**World**-**Class** **Bull**

**nspired sales ploy or ethical breach?**

* HBR's cases, which are fictional, present common managerial dilemmas and offer concrete solutions from experts.

"YOU'VE GOT TO be kidding me, Sam," Jeremy sputtered. "Chris brought in the single biggest piece of business we've won here in more than two years. He's our top performer! He broke that logjam with Armadillo! He was absolutely brilliant!"

From the window of his 10th-floor office at Specialty Fleet Services, sales vice president Jeremy Silva spied two of the bright yellow repair trucks of Armadillo Gas & Power a block away, flanking a rectangular gash in South Polk near the old Paramount building. Getting Armadillo's lucrative fleet-management business had been a long, hard slog. Had it not been for the fiendishly clever machinations of sales ninja Christopher Knox (known as "Fort" to his colleagues, because of his golden touch), SFS would still be trying to dent Armadillo's famously resistant armor. And now, to Jeremy's amazement, human resources vice president Samantha Williams was informing him that she wanted to reprimand Knox for a breach of the SFS code of ethics.

"If 'brilliant' is a synonym for 'devious,' maybe so," said Sam, eyebrows raised. Sam was Jeremy's friend and frequent ally, having helped him push through a reorganization of the sales force, including new incentive and commission structures. But she was also currently the chair of SFS's ethics review board. "An ethics breach is an ethics breach. As our code states, 'deceptive business practices' are unethical. There have to be consequences. And you, of all people, should know that."

True enough, Jeremy thought. When he had arrived at SFS five years ago, on the heels of an embarrassing kickback scandal, Jeremy had been a driving force behind creating the corporate code of ethics. And now it was being wielded against his star sales animal, Fort Knox. How had it come to this?

**One Tough Customer**

Six months earlier, regional sales manager Will Meyers had returned from yet another frustrating visit with Armadillo's CFO, Dale Landry. "I just never get any closer," he said with a sigh, collapsing into a booth with Jeremy and Fort, who were already digging into a late lunch at Texas Two-Step, Amarillo's leading shrine to barbeque. Will was going to make them listen to him vent no matter what, and Jeremy got him going.

"So, Dale didn't like the FleetNet demo?"

"He sat and watched, didn't ask a single question, and shrugged when it was over," Will grumbled.

FleetNet was SFS's new online system for providing customized support to clients. Using GPS-enabled modules installed in every vehicle, the system tracked location, miles traveled, fuel efficiency, and the driver's behavior (speed, jackrabbit starts, hard stops, and so on) in real time. It also compiled maintenance and accident records, and tracked the cost of upkeep and repair for every vehicle a customer owned or leased, the vehicle's up-to-the-minute resale value, and countless other data points of vital interest to clients' fleet managers. It was consequently a thorn in Will's side that even though Armadillo's fleet manager was enthusiastic about FleetNet, he had to defer to Dale Landry, the only person authorized to pull the trigger on a change in the company's fleet-service providers.

"Worst thing is Dale's always encouraging me to drop by to make another pitch," Will complained. "I think he's kinda sadistic."

Chris Knox licked barbeque sauce off his fingers. "Dale Landry…isn't he the guy with the hobby ranch by Palo Duro?"

"Yeah, I think that's him," Will said. "Only time he shows signs of life is when he's talking about his **bull**. He said he showed it down in Lubbock last weekend, and it won some kind of a ribbon. Whoop-de-freakin'-do."

Fort nodded and stared at the pile of bones on his plate. "Would you mind if I took a run at the guy? I think maybe I can get his attention."

Will looked over at Jeremy, and Jeremy shrugged. "At this point, we've got nothing to lose, right?"

"Nope," Will agreed. "I've done everything I can think of. It's time for someone else to try."

"The commission'd be all yours," Fort offered.

"Nah," Will said. "It'll take Armageddon to land Armadillo. If you pull it off, you'll have earned the commission – and you're welcome to it."

"The two of you will split it," Jeremy said. "Fair's fair."

**Bull Artist**

Fort did his research. Dale and Carol Landry had inherited their small but picturesque ranch (which Dale, being a CFO, would have admitted was the size of a rounding error compared with some of the far bigger spreads nearby). The Landrys had a small herd of longhorn cattle and, indeed, one **bull** in particular that they were bumper-sticker proud of – as in, "My **Bull's** Smarter than Your Honor Student."

Fort drove down to the Landry ranch on a Saturday morning. He'd planned for the encounter to seem like a happy accident. As he turned up the winding drive to the residence, he saw an enormous longhorn **bull** standing by the fence, aloof from the herd. "If pursuing Dale Landry hasn't worked," he thought, "let's see if I can get him to chase me."

Knocking at the front door, Fort was in chess-player mode, thinking several moves ahead. Carol Landry answered the door. The game was on.

"Hi, there," Fort offered cheerfully, his bright smile and personality on full display as the two introduced themselves. "I hate to bother you, but I was passing by and caught sight of that big **bull** of yours. If you wouldn't mind, I'd like to take some pictures of him. He's pretty amazing." Then he added, "I always believe it's best to ask permission – I wouldn't want you to think I was up to anything fishy."

"By all means," she said. "My husband and I are very proud of Big Buddy. He's won numerous awards." Fort could almost swear that Carol Landry blushed. He thanked her, excused himself, walked back down the fence line to where the **bull** was standing, took a dozen digital photos, and then went on his way.

On the long drive back to town, Fort stopped by a bridge over a modest brook that ran along the edge of some woods. He watched the water sluice over colorful stones. It was hypnotic and serene, belying the restive forces at play beneath the surface.

**Taking the Bait**

"Hi there, remember me?" Fort inquired in a playful tone. Carol Landry did indeed remember the polite young man who had asked to take pictures of Big Buddy. She invited him in. It had been a couple of weeks since their first encounter, and Fort had a surprise for the Landrys. He handed Carol Landry an elegantly framed photo of the impressive bovine.

"The pictures turned out so well, I thought you might like to have one," he said, beaming. In truth, Fort was an above-average amateur photographer. Even if it hadn't been part of his scheme, he would have been proud of the photo, the way he'd captured something essential about the subject – an impassive stubbornness, black eyes like glass. Fort's pleasure with the print radiated to Carol. "Wow, it's just magnificent, Mr. Knox!" she exclaimed.

"Please. Call me Chris."

She angled the photo on an entry table beside a leather-bound biography of the British explorer Henry Stanley. She continued to thank him as he grinned and made his getaway. But he wouldn't be gone for long.

As Fort headed back down the road, away from the Landry ranch, a car came toward him over a rise. Behind the wheel he saw the impassive face of Dale Landry, full of chiseled concentration, entirely unsuspecting. (Of course, Fort had Googled Dale and Big Buddy and had found a number of photos of the two of them posed together, Big Buddy looking utterly indifferent to the ribbons in which, judging by the size of his grin, Dale was taking such pleasure.) Fort noted the make and model of the car (Cadillac Escalade) so that he could ensure that Dale would be home for his next "spontaneous" visit.

He let three weeks pass – three weeks during which Dale Landry would see and appreciate daily the artful portrait of his beloved Big Buddy and would hear from his wife (more than once, Fort was certain) about the polite, thoughtful, generous young man who had taken the picture and had it framed for them. Time was his ally. It would be foolish to betray any eagerness. Like rich tea, the ingredients of Fort's strategy needed to steep.

**Springing the Trap**

By the time of his next visit, Fort could barely refrain from congratulating himself as the Landrys' driveway came into view. He was brilliant! He was positively clairvoyant! During the intervening weeks, through "casual observation" (a term he preferred to "surveillance") Fort had discovered that Dale Landry typically came home by noon on Fridays. "Bingo!" Fort said to himself. Not only was Dale's Escalade parked in front of the house, but he and Carol were outside, each brushing one of Big Buddy's hefty flanks.

"Dr. Landry, I presume?" Fort said, echoing, in a feeble British accent, Henry Stanley's famous salutation upon finding the elusive Dr. Livingstone.

"That's me," said CFO Landry.

"Dale," said Carol Landry, "this is Chris, the nice man who brought us that wonderful picture of Big Buddy." Then, turning to Fort, she said, "I'm very sorry to say I've forgotten your last name!"

"Knox. Chris Knox, Mr. Landry." They shook hands.

"Well, Chris Knox, I'm real glad to be here to meet you. We truly do love the picture you took. This old **bull** is almost like family. So, thank you very much."

At Carol's insistence, they went inside for iced tea. "So, tell me, Chris, what do you do besides photographing large farm animals?" Dale asked. Fort told Dale that he worked in sales for Specialty Fleet Services.

"Really?" Dale exclaimed. "That's a heckuva coincidence. I'm with Armadillo Gas & Power, and you folks have been chasing my business for years." After explaining that he worked a different territory, Fort offered a morsel. "We provide our customers with lots of data, very customized. Because of that we tend to focus on really large accounts. I'm not that familiar with Armadillo Gas, but maybe you don't need the high level of service we offer. Maybe we're a little more expensive than what you've got now."

Fort noted the slight flaring of Dale's nostrils – so interesting how people really do start to look like their pets. "Well, I gotta run," he said. "But, hey, I'm real glad you liked the photo." He drained his iced tea, said his thank-yous, and left.

Dale Landry called first thing Monday morning – just as Fort figured he would. But Fort didn't return the call. Instead, that Friday, he brought the Landrys a calendar with photos of prize longhorns. "This is so beautiful," Carol said. But Dale seemed preoccupied, mostly asking Fort questions about "this online service-net thing you do."

Fort also engineered a couple of other encounters (too many might have aroused suspicion). Camera in hand, he ran into Dale Landry at a livestock auction one beautiful Saturday morning. And in the middle of the following week, Fort went to watch his nephew play a Little League game, and there was Dale, watching his own kid – Dale, Jr. (nicknamed Little Buddy!) – play second base for the other team.

Every time he spoke with Fort, Dale seemed more agitated and more curious about SFS. Fort tried hard to contain himself. He couldn't help thinking that Dale Landry was so accustomed to being pursued that he seemed kind of lame as a pursuer. Fort was invariably nonchalant, often redirecting their conversation away from business, as though that was the last thing on his mind.

On a day when Dale had left two messages before lunch and one after, Fort figured it was time to call back. He'd barely gotten out "Hey, Dale" when the Armadillo CFO cut him off. "I'd like to see that demo again," he said. "Can you and Will Meyers come over here sometime tomorrow and run me through it?"

**Time to Cut the Bull?**

It was a happy day when Armadillo signed its contract with SFS. So pleased was Jeremy Silva with Fort's performance that he sent an e-mail to the entire sales team (subject line: "**world**-**class** **bull**") describing Fort's every maneuver. Jeremy wisely credited Will with having paved the way for what Fort finally achieved, making it easy for Will to be gracious toward his cocky colleague.

But some at SFS were less delighted than Jeremy and his team. Copies of Jeremy's e-mail made their way through the company and, eventually, to the ethics review board. Now Jeremy was forced to defend Fort from the very ethics process he had initiated.

"Look," said Sam Williams, holding up a printout of Jeremy's e-mail in praise of Fort's tactics, "what if somebody sent this over to Landry? How do you think he would feel about SFS? He'd feel like we made a fool of him – and his wife! And he'd be right! So, I think we have to ask ourselves, as an organization, when does a so-called smart sales strategy cross the line to become deceitful? Does this sort of thing put our relationships with clients at risk? Does it damage our reputation? The code requires us to deal honestly with customers and other stakeholders. Is this honest?"

Jeremy sputtered, "Where's the harm? Nobody got cheated. Nobody paid a kickback. Armadillo is getting a better service than it had before. And Fort didn't violate a single item in our ethics code. When all this happened, Landry wasn't even a customer of SFS!"

"Technically speaking, maybe not," Sam said. "But the story of what Fort did is now an official source of motivation for our sales force. God forbid, but will people be out in the field trying to top him? The whole thing has me thinking that maybe the code of ethics has a blind spot in it."

John Humphreys, Mildred Pryor and Zafar U. Ahmed

### [Does the SFS sales team deserve an ethics reprimand or a clean bill of health? Four commentators offer expert advice](https://web.a.ebscohost.com/ehost/detail/detail?vid=3&sid=1c075b5f-c752-4426-a09f-11f411e1507d@sdc-v-sessmgr02&bdata=JkF1dGhUeXBlPXNoaWImc2l0ZT1laG9zdC1saXZl#toc)

WHEN I was young, my father, a lifelong sales executive, proudly showed me his three-by-five card file, a rich trove of personal facts about each of his prospects: their children, their hobbies, their illnesses. "In the end," he told me, "people buy from their friends." He would spend a portion of every sales call asking about customers' personal lives. He took them to baseball games and helped them find the best summer camps for their children. He became their friend. And boy, did he sell!

In the SFS case, "Fort" Knox raised the "friendship strategy" to high art while, in my estimation, crossing several ethical lines along the way. I side with Samantha Williams on this one. Fort should have his hand, and probably his face, slapped publicly. However, I think Jeremy Silva deserves even greater opprobrium for his e-mail in praise of Fort. But more about that in a moment.

I believe it's permissible, even desirable, to share interests and passions with a prospect. ("I have always wanted to know more about **bull** semen. Tell me about it.") Where Fort went astray was in deceiving Dale and Carol Landry about why he was photographing Big Buddy. Such behavior would have been borderline if he "ran into" them at a **bull** exhibition, but Fort crossed an ethical line by intruding into the Landrys' private lives. His repeated violation of their personal space makes the deception particularly distasteful and objectionable.

How far can you go in developing a common interest with a prospect? The ethical principle here is from Immanuel Kant: It is improper to treat an individual merely as a means to an end. A salesperson cannot feign an interest or manipulate a prospect just to get the sale. If Dale or Carol were involved in a charity, Fort could volunteer for it or contribute to it as long as his altruism was genuine and did not evaporate once the sales contract was signed. Likewise, he could participate in activities that would bring him in contact with the Landrys as long as his interest was somewhat sincere. One of the salesperson's most ecstatic moments, of course, is to find that a longtime friend has suddenly become a sales prospect.

I'm never surprised when salespeople like Fort push the envelope of acceptable behavior. They get paid – and paid well – for making sales. The incentive structure, particularly in a time of recession, makes this an unavoidable ethical hazard and a prime ethical risk for many kinds of companies.

What appalls me is Jeremy's behavior. His e-mail shows that he doesn't understand that such risks must be managed. By baldly describing and praising Fort's deception, Jeremy has jeopardized the company. In an era of blogs and forwarded e-mail, there's a good chance his will be posted on a sales blog or sent to Dale. Can you imagine his **bull** rage on reading it? He might launch a vendetta against SFS, damaging its sales for years to come.

Moreover, as Samantha warns, Jeremy's e-mail encourages every SFS salesperson to try to top Fort's ruse. Deceptive strategies will inevitably erupt elsewhere until there is a public airing of the company's manipulative behavior. Jeremy's kind of "praise" has done significant damage in several well-known cases. For example, in the early 1980s, after top managers at E.F. Hutton praised a branch for its creative new ways of managing cash flow, check kiting spread across many of the brokerage firm's branches. Hutton never recovered from the scandal.

I think Sam and the ethics board should publicly reprimand Fort. Jeremy's e-mail has made that necessary. I doubt Jeremy is salvageable.

Kirk O. Hanson

FORT'S ACTIONS were unethical. Aggressive sales tactics are often celebrated, as they should be. But deceiving a current or prospective customer is always unethical. Period, case closed.

Don't get us wrong: Secrets and deception are a necessary part of business competition. No business would want competitors to know the truth about its strategic plans, for instance, and outright deception of competitors is completely ethical in many circumstances. But there's a big difference between deceiving to compete more effectively and deceiving to trick a particular customer.

Our plain-and-simple rule for avoiding this kind of lapse? Deception is never allowed in a customer relationship. Any company that hopes to build long-term value for shareholders has to earn its customers' trust. A conman can nearly always make money on a one-off deal. But only a trusted adviser can succeed with a customer over time.

It shouldn't have taken a visit from Samantha to make Jeremy realize that circulating a description of Fort's sales conquest, including all the little deceptions he perpetrated, was highly irresponsible. When that e-mail comes to Dale's attention – and eventually it will – SFS will be embarrassed and wounded. By hitting the "send" button, Jeremy demonstrated that he does not understand the policies and behaviors that build long-term shareholder value. By itself, Jeremy's e-mail reduced the value of the company.

Ironically, had Fort used what he already knew about Dale in a completely ethical, forthright way, he would have been nearly as effective at winning Armadillo's business in the short term and far more effective at not losing it in the long term – which may well happen.

There's nothing wrong with a salesperson's cultivating an interest in **bulls** or ranches or cattle shows in order to forge a bond with a prospect. Fort could have invited the Landrys to be his guest in the SFS box at the Amarillo rodeo. He could have introduced himself to Dale – immediately disclosing his position at SFS – and asked permission to take a picture of the prize **bull** for his own photography collection (later sharing the photo with the Landrys). And arranging to run into Dale at the local Little League field was completely legitimate.

Because of the short-term bias built into the structure of most sales commissions and incentives, great sales personalities like Fort will always be tempted to resort to subterfuge and tricks. The immediate reward is certain, and the long-term consequences probably aren't even tracked. But what kind of future can SFS possibly have with Dale? After the subterfuge is revealed, how will any SFS manager look someone from Armadillo in the eye and even pretend to offer trustworthy advice?

The CEO of SFS should immediately fire Jeremy, discipline Fort, send an e-mail to all employees firmly asserting that deceiving customers or prospects is not the SFS way of doing business, rewrite the ethics code to specify that "deceiving a customer or prospect is always a violation of company policy," and meet personally with Dale to let him know what has happened (before he hears about it from others).

At this meeting, the CEO should tell Dale everything SFS is doing to make sure that this kind of deception doesn't happen again and offer to release Armadillo from the contract and to refund any setup costs already incurred. If the CEO is sincere in his apology, perhaps Armadillo's business can be saved (although that should not be the objective of the meeting).

SFS should pledge never again to initiate a faux relationship but instead to forge genuine, trusting, collaborative relationships that benefit customers and SFS alike.

Don Peppers and Martha Rogers

LIKE HIM or not, you have to acknowledge the style of the man with the Midas touch. Although Fort's methods may look shady, he certainly achieved a positive outcome – one that satisfied both parties.

At first glance, some people might conclude that this was not an admirable display of persuasive technique but rather the darker side of manipulation. Indeed, many people confuse persuasion with manipulation because they have never considered the difference between the two. Persuasion is all about relationships and, therefore, the long term. If the outcome is not pleasing to both parties, the relationship eventually crumbles. Manipulation aims to satisfy the needs and wishes of only one party, with no regard for – and often at the expense of – the other.

The tactics that the "brilliant" Mr. Knox employed are carried out, to varying degrees, by sales reps and businesspeople on a daily basis. It's just that we don't often hear about them. Sales professionals are, by nature, particularly creative in the pursuit of results. Bear in mind that they experience more callous rejection in a fortnight than most of us do in a very bad year. Keeping one's ego intact can be a challenge. In most companies, stars like Fort come with certain idiosyncrasies that are tolerated when they accompany above-average success. Our man Knox used his special skills to strike up a rapport, in the first instance, with Dale's wife; then he ended up with the holy grail – a strong third-party referral by the time he engineered the first meeting with her husband. The salesperson's dream!

Having established a relationship – something his predecessor, Will Meyers, failed to do – Fort then played on Dale's ego-driven nature through a combination of logic and emotion, eventually enticing him to take the bait. Challenging Armadillo's suitability to become a customer of Specialty Fleet Services was an especially good move, helping Fort turn Dale from quarry into pursuer. Fort's failure to return Dale's phone calls troubled me a bit, because it undercut the polite, thoughtful nature that he had taken the trouble to establish (and that was so prized by Carol Landry). But he redeemed himself by showing up at the Landrys' house with yet another present.

Fort pursued a strategy of reciprocity to good effect: I give you something; you may give me something back. What did Fort want in return for the photo of Big Buddy? An audience with Dale. That's what he got. He didn't coerce Landry into considering the services of SFS. He simply got Dale's attention and let his persuasive skills do the rest. There is a clear difference between persuasion and coercion, and Knox didn't cross that line.

Should Fort be hauled in front of an ethics board? I say let him off with a warning that focuses on his having concealed from Dale the knowledge of Dale's position at Armadillo. But given that this sort of thing happens often enough in business and that the client was enticed to buy, as opposed to needing to be sold (an essential requirement for ego-driven people like Dale), I'm comforted by the fact that both parties ended up with something valuable. Dale got an arguably superior product for his company, and SFS got a solid new customer.

As for Jeremy, he should be hauled in front of the company's Idiocy Review Board for sending an ill-advised, potentially damaging e-mail. Some best practices are better left to oral history.

James Borg

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