

# Restoration Industry Ethics

*By D. Tim Cordle*

In Dr. Robert Prescott's Organizational Behavior Class at the Crummer School of Business, Rollins College, there was one particular day in class when students didn't need to take notes. That was the day he spoke about ethics. They didn't need a pen, paper or a lap top computer to record his thoughts on the subject. The lecture was powerful, yet brief. There wasn't a PowerPoint presentation or a handout. There wasn't a study group breakout session or a role play exercise needed to "get the point." But it was one of those lectures that stays with those who hear it as if someone had pasted a "sticky note" to their brains.

Simply writing that the lecture was brief, may not have give the metric the emphasis it deserves. The entire lecture is three words. Dr. Bob Prescott simply said: "Ethics...have some."

In the lecture hall, there was an awkward silence, an elephant in the room so to speak. It was one of those moments in life when the most powerful message was silence.

Tom Horvath of Berkley Court Advisors and author of the *Integrated Life* says, "There are no business ethics, only ethics." The inference is that the list of ethical behaviors in everyday life

isn't any different than those that define the way we conduct business, or at least there shouldn't be.

Maybe we struggle too much with the differences between ethics, cultural values, norms and laws. While there isn't room to discuss all of these here, it is important to recognize that there is a natural progression from one to the other. Many laws begin as the cultural norms or values society generates that grow into something more concrete. Ethical standards can come from the way people are reared by the society around them. Ethics can be created as a standard and adopted by professional organizations that govern their behavior. Ethics can define how individuals treat one another or even how they treat animals. Ethics may eventually become the basis for laws.

Some disturbing business behavior can also be legal, but that doesn't necessarily make the behavior ethical or tolerable.

When one starts to separate ethics into different buckets, he begins a practice which suggests that compromises will be made that are not in the best interest of an individual, company or customer.



Frequently, the ethical compromise is attached to money. A great quote from the movie *Wall Street* says it better. "Money makes you do things that you don't want to do." While there are very ethical people and companies that operate in this industry, there are also those that are not. Those who conduct business fairly, openly, competitively and honestly, can use this article as a reminder of why they conduct themselves as they do. Ethical business practices are to be admired in the industry. And then there are those who do not govern themselves or their businesses in an ethical manner. Here is a very short list of "ethical questions," based on a series of recent events, which can be used to more closely examine a company's ethics.

## A Question of Ethics

- Is it ethical to knowingly and intentionally invoice national "key accounts" more than the contractual rate or a customer more than the agreed upon signed contract (including rate sheet) because you think you can get away with it?
- Is it ethical for management to keep the money once they know the intentional overbilling occurred?
- Is it ethical to keep the money even if the over billing is accidental?
- Is it ethical to not tell a client in the hope that it will not be noticed? (E.g., Does the overbilling matter whether it was 20 percent and represented over \$30,000, or only two percent?)
- Is it ethical to retain an employee who is guilty of intentional over billing? If so, what message does that action send to other employees?
- Is it ethical to invoice rented equipment as if the equipment was owned and to do so at the company's own internal rates on a rate and material contract that specifically recognizes re-rental markups?
- Is it ethical on a "Rate and Material" contract to invoice the customer (and carrier) for equipment and/or supplies purchased for the job, during the job, and invoice for the items as well as charge a daily rate for the same items as part of the invoice?
- Is it ethical to charge a "daily tool" charge for everyone working on a job, even if they sit in a job trailer, and to make that calculation based on a percentage of equipment revenue for the day rather than a base tool kit charge? (Meaning the higher the equipment revenue, the higher the tool charge?)
- Is it ethical to even charge a tool kit charge when no one is performing demolition or reconstruction?
- Is it ethical to run daily rentals past the point of reasonableness? (Ever heard about the \$600 wheel barrow?)
- Is it ethical to charge for everything in the job supply trailer on a daily rate even though the items never come out of the trailer? Should a company charge for items to just "be available" on a non-emergency basis?
- Is it ethical to charge for per diems that a company does not actually "pay out" to full-time or temporary workers on a job?
- Is it ethical to use any form of calculation for what that per diem will be other than a simple head count times an acceptable daily rate?