Explain Business Ethics in Selling

Performance Indicator 4.15
Explain the importance of business ethics in selling.

- Ethics are the basic principles that govern behavior.
- Ethics are NOT laws because they are not enforced by governmental statutes.
- Ethics go beyond the law.
- A high level of ethics will compel you to behave in a truthful way.
Explain the importance of business ethics in selling.

- Ethics are highly valued because salespeople are the face of the company.
- Customers evaluate the company’s ethical standards.
- Salespeople should acknowledge that trust is the foundation of customer relationships.
What happens when there is a low level of selling ethics?

- The business can experience legal issues.
- Customers may become distrustful of the company and stop purchasing its products.
- The company’s profits can decrease.

NOTE: The unethical behavior of just one salesperson can undermine the whole company!
You need to know WHERE the line is drawn before you determine how close to the line you want to position yourself.
Illegal selling activities – Crossing the line!

- Misrepresenting the truth (bold-faced lie)
- Saying something unfair or untrue about another business or product.
- Participating in bribery.
- Neglecting to provide accurate information to the customers.
- Unfairly competing within the marketplace such as: making price deals, requiring exclusive dealership, tying-in sales (making the purchase of another product mandatory), requiring reciprocity (doing business only with those who buy from you.)
Customer-oriented ethical issues in sales:

- While working with customers salespersons must be cautious with:
  - Gift-giving: One of the most widely disputed issues. Bribe versus gift?
  - Entertaining: can be viewed as favoritism or bribery.
  - Answering questions - without really knowing the answers could lead to legal issues of misrepresentation.
  - Communicating product information – some salespeople are tempted to leave out negative product information OR exaggerate its performance.
Competitor-oriented ethical issues in sales:

- Some salespeople are tempted to “do what it takes” to hurt their competitors.
  - Tampering with or hiding competitor’s products.
  - Belittling competitor’s products or questioning reliability.
Employer-oriented ethical issues in sales:

- Questionable activities that employers might participate in are as follows:
  - Putting unreasonable pressure on salespeople like setting unrealistic sales quotas, etc.
  - Neglecting to pay commission due when a territory is split and distributed among other sales personnel.
  - Being a poor role model for ethical behavior.
  - Looking the other way when staff members behave unethically.
Coworker-oriented ethical issues in sales:

In employee-to-employee relationships, a salesperson might be tempted to behave in an overly competitive way by:

- Manipulating sales contests for personal gain
- Declaring sales totals completed for a previous month as completed at the beginning of the month.
- Encouraging other coworkers to behave unethically.
YOUR personal code of ethics

- Your ethical standard is your personal code of ethics.
- Ethical sales behavior comes from this code.
- What you do in ethical situations in your personal life determines what you’ll do in sales situations.