

WHAT HAPPENS IN VEGAS DOESN'T STAY IN VEGAS NECESSARILY: A CASE STUDY IN THE BLENDING OF PERSONAL AND PROFESSIONAL ETHICS IN BUSINESS

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ABSTRACT

*This is a case study designed to highlight the long-reaching effect of ethical decision-making on brand management and Customer Relationship Management (CRM) in a business-to-business context. An advertising executive is faced with a gut-wrenching decision as a major client makes a request that is at the very least questionable. The nature of this request presents the classic paradox “damned if you do and damned if you don’t”. At first blush, it is easy to think that there is no ethical dilemma, because the request centres around personal issues, but this case illustrates the fact that personal ethical choices can have profound effects on branding, sales, CRM, and going concern for a small advertising agency. On one hand, the executive has incentives to grant the request, and on the other, there are larger considerations that the executive must consider, giving rise to the ethical dilemma. Teaching notes include various facets of the problem such as personal behaviour in the information age, the difference between what is legal and what is ethical, and the grey areas in between.**

**Any person or organization referenced in this work has been given a pseudonym, and should not be taken literally.*

PURPOSE AND INTRODUCTION

This case is designed to create some discussion as to the boundaries of personal/professional ethics in the information age. The choices the main characters make may seem like personal choices dealing primarily with sex, but there’s a catch. The event happens on personal time, but within the context of an important industry gathering in Las Vegas. While on the face of it, the subject matter would appear to create obvious dos and don’ts for the main characters, the fact is that even seemingly obvious ethical choices are not so simple.

In this case, a small advertising firm named Smith/Jones is located in the Midwest and operates primarily as an agency specializing in industrial accounts. Of its accounts, the largest is a manufacturer of component parts for road construction and earth moving equipment. This company maintains almost an 80% market share in North America. Managing this account is a young advertising executive named Brian, who has just arranged exhibition space and produced press kits for a trade show to be held in the conference Mecca of Las Vegas, Nevada.

Along with Brian, attending the conference is the Marketing Director of the client firm, whose name is Bob. He has been under pressure to increase awareness for a new product, the national rollout of which is schedule to take place two months after the trade show. The new product is a redesigned hydraulic system that increases load efficiency, and uses comparatively less energy to create hydraulic force. This new product will be the centrepiece at the exhibition

in the tradeshow, and if all goes well, should solidify the positioning of Bob's company as a technological first-mover.

ABOUT BRIAN

Brian is a bit of an anomaly in the advertising business. He grew up in a conservative home (both politically and socially), and when he married, he was sure to marry someone with whom he shared religious and social values. He prefers to live a "*clean life*," free from alcohol and most other vices. He married a woman who is very traditional; she has delayed a promising design career to take care of the young daughter they have together, with another child on the way. The pressures of Brian's work, together with trying to operate as a single-income family puts a bit of a strain on the family dynamics. This personal strain for Brian is a direct result of the demands of his jobs specifically, a rigorous travel schedule and a ruthless boss who is not an easy person to work for. Brian's boss (Dave) can be unreasonable, inconsistent, and creates a hellish existence for his employees. In Brian's case, these characteristics place immense pressure on him to make sure that Dave doesn't overreact to problems by firing him, thus depriving the family of its sole source of support. For Brian, success managing this large account can have only two outcomes; reward in the form of a large raise, or severe action in the form of immediate termination.

ABOUT BOB

Bob is a seasoned Marketing executive, with a reasonable chance of eventually reaching the CEO's office. To get there, he must manage this industrial brand masterfully, and the current planned product launch is his chance to do exactly that. Personally, Bob is a bit of an old school executive, with liberal social and political views. He married a socialite named Debbie with a pronounced independence streak. Debbie has an impressive career in banking, and is the Senior Vice President for Commercial Lending with a regional bank. Together the couple has three children; one daughter attending a university (majoring in physics), one son in middle school and a younger daughter in third grade. The bulk of the family's income is from Debbie's work at the bank, although if Bob can realize success with the product launch, this balance shifts. Both Bob and Debbie are hopeful, and barring a catastrophe, the couple is set for a gilded future.

THE TRADE SHOW

Bob and Brian both arrive two days ahead of the tradeshow. Both are concerned with setting up the exhibit and ensuring a favourable booth location. This is critical because the target audience for all communications is threefold; first, there are the Original Equipment Manufacturers (OEMs) the firms that manufacture the heavy equipment. Second, there are states, municipalities, and surface contractors who purchase the heavy equipment. Third, there are dealers who sell the equipment. Any one of these groups could potentially make or break this crucial product launch. It is vitally important for Brian and Bob to make the very best showing possible for the product launch to be successful.

Fortunately, the placement, display, press kits, and customer presentation materials go exactly as planned. The trade show begins on their third night in town, and everything is looking good. Both Brian and Bob are breathing a sigh of relief as no less than half a dozen trade magazines make the innovative hydraulic system their lead story. Representatives from all of the

OEMs spend a large chunk of time at the display, talking to Bob and the Vice President of Sales for Bob's firm. In a perfect world, it would be difficult to imagine greater success in an industrial market. Bob is feeling so confident that he decides (prematurely) that it is time to celebrate. This gives rise to the mother of all ethical dilemmas for Brian.

At about 7:00 pm in the fourth evening, Bob calls Brian and asks to meet him in the hotel's bar. Brian doesn't drink, but he is an executive in the advertising business, so he's willing to foot the bill for Bob's appetite for liquor. Bob drinks about three stiff drinks, and then drops a bombshell. He wants Brian to send some "*female entertainment*" up to his hotel room that night.

ETHICS

In philosophy, there are three branches of study. The first two are epistemology (which studies how we know what we know), and metaphysics (which studies what is real). The last branch of philosophy is ethics, which studies action, or what people do. This has been described as "*applied ethics*" (Beauchamp, 2007). Some have reduced this general idea to questions of what people "*should*" do. Ethical thought in modern business contexts is fairly consistent, with ethics taken to mean, "*Moral principles or values that generally govern the conduct of an individual or group*" (Lamb, 2012). It would be hard to imagine a bigger question in business, as the entire economic system relies upon buying and selling, and those who buy have a marked tendency to do so only from those they trust. Trust can only be built on perceptions of how other parties behave when they are given options, and that these options are beneficial or detrimental to the party deciding between or amongst options. So, the perception of what people "*should*" do is at the centre of Brian's relationship to Bob and Dave, in such a way that success or failure in the commercial market is affected.

In the history of humankind, there has been no agreement as to what someone "*should*" do given any circumstance. However, it is such an important issue that since Socrates (but almost certainly before him), people have been trying to parse out the rules for deciding what one "*should*" do. This is not an easy task. In almost any ethical or moral framework, there is always a convoluted system of "*but what if*" and "*except for*". Such is the case with poor Brian, who has to now scan the moral landscape and decide what to do. In this exercise, Brian will balance two of the prominent competing ethical frameworks we see in business; teleology and deontology (Muller, 2016).

Teleology

Teleology is ethical reasoning that most people associate with "*the greatest good for the greatest number*" (McDonald, 1994). Its most noted champion was Friedrich Nietzsche, and is most commonly referred to as "*utilitarianism*". In this system, Brian would consider the needs of all, which includes Bob and his family, Brian's employer, the people who are employed by Bob's firm, the dozen people (and their families) employed by Brian's agency, Brian's family, and even Dave. In short, all stakeholders would be considered, and any decision that is made with respect to Bob's request would be made in such a way that more people benefit by that decision than are injured by it. Defining "*benefit*" and "*injury*" is a real can of worms, and we really can't get into it here. Suffice to say that Brian would probably balance monetary and social/religious considerations as the "*good*".

Deontology

Deontology is quite a bit different from Teleology. Deontology concerns itself with what is fair for all parties (McDonald, 1994). This lends itself to rigid “rules” of behaviour. Some behaviour is obviously out-of-bounds on an ethical plane, such as open murder. The most notable proponent of deontology is Immanuel Kant (Kant, 1996). One could think of it this way; if enticed to cheat in a Monopoly game, the deontologist would say, “*I just cant.*” Why? Is anyone really injured by such a thing? The answer is “no”, but it is cheating, and cheating is unfair. Thus, the deontologist is concerned with everyone’s interest, but only in an abstract way. The implementation of this is that we have strict rules that everyone must observe, therefore society benefits because all is fair.

DILEMMAS

A dilemma is a situation where there are positive and negative outcomes related to a single decision where there are multiple (mutually exclusive) courses of action. This is exactly where Brian finds himself. No matter what he says, there will be both positive and negative outcomes. For instance, if Brian accedes to Bob’s request, the result may be that Bob is happy, the trade show went as planned, and Brian preserves his job and career at Smith/Jones. In short, everyone is happy.

If Brian has a crisis of conscience and says “no”, the result could be that Debbie, Bob’s kids, and on the face of it, Brian is happy, but the risks are enormous. For starters, if the decision Brian makes is contrary to the wishes of the client, the entire advertising account could “*take a walk*”. If that happens, Brian’s career and his family (including the unborn child) would pay the price. In addition, the dozen or so people working on Brian’s account could be unemployed, and all of them have families. This doesn’t even begin to mention the families of those who Bob and Dave (in other accounts), who would suffer if that happened. If Brian says “yes”, there would be a marital indiscretion involving Bob which could jeopardize Bob’s marriage. Which course should Brian take?

In this decision scenario, positive outcomes for Brian (as noted earlier) may include the following. First, if Brian says “yes” to this request, it is possible to cement a relationship with an important client, and hold a key piece of leverage to maintain that account. All of the people who have an interest in this one potential transaction could benefit, even the prostitute who would be summoned to Bob’s room. Brian’s boss Dave is unlikely to fire him, but rather give a promotion. Bob will be understandably happy with the encounter, and “*whatever happens in Vegas stays in Vegas*”, right?

Negative outcomes are profound. In the first place, Brian may not have a good night’s sleep, mainly because of his conservative upbringing. Secondly, and even more pressing in today’s information age is that details of this very deed could wind up in the hands of everyone in the three target audiences. Remember, Bob is mid-way through “*tying one on*”, and under the influence, many unfortunate posts in social media are made. Information like this can hardly enhance the brand image of Bob’s firm, and runs a real risk of alienating the target audience that everyone had worked so hard to curry favour with. In short, the brand could suffer serious damage.

The decisions are mutually exclusive (you can choose one, but not the other). There are positive and negative outcomes to either decision, so the pressure is on to come up with the best decision, but which decision rule is best? Is it teleology, where the greatest good for the greatest

number wins the day? Or is it deontology where a hard and fast rule system says what one should do?

LEGALITIES

It has been said that a legal system is a system of ethics that carries the force of law. In other words, that which is illegal assumes a penalty enforceable by law (Aristotle, 2004). Kerin & Hartley (2018) stated that laws are “*society’s values and standards that are enforceable in the courts*” (p. 106). The ethical lines begin to blur when an action that is legal could be unethical, and vice-versa. It is important to note that in this case, prostitution is not illegal in the state of Nevada. Within the city limits of Las Vegas it is, but there are dozens of organizations who create the transaction outside of the city limits, but come in for a “*visit*” if the incentive is large enough. So, what Bob proposed is not illegal. This raises the question of whether that which is legal is always ethical. The deontologist would say no. The teleologist in this case would say yes. In fact, there is a very real and substantial difference between what is legal and what is ethical. In the case of Brian and Bob, there is a grey area big enough to encompass the lives of Brian, Bob, Dave, Debbie, and a host of others. What does Brian do?

CONCLUSION

An ethical dilemma that appears to have a simple solution isn’t quite so simple. Brian must work through the problem in such a way as to avoid losing an important industrial account, and mitigate any potential negative outcomes related to the client’s customer base, which are present in this scenario. To do this, Brian must consider the matter with respect to two competing ethical perspectives; teleology and deontology. Acting strictly in accordance with either ethical perspective offers serious implications for all parties involved, and any decision carries risks that would call into question the relationships among the companies that are involved.

TEACHING NOTES

What actually happened is that Brian had a sober conversation with Bob (the following morning at breakfast). In that conversation, Brian pointed out that he is a friend. What friend would allow another friend to jeopardize the familial relationship he has with his wife and kids, in exchange for an enchanting evening with an unknown woman? Bob was asking Brian to be a party to an event that could unravel a fully functional marriage. What kind of friend would Brian be to Bob if he participated in such an event? If that was “*inbounds*” for Bob and Debbie, that was their business for Brian. Fortunately, the conversation had the desired effect—namely that Bob had taken that moment to re-evaluate his request.

One thing not stated in this case is that Bob was constantly fiddling with wireless devices, and the risk that he could put something injudicious online is very real. As we are finding out, that which is placed online is there “*forever*”, and once uploaded, can never be taken back. Computers basically have one job—to remember stuff. In that task, they work wonderfully well. If students realize the implications of this, the conversation is likely to become livelier. To spark this vein of conversation, a review of certain events like the downfall of media icons Matt Lauer, Garrison Keillor, and Bill O’Reilly were the result of certain information getting out *via* the Internet. The root cause was still the same (changing mores—discussed below), but the proximal cause was information traveling at the speed of light.

Not stated in this case is the fact that Bob's career started to blossom when evening interludes financed by the advertising agency were expected. However, over time, social mores have changed especially with respect to sexual propriety in official settings. It is unknown whether there are decision-makers at the target market firms who are female; if there are, we have another dynamic to consider.

Whatever decision is made, it is unwise for Brian to mention this to anyone. So while some would say that the leverage in the relationship between Bob and Brian belongs to Brian, the opposite is true. This may be an interesting time to introduce rudimentary game theory (i.e. "the prisoner's dilemma"), which doesn't end with the prisoners deciding what to do. Instead, it is a recursive model, in which memory of what happened in the past influences trusts and action in the future. This being the case, since the sober breakfast conversation had the desired effect, perhaps another conversation about future expectations would be good. Bob's lever is that if he has a word with Dave, Brian will be staring at a professional dead end. But would Bob use the leverage? Finally, this dilemma also lends itself to humor in discussion. For example, one could mention the fact that the champion of Teleology (Friedrich Nietzsche) died of syphilis.

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