

Media Selling, 4th Edition

By Charles Warner

Chapter 3: Sales Ethics

The Sales Executive Council (SEC) is a private membership-based research consortium serving approximately 300 of the world's largest sales organizations, including IBM, Coca-Cola, GE, McGraw-Hill, Microsoft, and Walt Disney. The SEC is a division of the Corporate Executive Board and its mission is to assist executives in enhancing the effectiveness of their sales strategy and operations, from sales productivity and strategic account management to sales training and compensation. The SEC's primary tool is conducting research on sales problems their members face and producing case studies of best practices companies use to solve these problems.

One of the SEC's reports dealt with sales force retention and motivation. In one survey that was a part of this report, it asked 2,500 senior sales executives in major industries worldwide to rank the attributes, from most important to least important, that they felt were necessary to be successful as a salesperson and sales managers.ⁱ

The most important attributes, by far (63 percent inclusion versus 50 percent inclusion for the second ranked attribute) were honesty and integrity. The SEC conducted this survey in the year 2000 before the scandals involving Enron, WorldCom, Adelphi Cable, AOL, Wall Street, and the sub-prime mess. One can only guess how high the scores for honesty and integrity would be today.

How does one know how to be honest and act with integrity? What are the rules for honesty and integrity? In business the rules usually come from codes of standards or codes of ethics.

Sales Ethics in the Advertising-Supported Media

A ballad made famous in the late 1930s by Jack Teagarden, titled "A Hundred Years Today," has been used by countless young men to woo their dates and to convince them not to wait to give out their kisses (and more), because who would ever know what they had done in a hundred years. It was a pitch for a one-night stand, not a long-term relationship. It was probably an effective short-term tactic because two people were not going to live another hundred years and were more than likely able to keep their actions secret if they wanted to.

However, clever short-term tactics are unwise for corporations for three reasons: (1) corporations, by charter, are immortal – they last forever – and, therefore, they want to do business a hundred years from today, (2) corporations have multiple relationships with customers and suppliers making it highly unlikely that they can keep details of these relationships secret for very long, and (3) in the age of transparencyⁱⁱ created by the Internet, "...Information is like a toddler: It goes everywhere, gets into everything, and you can't always control it."ⁱⁱⁱ These reasons are especially important for large public corporations that file detailed reports with the Securities and Exchange Commission. Some of these reports contain information on contracts with key strategic partners and are available to the public from www.sec.gov/edgar.shtml -- an example of transparency.

These three factors are magnified several times with media companies because their revenue depends on maintaining long-term trust of their advertisers, subscribers, and audiences. Major advertisers provide the lion's share of revenue for most media businesses. Furthermore, major advertisers such as GM, P&G, IBM, and Coca Cola not only have long memories, but they will also be around in a hundred years. As Warren Buffett, the country's most astute (and wealthy) investor, has said, "Trust is like the air we breathe. When it's present, nobody really notices. But when it's absent, everybody notices."^{iv} It is not smart business to undo a trusting relationship and bite the hand that will feed your company in future years. If salespeople lie, cheat, gouge, or over-promise and under-deliver in order to make short-term numbers, they jeopardize revenue far into the future. Simply put, advertisers do not buy from someone they do not trust – they are not looking for one-night stands; they prefer marriage.

There is also a good chance that if you deceive any of these large customers, they will tell others, especially your competitors and the press. The press loves stories about corporate bullies, liars, and cheaters, and as Dov Seidman writes in *How*, "Corporate scandals, celebrity breakups, political corruption: Each day's news – delivered instantly via television, radio, website, cell phone, RSS feed, and BlackBerry – exposes the transgressions of the icons of the day...once we've gotten a taste of scandal we can't seem to get enough."^v The public has become scandal addicted.

It seems that many corporations and people today either do not know about or care about business rules, standards, or ethics. Perhaps they go along with unethical behavior because of group pressure or peer pressure or perhaps they rationalize to themselves "everyone does it," "it's standard practice in this business," or "no one will know; I won't get caught." Maybe they think, "My manager said to do what it takes to make the quarter," or "If I don't take their money, someone else will." Such callous rationalization of lying, cheating, and stealing is typical sociopathic behavior.

Within the last two years, I know of a salesperson for a major media company who forged a client's name on a contract. The salesperson was certain the customer would eventually sign the contract, and the salesperson wanted to start the campaign early in order to meet his quota and, thus, make more money. When the advertiser got the first invoice, the surprised reply was, "What's this, we never bought anything or signed anything?" Why did the salesperson forge a signature? Was there pressure from management to close business early or did greediness motivate the salesperson? What was the root cause of this unethical behavior? Of course, being a sociopath or a narcissist clearly can lead to unethical behavior, but people not suffering from these personality disorders sometimes behave unethically. Why?

Reasons People Don't Follow the Rules

There are many reasons for unethical behavior, but here are the four most common. (1) People have a strong tendency to bow to authority and follow orders from higher-ups, giving them the excuse that "I was just following orders." (2) People have a strong tendency to bow to the social pressure and conformity of their peer group, perhaps a left over tendency from their teenage years, leading to the excuse of "everyone does it." (3) Unethical behavior is often due to an absence of clearly defined and communicated rules of behavior, standards, or codes of ethics in a peer group, organization, company, or an industry, particularly for salespeople, allowing people to say "nobody told me." (4) They

are unaware that, “Every keystroke on your computer is there, forever and ever”^{vi} in the age of transparency and the likelihood of getting caught is exceedingly high. (5) Corporate cultures that encourage employees to wink at their company’s code of standards or mission statement can justify their actions by saying, “no one will know; I won’t get caught.”

While people who bow to authority may have to give up their individual free will and autonomy for the sake of a company, they do not have to turn their conscience and their self-esteem over to someone else. “Just following orders,” as we learned in the Nuremberg trials, is not a valid, acceptable excuse for doing the wrong thing. On the other hand, people who cave in to peer pressure to conform negate their own free will and autonomy and hand over their conscience and individuality to the crowd. “Everybody does it” is not an acceptable excuse for breaking the rules or for unethical behavior. An absence of clearly defined standards and codes of ethics can lead to unethical behavior because people can use the copout “nobody told me.” This excuse is hollow because ethical behavior is implied and assumed in all of our daily social interactions. For example, we do not go around killing people because nobody said “Don’t kill anyone today.” We all know what we are supposed to do and not to do.

Groups, organizations, and companies must create and communicate ethical standards to guard against these abuses and, even more importantly, to follow up with practices and behavior at the highest levels of the organization that adhere to stated corporate standards. Unfortunately “Do as I say, not as I do,” can be as effective on employees as it was on me as a teenager when my father told me not to smoke cigarettes as he puffed away on one of his forty Chesterfields a day. For example, Enron had a clearly defined code of conduct that it communicated to everyone in the company and posted on its website. Enron’s top executives obviously viewed this code as public relations, not as a set of rules they should follow, thinking arrogantly and cynically, “No one will know.”

Employees of an unethical company whose executives do not follow the rules should strongly consider leaving the company and looking for another job rather than becoming a whistle blower. Tragically, whistle blowers are too often perceived to be “rats” or “squealers” by potential employers rather than as the heroes they are. Leaving an unethical, corrupt company is probably in your long-term self-interest because when the company’s ethical problems come to light, your pension fund or 401 (k) plan will be worthless if it is invested in company stock and your reputation will be tainted in the job market. Therefore, select the companies you work for very carefully and choose one that will enhance your reputation, not detract from it.

What Are Ethics?

Ethics are clearly defined standards and norms of right and wrong that are expressed as guidelines for behavior. There are three general types of ethical standards. First, most organizations, companies, and professions have written codes of ethics or standards of conduct. Next, are accepted beliefs and modes of conduct among various social and ethnic groups. Finally, individuals have their own standards of right and wrong that they use to make daily judgments, which are based on a combination of deep-seated personal values and beliefs inculcated from the first moment parents say ‘bad boy’ or ‘bad girl.’

Why Are Ethics and Rules Important?

With heightened press coverage of corporate, government, and Wall Street scandals, the public has become increasingly concerned about the ethical behavior of the representatives of our important institutions. Therefore, if ever there was a time when ethical behavior for business and for salespeople was important, it is now. And it is vital to the health and credibility of American business to do the right thing rather than to do things right. Companies should perceive ethical behavior as enlightened self-interest because it preserves a company's long-term reputation, which is its greatest asset.

Five Ethical Responsibilities for Media Salespeople

1. Responsibility to consumers. As defined in Chapter 1, consumers use a product and the consumers of the media are the audiences as readers, viewers, or subscribers.

If a media outlet does not put the interests of its consumers or audience first, the audience will gravitate to sources of information and entertainment that do. It is amazing how most people tend to give their loyalty to those who look after them and have strong values. If a media outlet does not tell the truth, withholds important information from consumers, sells shoddy products, or erodes consumers' values and sense of self-esteem, these consumers will eventually turn to information, entertainment, and opinion sources that provide what they want, and that they find truthful, useful, interesting, and convenient. In other words, they will find someone else to partner with.

Audiences want something in which they can believe. Therefore, the media should not transmit false or misleading advertising. General rules for media salespeople should include not accepting advertising for products that are unsafe. People do not like to be deceived, especially by the media. Thus, when a medium lies to its audience and loses its credibility, it eventually loses its audience, and can no longer be advertiser supported. Putting the consumers first is at the heart of the marketing concept, and is the essence of ethical behavior in the media.

2. Responsibility to their conscience. All salespeople are responsible to themselves for doing what they believe is good or bad, right or wrong and is based on their own conscience or moral standards. John Wooden, the legendary UCLA basketball coach, said that there is no pillow as soft as a clear conscience. Purposely acting unethically will erode a salesperson's self-esteem. By acting ethically, salespeople increase their self-esteem, self-image, and self-confidence and do the same for their company. They develop a long-term perspective, which benefits their mental health and their company as well as the customers and consumers.

Unfortunately, some salespeople and sales organizations are more motivated by greed, in making money or "getting the stock price up," than in building a highly respected personal or company reputation. Such greed inevitably produces cheating, which is a cancer that erodes a person's or a company's reputation and eventually will kill the company. Those who conduct business unethically know they are doing so, but they continue doing the wrong thing because they believe they will not get caught. However, they are playing an ethical lottery in which the odds of being discovered are high, as we saw with Enron and WorldCom. Practicing ethical behavior every business day is the only sure way of maintaining a reputation, and self-esteem grows as the result.

3. Responsibility to customers. Customers do not buy from or partner with media companies and salespeople they do not trust. Thus, media salespeople should concentrate on building trust and managing relationships for the long term, not merely selling for a

one-shot deal. For example, Time Warner corporate policy, as articulated by former CEO Richard Parsons, is to “under-promise and over-deliver.”

Customer-Oriented Rules for Media Salespeople – The Don’ts

- A. Don’t lie to advertisers.
- B. Don’t sell anything that customers do not truly need.
- C. Don’t allow clients to feel like they lost in a negotiation.
- D. Don’t be unfair to advertisers.
- E. Don’t sell something customers cannot afford.
- F. Don’t use bait-and-switch tactics (selling something that they know is not available just to get the money in the door).
- G. Don’t recommend or accept advertising that is in bad taste or that will harm a client's image.
- H. Don’t accept false or misleading advertising.
- I. Don’t give kickbacks (a euphemism for bribes) to customers. Kickbacks often come in the form of unauthorized rebates or other cash payments given by salespeople from their own pockets. Kickbacks are illegal, and there are serious consequences to violating the law, including fines and imprisonment.

Rules for Media Salespeople — The Dos

- A. Do represent your clients. Media salespeople’s responsibility is to transmit or publish the best possible advertising for their clients and to try to get the clients the best, fairest deal they are entitled to according to a medium's official pricing and positioning policies. Many companies today employ customer ombudsmen to represent customers’ interests to its sales organizations.
 - B. Do keep privileged information confidential. Salespeople must keep privileged information to themselves, including details about advertisers' strategy, budgets, creative plans, special sales, and media plans until the campaign has broken and the information is readily available from outside sources. When a client or advertising agency requests competitive information, salespeople should not give it out before the campaign starts. If salespeople have done their selling job properly, they have sold themselves as solutions providers, which imply a privileged relationship, such as that between a doctor and patient. Customers have a right to assume that salespeople are experts whose recommendations are given with their best interests in mind.
 - C. Under-promise. It is salespeople’s responsibility not to promise what advertising by itself cannot deliver. The media can deliver potential exposure to an audience. But the media cannot be certain of generating sales results, so it should not promise results to advertisers. Rather, salespeople should promise only what they can deliver.
- 4. Responsibility to the community.** The word community has many meanings, but in this context, it is limited to four: (1) The global community, (2) the general business community, (3) an industry community, and (4) a local community.
- A. The global community. Each corporation and individual ultimately has a responsibility to the world community. We owe it to society to act in a way that provides the greatest good for the greatest number of people, that enhances the

environment, that improves the human experience and condition, and that, in the words of the Hippocratic oath, does no harm or Google “to do no evil.” To answer questions about our social responsibility, we should always ask ourselves the question, “Suppose everybody did this?”^{vii}

- B. The business community. As members of the free-market business community salespeople must behave responsibly so that investors, regulators, and the general public have faith in our capitalistic system. All companies have, or should have, published rules, codes, or standards that prohibit unethical behavior such as selling stock based on inside knowledge, shredding documents or deleting computer files to avoid prosecution, and cooking the books to inflate revenue. In business, as well as in society, salespeople must ask: “Suppose everybody did this? Would the regulators, investors, and the public maintain their faith in the free-market system and in business?”
- C. An industry community. The media have a special responsibility to the public, because the media deliver the news to Americans. The public also forms many of their social values, beliefs, attitudes, and opinions from the print, electronic, interactive, and entertainment media. This enormous power makes it more imperative that the media wield that power responsibly.

As a country, we altered our aggregate opinions about racial prejudice, about the war in Iraq, and about women’s rights while we watched images of these issues mesmerize, indoctrinate, and change us. The advertising messages between these images guaranteed the freedom of the press that bigots, the government, and non-egalitarian people might not want us to have. If any one of these groups had controlled the media, we might not have been exposed to these issues and the truth would not have worked its torturous way into our collective consciousness.

Therefore, media companies and their salespeople have the responsibility of keeping the media and the press free by fueling it with the advertising revenue it needs to remain so. Without a free, advertising- or subscriber-supported media, there cannot be a free exchange of ideas. This exchange of ideas leads to an informed electorate, the foundation of our democracy. As a salesperson, you might say, “The high-minded notion of protecting democracy is fine if you’re selling “60 Minutes” or CNN or The Huffington Post, but I’m selling commercials on a Rock ‘N Roll radio station.” But no one program, no one news story, or no one medium is more important than another, rather it is the free-market, advertising-supported system. By selling within that system, media salespeople are sustaining a market for advertising that supports all information and entertainment content.

Salespeople must be ethical and play by the rules not only because public attention is focused on corporate ethics, but also because attention is intensely focused on the media. The believability of the media in general and journalism specifically has been eroding recently, and advertising has never been at the top of the list in the public’s esteem. Thus, the media must attempt to turn around the image, esteem, and credibility of its product (information, entertainment, and opinion) and its supporting buttress, advertising, if the media hope to thrive.^{viii}

D. A local community. All companies, organizations, and people have a responsibility as citizens to act responsibly and ethically towards their neighbors in the community where they live and work. The simple rule is, “Don’t foul your own nest. Don't cheat your neighbor.” The local media must first serve their communities, for without local support, local media cannot thrive or even exist. Remember that broadcast media are given licenses based on their promise to serve their communities, so their obligation is not only a moral, social one, but also a regulatory one.

5. Responsibility to a company. Media salespeople represent their companies to their customers and because they are selling an intangible product, they become the personification of, the surrogate, for their product. Salespeople are often the only contact a customer will have with anyone from a company. Therefore, they have to face the kill-the-messenger attitude many people have about the media. Because of this unique situation, a company's credibility depends on its salespeople’s credibility, which to a large degree depends on their personal conduct and integrity. Salespeople must be law abiding, respectful of civil liberties and actions or statements that are potentially offensive to others as well as be moderated in their personal habits. It is the responsibility of salespeople to build and maintain customer relationships based on dependability, reliability, believability, integrity, and ethical behavior.

Salespeople must give their job their full attention, not to steal company's assets, not to waste its resources (which includes efficient and reasonable use of entertainment and transportation money), not to file false expense reports, and not to offer special deals to get business away from others within their own organization.

Salespeople have a responsibility to their company to maximize revenue by getting the highest possible and reasonable rates, selling special promotions and packages, attaining the largest possible and reasonable orders, and reaching the highest possible budget shares. There are times when the responsibility to a company to maximize revenue can come in conflict with a salesperson's duty to his or her customers, to his or her conscience, and to the various communities. When such conflicts occur, salespeople should remember the hierarchy of responsibilities and that their company is at the bottom of that hierarchy, because it is in its best long-term interest to be last. Good companies know that what goes around, comes around; that good karma returns home; that ethical behavior is good business; and that employees are happier working for ethical companies.

Great media companies understand that if they take care of their audience that usage, readership, and ratings will go up resulting in increased revenue. Also, if advertisers trust salespeople and their companies, most advertisers will pay higher rates for better service from these trusted partners. If salespeople do the wrong thing, it results in lost customers, expensive employee turnover, high lawyers' fees, large court costs, and, perhaps, even time in jail.

Unfortunately, many companies set up rewards for salespeople that unwittingly reinforce doing the wrong thing. These include compensation systems that reward getting an order regardless of what's best for the customer, contests that reward selling special promotions or packages regardless of advertisers' needs, and bonuses for making sales budgets regardless of what is reasonable.^{ix} Beware of CFOs and top management that recommend accounting practices that “preserve a company's assets,” they often

have the wrong assets in mind. A company's and a salesperson's most precious asset is an excellent reputation, which is preserved by always doing the right thing all of the time.

All large media corporations dream of having a respected publication write something positive about their company. On October 9, 2002, *The New York Times* ran an article in its Business section with the headline, "Viacom is Planning a Multimedia Campaign Against AIDS," which read, in part:

"Viacom plans to focus its various media properties on a single public service campaign with an AIDS-awareness and education effort. The campaign, scheduled to begin in January, will use unsold advertising time on Viacom's CBS and other television networks, and on its television and radio stations, as well as outdoor billboards, for messages about AIDS. But the company, which plans to announce its plans today, says the effort will go beyond traditional public service announcements to weave messages about AIDS into the scripts of television programs, and possibly films." ^x

Viacom, which is now CBS, conducted the AIDS campaign not only to serve the public, but also to enhance its own and the television medium's reputation. This example demonstrates how salespeople can enhance their company's reputation by focusing on the five levels of ethical responsibility in the order of their importance. Salespeople can remember these levels by thinking of the Five Cs:

The Five Cs of Ethical Responsibility

Consumers
Conscience
Customers
Community
Company

An Ethics Check^{xi}

Is it legal? When salespeople conduct an ethics check, the first question to ask is: "Is what I am considering doing legal?" The term 'legal' should be interpreted broadly to include any civil or criminal laws, any state or Federal regulations, any industry codes of ethics, or any company policy. If salespeople do not know or have any doubts about the legality of what they are doing, they should ask their boss and the company's legal department.

Is it fair? Is it rational, as opposed to emotional, and balanced, so that there are no big winners and big losers? Is it fair to all: to both sides, to the consumer, to the salesperson, to the advertiser, to the various communities, and to the company? If the company had an open-book policy, would all of its customers think everyone got a fair shake? Are all customers getting fair rates, placements, rotations, and make-goods? To test for fairness, ask yourself the question, "Suppose everybody did this?"

What does my conscience say? Salespeople should ask themselves, "How would I feel if what I am doing appeared in the *Wall Street Journal* or the *New York Times*? How would it make me feel about myself? According to my personal moral standards, is what I am doing OK?"

A company's and a salesperson's most valuable assets are their reputations and

their relationships with their customers. Reputations and relationships are built by consistently doing ethics checks on the way you do business, by taking a long-term view and not doing anything that would put you or your company in jeopardy, even a hundred years from today. As Dov Seidman writes in *How*, “As reputation becomes more perishable [because of the age of transparency] it’s value increases. As it becomes more accessible, it becomes a greater asset—and liability.”^{xii} Never take a chance that could lead to ruining your or your company’s reputation and making it a liability.

Test Yourself

1. What are the five rationalizations some people use for their unethical behavior?
2. What are the four reasons why people are inclined to behave unethically?
3. What are the Values and Principles of the A. H. Belo Company?
4. What are the Five Cs of Ethical Responsibilities for media salespeople?
5. What are the Don’ts for media salespeople?
6. What are the Dos for media salespeople?
7. What are the three rules of the Ethics Checklist?

Project

Go to the Web and search the websites of several major media companies and see if you can find any statements about ethical behavior, standards of conduct, corporate citizenship, or corporate responsibility. Then, go to the websites of major advertisers such as GM, P&G, Ford, GE, IBM, or McDonalds, and see if they have any statements about ethical behavior, standards of conduct, corporate citizenship, or corporate responsibility. What did you discover?

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- Dov Seidman. 2007. *How: Why How We Anything Means Everything...in Business (and in life)*. John Wiley & Sons. New York.

Resources

- www.lrn.com/index.php (Dov Seidman’s LRN corporate website.)
- www.sec.gov/edgar.shtml (Securities and Exchange Commission Public Company filing.)

Endnotes

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- ⁱ “Voice of the Sales Leader.” 2001. *Leading the Charge*. Sales Executive Council. Washington, D.C. p.13
- ⁱⁱ Dov Seidman. 2007. *How: Why How We Anything Means Everything...in Business (and in life)*. John Wiley & Sons. New York.
- ⁱⁱⁱ Ibid. p. 34.
- ^{iv} Ibid. p.158.

^v Ibid. p.36-37.

^{vi} “Tell-All PCs and Pones Transforming Divorce.”

<http://www.nytimes.com/2007/09/15/business/15divorce.html>. September 15, 2007.

^{vii} Keith Davis, William C. Frederick and Robert L. Blostrom. 1980. *Business and Society: Concepts and Policy Issue*. McGraw-Hall, New York.

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^{ix} Jensen, Michael. 2001. "Corporate Budgeting Is Broken--Let's Fix It," *Harvard Business Review*, Vol. 79, Number 10.

^x “Viacom Is Planning a Multimedia Campaign Against AIDS.” 2002. *The New York Times*, October 9. p. C 11.

^{xi} Kenneth Blanchard and Norman V. Peale. 1998. *The Power of Ethical Management*. New York, William Morrow.

^{xii} Dov Seidman. 2007. *How: Why How We Anything Means Everything...in Business (and in life)*. John Wiley & Sons. New York.