

By Ronelle W. Genser

Business ethics is the discipline that examines questions of moral right and wrong arising in the context of business practice or theory¹. While many companies consider themselves to be highly ethical, few companies realize the value of business ethics as one of their strongest marketing tools. This article provides three examples of companies that "did the right thing" and how it helped them gain significant brand awareness and grow their business.



- Somerby Senior Living⁵. A wholly owned subsidiary of Dominion Partners, headquartered in Birmingham, Alabama, Somerby Senior Living owns and develops senior living communities, consisting of three levels of care--independent living, assisted living, and memory care--in Alabama, Georgia, and South Carolina. Their mission is *to inspire and nurture successful aging every day* by making sure each resident has the opportunity to be as engaged and energetic as they want to be. As an example, in the independent living area, daily activity offerings read like a cruise ship's daily activities without being at sea.

Many retirees when deciding to leave the comfort of a familiar long-time home are concerned that what is offered when they tour a retirement community will turn out to be less than what was described when they move in. For example, in addition to cruise ship type activities, Somerby Senior Living offers residents an independent apartment with two meals a day (breakfast and either lunch or dinner) in a restaurant-style dining room as well as a whole person wellness philosophy called Masterpiece Living®, a research-based initiative developed in partnership with the Mayo Clinic, which brings residents an exclusive, groundbreaking approach to a lifestyle of wellness.

Not only has Somerby kept their commitments to their customers, but when an ice storm threatened to paralyze the greater Atlanta area for almost a week in early January 2011, senior management at Somerby of Alpharetta⁶ immediately moved into the facility for several days because it seemed that no one would be safe driving on the icy roads after the storm. Servers became housekeepers, managers took over engineering duties, and senior management took over running the kitchen and dining room because many staff could not come to work safely due to treacherous road conditions. While fine dining which is the norm in the dining room was replaced by paper plates and plastic silverware due to the staffing shortage, residents not only continued to eat well, but Somerby gave everyone an additional meal credit for all the daily main meals that were not up to Somerby's high standard. In addition, during this time every resident was able to continue to be as energetic and engaged as they wanted to be because Somerby continued to provide residents with activities and services under these difficult conditions.

- Malden Mills². In late 1995, two weeks before Christmas, a fire at Malden Mills, a 90-year-old manufacturer of Polartec and Polarfleece fabrics in Lawrence, Massachusetts, put 3,000 union jobs at risk. Two days after the blaze, CEO Aaron Feuerstein announced plans to pay his

employees their full wages for 30 days. He later extended that offer to 90 days for paychecks and 180 days for benefits. Total cost to Malden Mills: \$25 million.

In an interview with CBS News/60 Minutes, Feuerstein said: "I think it was a wise business decision, but that isn't why I did it. I did it because it was the right thing to do."

It took years, but Malden Mills rebuilt its plant in Lawrence, Massachusetts and eventually hired back all their displaced workers. In return, the workforce repaid Aaron Feuerstein with cooperation and productivity, resulting in the following significant bottom-line outcomes³:

- Business grew 40% from pre-fire levels.
 - Customer and employee retention reached 95%.
 - Off-quality products dropped from 6-7% pre-fire to just 2%.
 - Production increased from 130,000 to 200,000 yards per week.
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- Chick-fil-A⁴. S. Truett Cathy, Founder, Chairman and CEO of Chick-fil-A, the second-largest quick-service chicken restaurant chain in the United States based on annual sales, believes in a Five-Step Recipe for Business Success, which includes his own personal set of ethics.

1. Climb with Care and Confidence. Truett Cathy believes in never financially overextending and is satisfied stepping from one plateau to the next, making sure the company does everything right before moving on. This way of thinking has allowed Chick-fil-A to steadily grow into a \$3.2 billion-dollar business with nearly 1,500 locations in 2009, while responding to employee and customer needs.

2. Create a 'Loyalty Effect'. Since people are the cornerstone of everything that Chick-fil-A does, Truett Cathy believes that attracting great people helps create an unforgettable experience for customers. While it requires a lot of time and effort to make sure the right people are working in the right jobs, he believes this is time well spent. The bottom line for him is that everyone should enjoy their work. As a result fewer than five percent of franchise operators leave the chain in any given year. The more the company can foster the feeling that it is a group of people working together and depending on each other, the more likely loyalty will develop and that the loyalty effect extends to everyone going out of their way to make sure all customers have a pleasurable dining experience.

3. Never Lose a Customer. Whether on the paper route Truett Cathy had as a teenager for seven years or in his restaurants, Truett Cathy found that the most effective way of promoting his business didn't cost him anything but a little kindness to his customers.

4. Put Principles and People Ahead of Profits. Truett Cathy wants to be remembered as one who kept his priorities in the right order, encouraging his restaurant operators and team members to give back to the local community. He feels his company should be about more than just selling chicken; the company should be a part of its customers' lives and the communities in which they serve.

5. Closed on Sunday. Perhaps the most well-known of the five recipes for success, Truett Cathy was not so committed to financial success that he was willing to abandon his own principles and priorities. His decision to close on Sunday was his way of honoring God and of directing attention to things that mattered to him more than business. Note: Chick-fil-A is the only major fast-food restaurant chain to be closed on Sundays, one of the busiest days of the week in the restaurant business. Despite being closed on Sundays, Chick-fil-A has an unparalleled record of 42 consecutive years of sales increases, with its core free-standing restaurants achieving higher sales per unit in six days (with shorter operating hours) than most major chains in its industry.

In summary. Companies that 'do the right thing' in the context of their everyday business practice may experience positive 'buzz' about their products and services. They may see relationships deepen and may enjoy increased trust created by their customers, prospects, employees, vendors, and referral sources-- something no amount of marketing could ever buy!

1 www.wordnik.com.

2 <http://toughsledging.wordpress.com/2010/03/05/putting-people-before-profits-classic-pr-case-study-but-without-the-fairytale-ending/#more-5068>

3 Center, Allen H. and Patrick Jackson. 2007. Public Relations Practices: Managerial Case Studies and Problems. Upper Saddle River: Prentice-Hall, Inc.

4 http://www.truettcathy.com/about_recipe.asp

5 <http://www.somerbyseiorliving.com/>

6 <http://www.somerbyofalpharetta.com>

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Note: For the purposes of posting to this website, the order of company case studies has been altered to feature Somerby of Alpharetta first. The original order is as follows:

1. Malden Mills
2. Chick-fil-A
3. Somerby of Alpharetta