

# Running clubs with an ethical eye on the bottom line

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Candor.

**Assumption:** In ethics, the manager must get below the surface to discover the real issue. In the business arena, for instance, a club manager who assumes his competition is simply other clubs will soon find himself unemployed. Any other form of recreational and social activities are really competitors. The manager must realize that to survive.

The same is true when a community attacks a club's membership

policies. While the assumption is that the community is crying for ethnic balance, the real issue may be jealousy of the privileges private club members enjoy.

"The assumption is what you have to get to in order to do some new thinking," Pastin said.

**Challenge:** The only constant in any business is change. Successful managers challenge assumptions about what people want, anticipate changes in their desires by getting ahead of market research and then act accordingly.

**Turnabout:** Turnabout involves fairness. That is, discovering a middle ground between what is fair in the manager's mind and what is fair in the employee's, customer's or member's mind. A manager can't do that if he is only concerned about what he thinks.

How can these first three ethical tools help a manager better run a business? A good example is the success of the Nordstrom's department store chain, the most highly regarded retailer in the country in consumer polls, Pastin

said.

**Assuming** customers would take advantage of them, retailers have traditionally made it difficult for customers to return merchandise. Nordstrom's *challenged* that *assumption*, making it convenient for customers to return items without sales receipts or issuing credit slips instead of cash. The *turnabout* was that the trust Nordstrom's placed in its customers and the convenience the store offered really mattered to shoppers. That explains why Nordstrom's can charge more for

the same products than its competitors, but is still one of the most successful retailers in the country, Pastin said.

"That is perceived as an ethical way of doing business and people are willing to pay a lot for it," Pastin explained.

**Truth:** The president of Scandinavian Air Lines said that customers base their decisions on whether to continue buying from a company on brief, face-to-face moments of truth with company employees. A customer who shows up at the ticket window saying he was quoted a \$79 air fare over the phone, that the computer says costs \$129, will probably remain a customer for life if the ticket seller believes him and sells him the ticket for the lower price.

"In ethics, the moments of truth are the times when something goes wrong and there is a question of integrity. The person is looking in a staff member's eyes and wondering 'Is he going to go with me or is he going to go with himself?' That's the moment of truth. We all judge ethics not by what's written in the policy manual, but in the moments of truth," Pastin said.

Managers need to give staff members the responsibility to handle such situations without having to worry about their jobs.

**Risk:** The only way to adapt to a changing world is to take risks. Taking risks creates knowledge, growth, satisfaction and motivation. Even risks that don't work are worth taking.

**Candor:** Managers need to encourage board members, club members and employees to tell them when something is wrong. Most ethical problems can be solved if addressed soon enough.

"How often have managers been blind-sided by a problem from an employee or a staff member that they could have solved if told about early enough," Pastin asked. "Every time that happens, it's a failure of someone to inform the manager early enough that a problem was out there."

People will tell managers what they need to know if they are encouraged to do so, rather than being punished, Pastin said.

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