

Great Companies Think Differently

Embracing the correlation between ethical practices and improved performance

BY BRAD YARBROUGH



The word “great” is used a lot in everyday conversation. Perhaps even overused. In the annals of history, the crown of greatness has been bestowed many times. Consider Alexander the Great who never lost a battle, the Great War which was supposed to end all wars, and the “World’s Greatest Athlete” who, in 1976, was the Olympic decathlon gold medalist, Bruce Jenner. Greatness is as subjective as it is fleeting. Nonetheless, our vocabulary needs a word that helps us communicate that trait—that distinctive characteristic which makes someone or something extraordinary.

So what makes a company great? The Ethisphere Institute, a global leader on the issue of ethical business practice, named 3M the 2015 World’s Most Ethical Company. The designation recognized the company’s business conduct and its culture of ethics and transparency. It was awarded for its compliance and ethics program which resulted in strong social responsibility and corporate citizenship. Ethisphere states that such companies “embrace the correlation between ethical business practice and improved company performance.”

In 2011, *the Harvard Business Review* published “How Great Companies Think Differently,” in which the following was stated:

“It’s time that beliefs and theories about business catch up with the way great companies operate and how they see their role in the world today. Traditionally, economists and financiers have argued

that the sole purpose of business is to make money—the more the better. That conveniently narrow image, deeply embedded in the American capitalist system, molds the actions of most corporations, constraining them to focus on maximizing short-term profits and delivering returns to shareholders. Their decisions are expressed in financial terms.

I say convenient because this lopsided logic forces companies to blank out the fact that they command enormous resources that influence the world for better or worse and that their strategies shape the lives of the employees, partners, and consumers on whom they depend.

Above all, the traditional view of business doesn’t capture the way great companies think their way to success. Those firms believe that business is an intrinsic part of society, and they acknowledge that, like family, government, and religion, it has been one of society’s pillars since the dawn of the industrial era. Great companies work to make money, of course, but in their choices of how to do so, they think about building enduring institutions. They invest in the future while being aware of the **need to build people and society** (emphasis added).”

There it is—ethics is holistic and insists that we consider the right thing to do for the betterment of both the people

and the planet—not just profits. Ethics is associated with the idea of morality and excellent character, whether referring to an individual or entity. And a reputation for ethical conduct builds trust within a company and with those affected by the company’s conduct. In the notable book, *The Speed of Trust* by author Stephen Covey, a strong correlation is made for the economic benefit of trust. It both increases efficiency and decreases cost. A culture of ethical character achieves this positive dynamic.

Yes, great ethics is good business. Such focus assures that the highest legal and moral standards are maintained in relationships with employees, suppliers, customers and the communities in which an organization operates. A company should never limit its purpose to reaching financial goals. By embracing its potential to accomplish virtuous societal purposes and thoughtfully nurturing the lives of its employees, a company can become exceptional — whether big or small. That’s because the true measure of a great company is great ethics. ✪



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