

ETHICS

In The Electrical Construction Industry

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ETHICS

In The Electrical Construction Industry

Introduction:

Experience has shown that the most successful contractors over the long term are those who deal fairly and ethically with their customers, competitors, employees and other members of the building team. Reputation is important in every business, but no more so than in construction. A good reputation has a substantial dollar value. It is earned only through fair and ethical dealings over time. On the other hand, a good reputation, built over years, can be destroyed in an instant through a single thoughtless or foolish action.

A contractor who has set high ethical values for himself and for his firm should cherish those values and must be constantly vigilant that they are upheld by his representatives. One way of assuring that a solid set of ethical values is at the core of all of a company's business dealings is for the contractor to establish a Code of Ethics for the firm. The contractor must then make sure that all employees, clients, customers and competitors are aware that this Code is in place and that it sets forth the standard of conduct which will be expected of those representing the firm. They should also know that these are the standards which he believes he has the same right to expect from those with whom he has business dealings.

While every contractor must develop the specifics of a Code of Ethics which fits his own style and business practices, some concepts seem to be central to a set of ethical standards. Over the years NECA electrical contractors have developed a pretty good idea of which of these concepts constitute the foundation of a sound system of ethical values for electrical contracting firms, their owners and their employees. These concepts are presented here, and may be useful for contractors developing a Code of Ethics for their own firms.

Making A Code of Ethics Work For You

The importance of the “Moral Climate”

The moral and ethical climate created by company management - not what that management says, but the ethical values it actually demonstrates in day-to-day business dealings - set the tone for the entire firm. It does much to create the image that the firm projects. Businesses which establish - and live up to - a high ethical standard in treatment of their employees, customers, suppliers and the general public can expect to reap many dividends.

On the other hand, firms which treat their customers or employees with little consideration, or which try to squeeze or bully their vendors and suppliers are bound for disappointment. Many unethical practices begin simply as methods intended to increase a firm's productivity or competitiveness. In the end, just the opposite occurs. A firm without a solid ethical center has a hollow core.

Ethics and attitudes filter from the top down. Owners or managers who cut ethical corners at every opportunity are going to find their employees doing the same. Even if the company has a glowing, eloquently written Code of Ethics, it is the actions of management which will determine whether there is any meaning behind the words. A Code of Ethics must be a living document within a business if it is to have any substance and impact.

The first step – developing a Code of Ethics

Employees look to management to set the moral and ethical tone of the business. Much of this is picked up through simple observation rather than from documents or decrees. Management may publish and distribute a Code of Ethics for a firm, but those in power will be watched and judged against the standards they set. The development of a strong, workable Code of Ethics uses a process which involves the employees themselves - even if that involvement is no more than the circulation among employees of a draft ethics code with an invitation for comment.

In the development of a Code of Ethics, the process may be as important as the final document. This development process can make all employees “partners” in setting the ethical standards under which they will be expected to live and work.

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An Electrical Contractor's Code of Ethics

Generally Recognized Ethical Standards in Electrical Construction

Working To Code

<This Company> and its employees support the adoption and enforcement of an adequate electrical code for the protection of building owners and occupants. <This Company>, in its construction work, complies fully with all provisions of locally-adopted building codes.

Standard of Installation

The customers of <This Company> deserve full value for their investment in our services. All work performed by <This Company> will fully meet and comply with recognized standards for neat and workmanlike installation.

Timely Payment

Because unimpeded cash flow is critical to construction financing, <This Company> will meet its obligations for payment on invoices from subcontractors and suppliers on time in accordance with the payment schedule agreed upon in the contract documents.

Honoring Specifications

When a customer specifies a specific product or grade of product for installation, he expects the price will include that specified product or grade. <This Company> recognizes the right of the customer to receive the quality and type of installation for which he has contracted. It is the policy of <This Company> to fully honor the specifications set forth in the contract documents.

Open Competition

A system of free enterprise only works so long as competition is full and open. Actions or agreements which work to subvert and undermine full and open competition are generally unethical and quite frequently can restrain trade and can be construed by enforcement agencies as violations of anti-trust statutes. <This Company> supports the highest legal and ethical standards in its business dealings. It and its employees will in no way and under no circumstances attempt to gain an unfair competitive advantage through illegal or unethical practices.

<This Company> supports full and fair enforcement of Federal anti-trust laws and has adopted this formal statement of policy rejecting any and all unethical or illegal activities which could be construed as limiting or unfairly subverting full and fair competition, including but not limited to the practices of:

Complimentary Bidding and Collusion – the practice of conspiracy between or among contractors to set bid prices and eliminate the competitive aspect from bidding in order to artificially determine the winner of bid competition and inflate contract prices. Such practices are illegal criminal actions under antitrust laws regardless of the intent of the parties who engage in these activities.

Bid Shopping and Bid Peddling – the practices of using one bid to extort a lower price from another contractor or waiting until the contract has been awarded to extort lower prices from bidding subcontractors (shopping) or the practice of a subcontractor contacting a prime contractor after bids are opened and/or the contract awarded and offering to undercut the price of the low bidder in order to obtain the job. Such practices serve only to increase the profit of the prime contractor, usually at the expense of the quality of the project and the stability of the building team.

Contractor Blacklisting – the practice of conspiracy between or among contractors to agree among themselves or to attempt to convince others not to do business or to limit or in any way restrict business with selected other contractors, because of financial instability, unfair payment practices or for any other reason. Such actions serve to illegally retrain trade and are violations of antitrust law.

Product Boycotts – the practice of conspiracy between or among contractors to limit or restrict trade in any product or with any particular manufacturer. Again, such actions are violations of antitrust law.

Exclusive Bid Depositories – the operation of a bid depository which in any way sanctions or blacklists contractors who are not party to the depository or who utilize bids obtained outside the depository. Once contractors agree among themselves to restrict a full and open bidding process in any matter, regardless of the business practices of the excluded contractors, they move into the area of illegal antitrust activity.

Warranting the Work

<This Company> believes that ethical conduct includes providing the customer with full value for his construction dollar. Consequently <This Company> warrants its work and all materials not covered specifically by manufacturers' warranties for a period of _____ from the date the customer accepts the installation or obtains beneficial use of the premises.

Substance Abuse

Use of alcohol or illegal drugs in a construction environment is a major cause of occupational injury and death as well as a factor in decreasing productivity and construction quality. It is the policy of <This Company> that no employee use of alcohol or illegal drugs in the office or on the job site will be permitted or condoned. Violation of this policy is grounds for immediate dismissal of the individual(s) involved.

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The model Code of Ethics included in this document is intended only as a very basic guideline. The Code of Ethics for your business could be very different, but it should exist, and it should be in writing. This code should not be a substitute for a personnel policies manual. It is a code of standards of conduct and attitude for everyone in the firm, from the boss on down, and must apply to all.

While the Code of Ethics may deal with concepts affecting the employer-employee relationship, it is best to think of it as a document establishing a “personality” for the firm. It should answer such questions as: “What kind of a business is this?” “What does this firm really stand for?” “How is this company perceived by those with whom we do business?”

The harder step – implementing the Code of Ethics

Once the Code of Ethics has been put on paper it is not the end of the process; it is only the end of the beginning. The big step is making the Code a reality in your firm’s daily activities. You all know of birthday gifts which received a couple of hours attention and then were relegated to a shelf to gather dust. You probably have seen or been part of a business management “fad” which was all the rage for a while - and then forgotten.

A company’s Code of Ethics can be easily become just one more “business fad” to be forgotten tomorrow or the day after. It serves no purposes if that is how it is handled. To be useful, the Code of Ethics must be the heart and soul of the company. To be real it must be lived. And to be lived it must be believed by everyone in the company from the top on down. In your company, it is your Code of Ethics; you must be prepared to live by this Code on a day-by-day basis.

Top management commitment

The Code of Ethics will be nothing but words unless it has the full belief and commitment of those in charge. They must be wholly committed. Any standards which can’t be met or fully embraced should not be in the Code. Employees are watching, and the minute a member of top management violates the Code of Ethics, word will spread within the firm like wildfire - and the ethics code will have been totally undermined.

One effective way to demonstrate commitment is establishment of a company Ethics Committee, comprised of representatives of all divisions and levels of the firm. Such a Committee should function as a group of equals and not as a “mouthpiece” for top management. The Committee would act to compile and review suggestions for

changes or additions to the Code and would act as the interpretive body to answer questions. Membership on the Committee might be rotated on an annual basis.

Discussions with managers

Meetings with managers and supervisors should be scheduled - both during the development of the Code and after it has been completed. Line managers must know and be convinced that top management is committed to the establishment and ongoing maintenance of the moral and ethical business environment outlined by the Code of Ethics. There cannot even be a hint of less than total commitment or it will be accepted as if it were passed on with a wink. Managers must be impressed that the commitment is real and total.

Implementation throughout the firm

Managers and supervisors should meet with small groups of employees both during development and implementation stages of the Code process. The concept must be treated seriously and the commitment emphasized. Suggestions should be quickly reviewed and utilized if appropriate.

One of the most important functions of these meetings is to answer employee questions. If a manager is unsure of an interpretation, the matter may be referred to a company Ethics Committee for review and response. Employees must be assured that their suggestions and questions are being taken seriously. It should be gently emphasized that facetious suggestions or questions are inappropriate.

The living document

As time goes on it will become apparent whether the Code of Ethics is being taken seriously. If the commitment has been made and maintained, then it is time to put this document to use. Informed customers know that the firm has a top-to-bottom living commitment to its Code of Ethics. Give them a copy of the document; allow them to talk with others in the firm, if they desire, about the level of commitment to this standard.

Use the document with suppliers as well - especially those with whom the firm may have had some problems in the past. Let them know that a commitment has been made to fair and honest dealing and that no less is expected from them.

Also, let competitors see the document - it might encourage them to do something similar. After all, honest and ethical competition benefits everyone.

The ethical crisis

If the Code of Ethics has become a living part of the firm, it is very possible that someday an ethical crisis will occur. This is a situation which appears as the classical dilemma - where it appears that a choice may have to be made between the survival of the firm or violation of the Code of Ethics.

Where survival is concerned, top management's first reaction may be to toss the Code of Ethics to the winds and do whatever appears necessary to insure the company's survival. This is the real test of the Code. Rather than yield to a knee-jerk survival impulse, top management should convene the company Ethics Committee in emergency session to review the situation.

Out of this meeting a solution can grow with which everyone should be comfortable. It is often quite amazing how an ethically acceptable solution can be found where one was not formerly apparent. In a crisis the Code of Ethics should not be a barrier, but a facilitating mechanism to find an ethical resolution to the crisis. In the long run, an apparent solution to even the gravest crisis which breaches a firm and realistic moral and ethical code is really no solution at all, but only the breeder of more problems.

Conclusion

A solid Code of Ethics can be an integral and important part of any business. In both development and implementation the ethical process should be a company-wide partnership that brings all levels of the organization together, unifies them and provides the moral and ethical focus for the business. It can define the company and enhance its image among employees, suppliers, customers and the general public. It can increase productivity and provide a strong core for surmounting bad times. It is a serious undertaking, but one well worth the effort of any company concerned with long-term success.



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