizations and determine what principles are at work in their business niche. However, practitioners rarely read those principles before acting, relying instead on observations made or insights gained from others who are older, more experienced and inclined to “mentor” novitiates within the community.

Decision makers need to understand the “norms” which are acceptable within their business cultures. “Business Ethics” become a part of each person’s decision making process and, since they are oft times directly applicable to decisions in progress, have a relevancy that most understand. For example, within the club business, managers are not supposed to pursue another’s job without that person’s knowledge of the pursuit whereas in another subset of the hospitality industry---the hotel business, for instance---the same is not necessarily the case. Each business niche has its own ethical standards and practitioners are expected to act in accord with those standards.

“So,” the practical person might ask, “how does one go about discovering **the ethical good** in one’s business niche?” Since all knowledge is question driven, or so I would have you believe, the answer is a simple question: ***“If I were standing on a stage in front of three hundred of my peers, told them my story and gave them my decision, would they agree with the decision I made and would I be confident that---in their eyes---I did the right thing?”***

The key issue for professionals: finding and clearly understanding the ethics of their niche business community. Observation, mentoring and lastly reading about real-world ethical scenarios are critical factors in the “values transfer” that needs to take place.

Site Specific Ethics:

If all ethics are local, the most local “locale” is the specific club that you’re working in or business that you’re working in. Each club has a history and in the decisions which define that history clearly point to the values which guide and animate the community. These “site specific ethics” must, necessarily, be a part of any decision made. Sometimes subtly and sometimes dramatically, these local values will influence and guide the decision maker. Maybe in your club the president gets preferential pricing when his or her daughter gets married, or maybe they get no special consideration. Maybe your club is fiercely egalitarian and refuses to mark out a parking spot for the President, or maybe it has special parking spots for each of the Board members. The definitions of right and wrong need to take the local culture into consideration.

Keep in mind that the club business is littered with the bodies of managers who left one club for another and failed to take their new club’s “ethics” into consideration before acting on the ethics of the prior club.

“So,” the practical person might once again ask, “how does one go about discovering **the ethical good** at one’s place of business?” Since all knowledge is question driven, or so I would have you believe, the answer is a simple question: *“If I were standing on a stage in front of three hundred of my staff, customers or purveyors, told them my story and gave them my decision, would they agree with the decision I made and would I be confident that---in their eyes---I did the right thing?”*

Club specific ethics can be changed but changing them requires patience, a vision for a better alternative and a host culture susceptible to that evolution. Changing a “men’s golf club” into a “family country club” can occur with time but compressing that change into a six month window is a sure recipe for failure. Vision, patience, a fertile host culture and a *catalyst*---that is, a manager or president or board who realize the potential of a given community and who can initiate, direct and sustain that evolution---are needed before a change can occur.

Let’s Get Practical:

So where do you, the reflective practitioner, go “ethically” from here???

First of all, accept that the decision making process is a complicated one built on a foundation of questions which, when answered, lead to the appropriate decision.

Find yourself a couple of personal and professional “mentors” who can discuss the ethical pyramid in light of experiences that are personal, local and current. These people need to be “reflective practitioners,” that is, people who have lived extensively and thought deeply about their life experiences. They can guide your ethical search by asking the right questions and by responding to your own.

Next, gather ten specific situations from your personal and professional life. Make the anecdotes interesting, “conflicted” and important. These will be the test cases to examine as you work your way through each of the principles discussed in the Pyramid.

The “ethical inquiry” is based on the questioning mind. Knowing “the good” requires that one ask the right questions. From here on, the success of one’s ethical journey will be driven by the quality of one’s questions.

Now look at each of these situations with your mentor or mentors and work backward from the outcome through the various floors of the pyramid. What “local ethics” played a role in the decision? Would my staff, customers and purveyors agree on “the right

thing” to do? Which “industry” ethics? Would my professional peers agree on “the right thing” to do? Which “happiness ethics?” Did I violate my own definition of personal and professional happiness? Were each of the “free market ethics” applicable? Were the “ethical bricks” in evidence? And lastly, reverse the process and ask yourself the same question you earlier answered---Should I take the job? Should I fire that employee?---, move upward through the pyramid asking ethical questions along the way and see if you arrive at a different decision than you previously made.

Once you’ve done this, create and document your own “Code of Ethics” for decision making. Doing so will help you act consistently when confronted with tough choices, will help you explain the decisions you’ve made and will help you make those decisions without the stress and uncertainty that might otherwise prevail.

Ethics are practical. Ethics are about real world decisions. And ethics are the very underpinning of your personal and professional happiness. Understand them, accept that ethics are “your friends” and let them work for you.