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Got Growth?

When two rights make a wrong

Merger of two business cultures forces a look at ethical concerns

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One of the obligations of being a leader is solving problems that inhibit or undermine growth. Problems of this nature rarely have simple solutions.

It would be easy if the answers were obvious or straightforward. That is not reality in the business world.

Options are most often an array of uniformly unpleasant choices. This is where ethics in business becomes an important consideration -- when the only solutions are good yet less than ideal options that will result in some group of stakeholders being upset.

We live in a complex world where being right almost always has elements of being wrong embedded within it, where the best solutions are often harmful to someone.

As a leader, where do you go to find your way out of this maze? How do you keep everyone happy and committed to their work when there is no way to please everyone? This is the heart of ethics.

One common business practice, the referral, is fraught with land mines.

Brent Lawrence, principal of Business Law Ventures in Roseville, often receives referrals to firms considering a merger or acquisition. As Lawrence explains, "I'm faced with an ethical dilemma when I know the referral source stands to benefit monetarily if the transaction closes but, in my opinion, the deal is not good for my client."

In his case, two professionals might disagree on the best approach for the client, and both have the clients' best interests at heart. Because their answers are diametrically opposed,

only one can be right, or the best.

It becomes impossible to know without trying both which is not an option. Once you take one path or the other, the value of the opposite approach ceases to be viable because the environment and circumstances have changed.

Tough choices

The choices we make are based on a pyramid of personal, cultural and social elements. First, values come into play -- those beliefs that are most important to us as individuals. Then morals get to make their argument. Next we might consider our industry or profession and look to common standards of behavior. And finally, we decide on how we are going to personally apply our values and morals to our work.

This is the core of ethics. The ethical dilemma only exists when the choice is between two right answers. And because of the wide variety of personal values and morals, coupled with cultural and regional standards, the answers become very personal when conflict and disagreement are present.

Elisha Tropper is a mergers and acquisitions adviser with T3 Associates in New York. He points out one of the negative risks of ethics in a business environment. "Acting ethically can conflict with your job goals and responsibilities, which can make doing the right thing from an ethical perspective potentially dangerous to your career," he says. This side effect adds an even greater impact to ethical decisions and reminds us of a well-known "Star Trek" conundrum -- conflict between the good of the one and the good of the many.

Emotions play a part

When talking to prospects about mergers and acquisitions, Jose Blanco, principal of the Central Valley Fund, a regional private equity firm, says merger and acquisition strategies for growth are "an emotional event for both the acquirer and target company. The deference one needs to show to both cultures is very important to a smooth transition."

Blanco's comment speaks to the differences between people's values and morals, and highlights the problem in an interesting way. How can two intelligent, successful and capable leaders disagree on the decisions they must make when both see the same problem as having two different suitable solutions?

When merging two cultures, it is often easier to create a third and bring the players into that new culture than it is to force one group of individuals from their culture into another they are not familiar or comfortable with, particularly when they will be working with others who are both familiar and comfortable in their current environment.

It would be like selling your house and living there with the new owners; not a very pleasant thought for most of us.

Whether you are part of corporate America or just an observer, everyone has experienced the frustration and confusion that seems to accompany ethical dilemmas. As a leader, it is critical that you are sensitive to the nature of ethical conflicts and take the time to consider all options and points of view.

The best answers are often hidden under many layers of emotion and firmly held beliefs.

Reflect on your own experiences, talk to friends and associates, and look for information from others who have had similar experiences. Your decisions can quickly make or break your company.

As long as you make well-thought-out decisions based on your personal beliefs and can back them up, you are on the right track.

Be empathetic and understanding. Treat your people with respect and recognize they might not have the same point of view as you. After all, your goal is to maintain the health and integrity of your firm.

Sometimes that means organizations must change, and with that change, it is often in the best interests of all for people to change as well.

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