Businessmen should listen to their consciences

by Michael_Kinsman

In the United States, we like and admire people who make money.

So you would think people would like Phil Ruffin, an industrialist whose $165 million investment nine years ago is now worth $1.2 billion.

But even with $1 billion in profits in his pocket, Ruffin can't buy a friend in Las Vegas.

Ruffin's sale of the New Frontier hotel and casino in Las Vegas will cause it to close on July 15, leaving 900 workers without jobs. The building will be demolished and the New York investors who have bought it plan to build a replica of New York's Plaza Hotel in its place.

Ruffin is walking away with his profit. He says he has fulfilled the terms of a union contract that do not require severance for workers if the property is sold or closed.

Too bad he doesn't get it.

Ruffin needs to understand that the days of companies being accountable only to their owners are over. That was a flawed notion from the get-go and it looks even worse as time passes.

Companies need to assume a social conscience. The chief executives of companies today must make that as big a priority as shareholder return or they risk alienating large segments of the population.

Look at these role models:

Gary Tooker, Motorola: As an example of the company's commitment to evolve and continually develop new products, it sets aside an amount equivalent to 4 percent of payroll annually for training. Every employee is expected to spend at least 40 hours a year on training. The message Motorola sends to its workers is clear: We want you to be better employees and we will help you do that.

Howard Schultz, Starbucks: Schultz single-handedly made the United States quit looking at part-time workers as second-class citizens. Under his guidance, Starbucks established a program that paid part-timers well and began offering them sick leave, benefits and stock options. The result is that Starbucks has a motivated and dedicated staff, a fact that displays itself in superior customer service. It is one factor that has helped Starbucks continue as one of the most dynamic companies in the world.

Companies like Motorola and Starbucks succeed on several levels. First, they are well-run, profitable companies so shareholders are happy. Second, they treat their employees well, which not only builds employee commitment but helps the companies recruit top-flight workers. And, third, the companies are socially responsible, not just out to make a dollar. Sure, they make money, but make the business climate better for shareholders, employees and the general public as well.

Ruffin can walk away with his riches, but it's doubtful whether he can walk away from his nagging internal monitor that he really could have spent some of profits on making the lives of his displaced workers better.

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