

MORALITY FOR SALE?
EMBRACING A CHRISTIAN ETHIC
IN THE FACE OF A BUSINESS DIVESTMENT:
A PERSONAL CASE ANALYSIS
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ABSTRACT

Lying, stealing, cheating--American business stands accused of these and other vices on a daily basis, simply in the context of normal operations. What happens, then, when businesses are purchased, divested, merged, or divided, as have become the popular trends? Unfortunately, these situations often bring a new array of ethical dilemmas. Christian businesspeople should be familiar with these strategic initiatives *and* the unique moral issues they spawn.

The purpose of this paper is to examine several of the most significant ethical issues that arise when a business is sold. The author uses his own business-sale experience as the subject of analysis. After presenting a general case background and describing his family's former company, he outlines his personal moral framework, or Christian ethic. This moral framework serves as a tool for analyzing three real case scenarios that occurred during the author's business-sale process. The author categorizes the scenarios in terms of three distinct moral principles: honesty, fairness, and compassion. What follows, then, is a challenging examination of each scenario through the lenses of law, scripture, and situational dynamics.

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MORALITY FOR SALE?

Business ethics—to many people this phrase represents the ultimate contradiction in terms. Shrimp are more likely to be jumbo and wars, civil than business ever will be ethical, so the critics say. Of course, even those less cynical about corporate morality admit that ethical issues abound in the realm of free enterprise. From job discrimination to customer deception, from employee privacy to environmental pollution, a myriad of ethical dilemmas confront players in organizations of all types and sizes.

Indeed, the day-to-day ethical choices involved in managing a business often present a more than adequate challenge. Routine decisions are sometimes overshadowed, however, by the barrage of moral choices that arise when a business becomes a candidate for divestment. The issue of how to handle fairly one employee's departure becomes how to honor the job security of all employees. The challenge of how to portray realistically a product to a certain prospect becomes how to represent accurately an entire business' history and potential to a series of prospective buyers.

The purpose of this paper is to examine several significant moral issues that arise when a business is sold. It is the sale of a specific company, one in which I was a partner, that serves as the subject for this analysis. What this study lacks in breath of research (focusing on just one transaction from the seller's perspective) hopefully will be offset by depth of personal experience with the case. Even so, it is not possible to treat every moral issue that arose during the sale of our business. My intention, therefore, is to analyze a limited selection of issues, which I categorize by way of three distinct moral principles: honesty, fairness, and compassion. For each of these areas, I will present an actual scenario that occurred during our sale process. These mini-cases, then, will provide a real-life context in which to discuss the relevant moral issues.

The promise of a moral analysis requires the use of some specific standards for judging right from wrong. The moral standards I apply to this case are my own and are Christian in nature. Some may argue that there is no "one Christian ethic"—I agree. Although God gave the supreme source of moral guidance in His written Word, the Bible does not address explicitly every ethical dilemma. From the basis of a relationship with Christ, however, a believer can develop a personal framework for making ethical choices or analyzing past choices, as this case study intends. While the purpose of this paper is not to describe in total my personal

Christian ethic, I feel it important to develop my framework in part, so one can appreciate the justifications for my moral judgments. So, following a synopsis of the case, I will outline the most relevant parts of my ethics system: legal analysis, Biblical analysis, and situational analysis. Then, with this framework in place, I will present the specific case scenarios according to the three categories mentioned above (honesty, fairness, and compassion) and follow each with an analysis of the pertinent moral issues.

GENERAL CASE BACKGROUND

John Hagenbuch, my father, started John-David Advertising (originally called J & G Advertising) in 1962. What began as a part-time job soon became a full-time career, as he discovered a largely untapped market for specialty advertising products (imprinted pens, calendars, etc.) around Danville in north-central Pennsylvania. John's warm personality, strong personal selling skills, and hard work ethic became the backbone of his success. He traveled extensively around the mid-state, building relationships with businesspeople from small retail stores to large manufacturing firms. An account list of a few dozen grew to a client base of several hundred, including accounts in other states that came by way of referral.

While John kept the company small in terms of personnel, hiring just a few administrative workers and salespeople, John-David Advertising's revenues climbed steadily. Even in the face of direct-mail catalogs from large national corporations and other increased competition, the business thrived. A personal selling approach and relationship-building philosophy formed a strong competitive advantage.

In terms of my own involvement, John-David Advertising almost always had been part of my life. Some of my first work experiences involved odd jobs around the company's building. Later, I sold products for the company part-time, and full-time during summers, for several years through college and graduate school. Although I worked for a broadcasting company for three years after completing an MBA, my wife and I then moved back to Danville, so I could rejoin the company. The business continued to perform well, as revenues grew from \$1.2 million in 1994 to \$1.6 million in 1999. By mid-2000 we were on pace to reach \$2 million in sales for the year.

John-David still had about the same number of people working for it as it had a decade earlier: five payroll employees (4 full-time and one part-time), two independent-contractor salespeople, and my father and I (the partners). Finding capable staff was always a challenge, given the area's relatively small population and the presence of a very large healthcare organization and several manufacturing plants. Everyone at John-David worked hard to help keep pace with the sales growth.

In December of 1999, at the age of 63 and amid health concerns, John began to consider his retirement from John-David Advertising. He shared his intentions with me, and we began to discuss and pray about options. As I envisioned the Company's future, I saw great promise, but I also began to weigh the personal sacrifices the business demanded including 70+ hour workweeks with little time off. I was concerned particularly that my time for family and Church would only decrease as my father retired and I took on even more of the business's management responsibilities.

The next several months were a life-changing journey in which God presented an opportunity for me to combine my business background with a love for teaching. With the support of my family, I accepted an offer to teach full-time at Messiah College, my alma mater. Of course, doing so meant the sale of John-David Advertising.

Although both my father and I had been involved in selling for much of our lives and had led a company whose main function was sales, we found ourselves in unfamiliar territory when it came to selling our own business, so we decided to enlist the services of a reputable business broker, the referral of a close friend and confidant. The broker's services would come at a considerable cost, but we agreed that a completed sale at a good price and within our short (four-month) timeframe would more than justify the brokerage commission. We signed an exclusive right-to-sell agreement and officially began the sale process.

The ensuing months were an enlightening experience. Anonymous ads in trade publications, secret meetings with out-of-state buyers, conferences with attorneys, and after-hours facility tours all produced keen time pressures, vacillating emotions, and generally high tensions. Thankfully, God saw us through the process, and our business was sold. On September 22, 2000, a mere three months and nine days after listing, we made final settlement. The buyer was one of our main competitors, located just twelve miles away. The

owner agreed to virtually all purchase terms and promised to continue the employment of all our full-time employees and to maintain relationships with our independent contractors.

A PLACE FOR ETHICS

By most *business* standards the sale of John-David Advertising would be judged a success. The seller transferred the desired assets, the buyer made the required payments, and both kept other contractual obligations. Are these favorable outcomes, however, the only criteria to consider? What about the sale's impact on the lives of people other than the principals? Does it matter if employees are worse-off after the sale? Should one's *personal* morals influence a business divestment?

Hill argues that one should not exclude business behavior from the oversight of personal moral principles. To do so invites a dangerous "dual morality" in which business defines its own standards of behavior (1997, p.61). An example of this dichotomized thinking might be, "I am always very generous to family, friends, and neighbors, but I treat my employees differently; this is business." Hill is right in maintaining that business activities should be subject to personal moral judgment as well as to commercial evaluation.

But what if a business-sale's outcomes are favorable to all stakeholders? Is it acceptable to ignore the means by which those results are achieved? If one espouses a utilitarian ethic, in which a moral action is the one that produces the greatest amount of happiness, the answer is "yes." Many people do, albeit unknowingly, practice utilitarian ethics. For instance, one might reason, "Yes, I exaggerated to the buyer, but no one got hurt, and everyone seems happy, so lying was the right thing to do."

Shaw and Barry offer several strong critiques of utilitarian thought, among which the most poignant question may be, "Are some actions wrong, even if they produce good?" (2001, p. 62) I would argue "yes"—a lie *can* be considered wrong even if everyone appears to have benefited from the lie. Actions (in a business sale or any other situation) should *not* be evaluated *exclusively* on the basis of consequences. Greater moral principles that function independently of outcomes should be invoked.

A PERSONAL MORAL FOUNDATION

The success of a business sale should *not* be evaluated using just commercial criteria, and additional criteria should *not* focus exclusively on the consequences of actions in determining whether those actions are ethical. But what moral standards *should* be used? Near the opening of this paper I proposed that there is no *one* Christian ethic, rather each believer is capable of developing his own system for moral decision-making based on a personal relationship with God. Of course, it is likely that many of the principles in one Christian's system will mirror those in another believer's framework. Strong similarities can and should be expected, given a shared faith and a common desire to honor God. What follows is a description of three of the main components of my own moral framework: legal analysis, Biblical analysis, and situational analysis.

LEGAL ANALYSIS: JUSTIFICATION & EXPLANATION

Everyone must submit himself to the governing authorities, for there is no authority except that which God has established (Romans 13:1).

Remind the people to be subject to rulers and authorities, to be obedient, to be ready to do whatever is good (Titus 3:1).

When you make a vow to God, do not delay in fulfilling it. He has no pleasure in fools; fulfill your vow. It is better not to vow than to make a vow and not fulfill it (Ecclesiastes 5:4-5).

They brought the coin, and he asked them, "Whose portrait is this? And whose inscription?" "Caesar's," they replied. Then Jesus said to them, "Give to Caesar what is Caesar's and to God what is God's" (Mark 12:16-17).

Why should a Christian approach to ethical decision-making contain a "legal analysis?" The Bible makes it clear that believers should obey their government leaders and other leaders. One of the most direct forms of obedience is to follow the rules that public officials establish and the policies that organizational leaders support. Likewise, believers should uphold the law by honoring the contracts (covenants and vows) they make. In most cases, failure to obey the law, or legal systems, means failure to obey God.

One must be careful, however, not simply to equate law with morality (Shaw & Barry, 2001, p. 7). Sometimes people question the morality of an action that the government considers legal. For instance, sending a \$100 gift to a purchasing agent who is considering the gift-giver's bid is not illegal, but many people would question the act's morality. On the other hand, it is important not to assume that an action is immoral just because it is illegal. Among the fifty states there is much variety in commercial law, and many of those laws are a function of managerial, not moral principles. For example, a New Jersey restaurant is required by law to collect sales tax but a Delaware restaurant is not. A lawful action is not necessarily moral, and an unlawful action is not necessarily immoral. Nevertheless, given the strong correlation between illegal actions and immoral actions, a legal analysis can help to screen and qualify ethical choices.

BIBLICAL ANALYSIS: JUSTIFICATION AND EXPLANATION

A second major component of my personal ethical framework is Biblical analysis. In this stage an action's morality is judged on the basis of the action's consistency with Biblical principles. Such a judgment, of course, is prone to be subjective, but the use of certain predetermined guidelines can increase the chance of a fair and unbiased analysis. The three specific criteria to which an action should be subjected are: 1) Does scripture explicitly prohibit the action? 2) Is the action analogous to another action that the Bible explicitly forbids? and 3) Does scripture indirectly reject the action through other teaching such as parables or personal examples?

Application of the first criterion is fairly straightforward. The Bible's negative injunctions such as the Seventh Commandment, "You shall not steal" (Exodus 20:15) and positive exhortations like the apostle Paul's, "Give everyone what you owe him: if you owe taxes, pay taxes; if revenue, then revenue; if respect, then respect; if honor, then honor" (Romans 13:6-7) seem clear in their volition. Even the most overt directives can be misconstrued, however, if not read in their proper contexts. This potential for misunderstanding is even greater when invoking the second and third criteria of Biblical analysis (looking for analogous actions and other teaching). When making moral judgments based on the Bible, it is critical that

one read and interpret scripture accurately. Longman's (1997) "Seven Keys to Understanding Scripture" are very helpful toward that end:

- 1) Look for the author's intended meaning. (e.g., Know to whom the author was writing.)
- 2) Read a passage in context. (Study complete chapters and books.)
- 3) Identify the type of passage you are reading. (e.g., poetry, epistles, historical records)
- 4) Consider the historical and cultural background of the Bible.
- 5) Consider the grammar and structure within the passage. (e.g., figures of speech such as metaphors and hyperboles)
- 6) Interpret experience in the light of scripture, not scripture in the light of experience.
- 7) Always seek the full counsel of scripture. (i.e., Ask if the rest of the Bible supports or contradicts your interpretation of a select verse)

Overlooking one or two of these guidelines can lead to serious misinterpretation. For example, the payroll departments in most American companies would seem to be guilty of violating Leviticus 19:13, "Do not hold back the wages of a hired man overnight." One gains a truer interpretation of this verse, however, by understanding the cultural context and also reading Deuteronomy 24:14, "Do not take advantage of a hired man who is poor and needy." This additional context leads most to conclude that it is acceptable for American company owners to pay employees weekly or biweekly, provided that workers do not need the same day's wages to buy that evening's food or other necessities.

Unfortunately, the Bible does not directly address every moral issue. For instance, there are no concordance references for a salesperson who is struggling with price discrimination—the practice of charging certain groups of customers more for the same product. In a situation like this, one might search for an analogous Bible issue. Showing favoritism to certain people in the Church could be such an issue. Both actions involve discriminating against people and penalizing them for attributes they cannot control. James 2:1-9 and I Timothy 5:21 speak against such favoritism in the Church. If the analogy is a fair one, price discrimination also would appear to be in conflict with Biblical instruction.

In the event that scripture offers neither an explicit directive nor an analogous issue to help in resolving an ethical dilemma, one should examine other forms of scriptural teaching such as parables and personal examples. For instance, The Parable of the Talents (Matthew 25:14-30) contains *no* direct command, "Be a good steward of your money and time." Nevertheless, that message is clear by virtue of the master's commendation of the two prudent servants and his reprimand of the irresponsible servant. Cases involving real Biblical characters can also reveal God's regard for a particular action. For example, given that Ananias and Sapphira's misrepresentation of the proceeds from their real-estate sale costs them their lives (Acts 5:1-10), one can conclude that God detests financial deception. There are also many positive personal examples that demonstrate *moral* behavior such as those of Esther, Daniel, Paul, and of course, Christ.

SITUATION ANALYSIS

A third facet of my personal Christian ethic involves an analysis of the situation that surrounds a questionable action. One purpose of a situation analysis is to distinguish between two or more potentially moral choices. For instance, a legal analysis and a Biblical analysis probably would support punishing an employee who stole money from his company. A situation analysis, however, may help the company's owner decide between termination and suspension by asking questions such as "How much money did he take? Has he had other offenses? What is happening in his personal life?"

The other function of a situation analysis is to allow extraordinary circumstances to be considered and possibly change a decision. In the previous case of employee theft, what if the employee had taken \$200 because he was too ashamed to ask for help to pay for his sick wife's prescriptions, and he genuinely planned to repay the money over the next few months? Given this situation, the company's owner might decide that, despite the legal and Biblical evidence, the moral action is to *not* punish the employee.

Some may argue that a situation analysis opens a moral judgment to egoism or other personal bias and allows an individual to arbitrarily choose the outcome with which he is most comfortable. While it is difficult to eliminate personal bias altogether, it is still possible to retain a large degree of objectivity by following these three guidelines:

- 1) *Perform the situation analysis in conjunction with, not independent from, other analyses.*
As illustrated above in the employee theft case, legal and Biblical analyses are very important for framing the decision-making situations.
- 2) *Hold up the first commandment (Exodus 20:3) as absolute.*
In no situation should God's supremacy be denied.
- 3) *Apply the golden rule (Matthew 22:39) as much as humanly possible.*
To love others as you love yourself effectively eliminates decision bias.

A final reason that I believe there is a legitimate place for situation analysis in Christian ethics is that I think Christ himself uses the approach. For example, Jesus was well aware of the legal/spiritual admonitions concerning work on the Sabbath--"Remember the Sabbath day by keeping it holy. Six days you shall labor and do all your work, but the seventh day is a Sabbath to the Lord your God. On it you shall not do any work" (Exodus 20:8-10). Nevertheless, Jesus healed people on the Sabbath, and he defended his disciples' actions when they picked grain to eat on the Sabbath (Matthew 12:1-13).

One possibly could argue that Jesus' healing on the Sabbath was less situation-based and more a function of prima facie principles—restoring life takes precedence over observing the Sabbath. Such an argument is harder to make, however, in the case of the grain—to say that eating takes precedence over the Sabbath. Indeed, God did not give "eating" precedence in the wilderness when some Israelites tried to gather manna on the Sabbath but found none (Exodus 16:27). Jesus' moral judgment concerning the disciples truly seems to be based upon situational considerations.

CASE APPLICATION

Having presented a general overview of the case and having developed a personal framework for moral decision-making, it is now possible to discuss specific events that occurred during the business-sale process and to examine the underlying moral issues. All of the following mini-cases are real; only the names of the two prospective buyers in the first case scenario have been changed. Also, some of the cases are representative of similar events that occurred at other times during the sale process. Again, I categorize these scenarios in terms of three distinct moral principles: honesty, fairness, and compassion.

CASE SCENARIO #1: HONESTY OR DECEPTION?

It is Friday, July 21, and our business broker has scheduled a meeting with a potential buyer, Jack, from New Jersey who owns a specialty advertising firm similar to our own. Jack and his wife Linda travel to Harrisburg where they meet our business broker who drives them to Danville for our 1:00 pm appointment. The three of them, my father, and I meet at my parent's home. The meeting, which lasts for over an hour, is very positive. Jack and Linda like what they hear and seem excited about the potential fit with their existing operations. They now would like to see firsthand the physical layout of our business.

We tell Jack and Linda that a visit to our office building is fine, provided that we handle the visit discreetly and not make reference to the business sale. Our employees do not yet know of our plan to sell. I tell Jack and Linda that I will drive to our offices first, and the two of them (without our broker) can enter shortly thereafter and say that they have an appointment to see me. Jack and Linda are happy to oblige and even suggest ways they can mask the true nature of the visit. Their eagerness to pretend catches me a little off-guard and concerns me—"What if they over-act and unintentionally raise suspicions?" and "Am I encouraging them to lie?"

I know our employees will not ask Jack and Linda for more than their names, if they have an appointment, so I tell Jack and Linda, "Just introduce yourselves and ask for me. Our secretary will think that you're a couple looking for an item for a class reunion or an anniversary. You fit that description." The plan unfolds, Jack and Linda arrive, and I meet with them briefly in our conference/display room. The two of them look the part of customers and play it very well, too. As they prepare to leave and they return to earshot range of our employees, Jack and Linda turn to me and talk about the products they are considering for their "reunion." At this point I feel compelled to join the conversation and maintain the charade.

Had I acted honestly or deceptively? Were my actions moral or immoral? The first step in trying to answer these questions is to return to my personal ethical framework and its first component--legal analysis. Were my actions legal? I believe they were legal. I am aware of no law that covers misleading conversations

in the context described above. Furthermore, I was under no contractual obligation to my employees to refrain from false dialogue.

A Biblical analysis of this scenario is more complex. A number of Bible verses and passages seem to offer either direct or analogous disapproval of the fictitious conversation:

Do not spread false reports (Exodus 23:1).

Do not lie. Do not deceive one another (Leviticus 19:11).

Keep falsehood and lies far from me (Proverbs 30:8).

Therefore each of you must put off falsehood and speak truthfully to his neighbor, for we are all members of one body (Ephesians 4:25).

While there are no parables that focus specifically on deception, there are several personal examples from scripture that seem to condemn dishonest actions, such as Jacob pretending to be Esau in order to steal his brother's birthright (Genesis 27:1-40) and Ananias and Sapphira misrepresenting the money collected from their land sale (Acts 5:1-10). There is also, however, the example of Joseph who pretended to not know his brothers when they first came to Egypt to buy grain (Genesis 42:1-21). His deception avoids any obvious condemnation. Was his pretense, therefore, an acceptable one?

In analyzing the situation surrounding my fabricated conversation with the prospective buyers, is it possible that extraordinary circumstances provide a justification? The sale of a business is itself an extraordinary event about which people tend to assume the worst: employees worry, "I'm going to lose my job," and customers lament, "We'll have to find a new supplier." These and similar fears often stem from misconceptions such as, "The situation must be bad, if it weren't, why would the company be for sale?" Even if unsubstantiated, these fears can lead to panic. Stressed-out employees confide in family and friends. The rumor mill is started. Customers hear different reports. A close competitor learns that "something is happening." The company is perceived as a sinking ship from which passengers must either be the first to get off or risk not getting off at all.

Of course, my father and I also stood to lose a great deal if news leaked prematurely and panic prevailed. But, we were not only looking after our personal interests. We also were concerned about the well being of our families, our customers, and our employees. We prayed about and agonized over the issue of secrecy. We believed that God would bring about a sale that would favor our customers and employees. Still, we knew that it would be very unlikely that every individual would share our belief, and some might act irrationally and endanger the security of everyone. As a result, we decided it would be best to delay our announcement until a point when the full details of the sale were available. Our secrecy did show love to ourselves but also, arguably, showed love to others. Given these circumstances, maybe the misleading conversation could be considered situation-appropriate and even morally right.

CASE SCENARIO #2: FAIRNESS OR INJUSTICE?

It was probably a few weeks after we signed our broker's right-to-sell agreement that my father first mentioned the issue of accounts receivable and work-in-progress orders. When some businesses are sold, the buyers acquire the purchased firm's accounts receivable as well as its other assets. In those cases, on the day of settlement, all orders that the previous owner billed but did not collect become potential cash receipts for the buyer. Following the advice of our broker, we choose to *not* include our accounts receivable as part of the business to be sold. Work-in-progress, an even more nebulous category, deals with all orders that are written, or in production, but not invoiced. In general the buyer takes ownership of these orders, but sometimes that provision seems unfair, particularly for orders in which the seller has invested significant time and money.

On August 3, we signed a letter of intent to sell, and our buyer made an earnest money payment. Other meetings followed, and the buyer's accountant performed due diligence in mid-August to both his and his client's satisfaction. By the end of the second week of September, we reviewed the first draft of a formal sales contract, which caused us to consider again accounts receivable and work-in-progress and orders.

As the day of settlement drew near, it became our responsibility to compile final lists of accounts receivable orders and *exempted* work-in-progress orders to be attached to the final contract. Only the orders identified on those two lists would remain our property. All other orders would become the property of the

buyer. Although the buyer would have the right to approve or reject those lists, it was our duty to propose what we thought was fair.

We decided to list 27 exempted work-in-progress orders, a small number compared to the 117 orders that were written, or booked, for September and the 303 written in August. Our accounts receivable list was larger than it was at other times, due in part to the fact that we billed some orders earlier than usual. Were these divisions equitable to us *and* to the buyer? A significant amount of money was at stake.

To determine the morality of a financial distribution such as this one is certainly a difficult task. For privacy, I have omitted the monetary data, but those figures are probably not the most important consideration in reaching a moral judgment. The most critical factors are the underlying principles of fairness and justice, which I will examine through the lenses of my ethical framework.

Was the distribution legal? I am not aware of any federal or state laws that attempt to regulate this function of free enterprise, so the most relevant legal context is that of the sales contract itself. Both seller and buyer, without coercion, agreed to all contract terms, including the two order lists, so the distribution is legally enforceable.

As with the first case scenario, a Biblical analysis presents a formidable challenge. Unfortunately, there are no scripture passages that directly speak to the issue of accounts receivable and work-in-progress orders. What one must do, then, is look for analogous issues, or passages that treat the same underlying principles of fairness and justice. Given these latter parameters, the following verses are helpful:

Do not have two differing measures in your house—one large, one small (Deuteronomy 25:13).

Differing weights and measures—the Lord detests them both (Proverbs 20:10).

Give everyone what you owe him: if you owe taxes, pay taxes; if revenue, then revenue; if respect, then respect; if honor, then honor (Romans 13:6-7).

This is what the Lord Almighty says: Administer true justice, show mercy and compassion to one another (Zechariah 7:9).

Love your neighbor as yourself (Mark 12:31).

A prevailing theme in scripture is justice--giving people what they deserve by way of: returning what was taken from them, upholding the basic rights that all men and women possess, and rewarding individuals according to their personal efforts and contributions. The last facet of justice is particularly relevant to this second case scenario. Given what our buyer paid in consideration (the contract price) and what we forfeited in return (the business's assets), did both parties get what they deserved? According to the contract they did, but was the contract itself (and specifically the two lists) just?

While there is no easy answer to this question, the possibility of reaching a conclusion improves with a combination of Biblical and situational analysis. As outlined earlier in this paper during the ethical framework development, "the golden rule" is a key component of situation analysis. To "Love your neighbor as yourself" (Mark 12:31) also is one of the best ways to determine a just outcome. If one truthfully can say that he would be satisfied with the solution that he proposes for another, were the situation reversed, then he has acted justly.

Our decision to invoice some orders earlier than we might otherwise have done, thus increasing our receivables, was based on the rationale that these orders were well advanced in the production cycle. Our factories (suppliers) had already produced and shipped most of the orders to our customers. Since we were the sole investors in these orders, it seemed that we should be the ones to receive those proceeds. On the other hand, we requested to retain relatively few work-in-progress orders—ones that had been written more recently and were, in most cases, several weeks away from completion. Unlike the accounts receivable orders, our buyer would have to invest his time and money to bring these orders to completion, so he should be compensated with those profits. Was the distribution just according to the golden rule? Would I have been satisfied with the order allocation had I been the buyer?--Yes.

CASE SCENARIO #3: COMPASSION OR CALLOUSNESS?

It was August 7, the day chosen after much discussion and prayer to be the "right time" to let our employees know about the impending sale of John-David Advertising. Less than a week earlier we had signed the letter of intent with our buyer. A settlement date was projected for mid- to late-September.

Besides the critical issue of *when* to inform our employees, we had agonized over related questions such as, “*How* should we break the news?” and “How will our employees *react*?”

We decided to prepare a detailed letter that described the events leading to our decision, the reasons for the decision, the steps we had taken in the sales process, the work potential for our employees with the new owner, and the reasons for waiting to share the news. Then, given the small number of people we needed to inform, we met with each employee individually, allowed him/her to read the letter, and discussed the situation. We were able to hold all of the meetings in the same day. Also, we held some of the meetings (those with our more veteran employees) in the more personal settings of our homes. Shock and/or surprise aside, we were very glad that all of the initial reactions were generally positive.

This relatively favorable response, however, should not be interpreted as proof that the length of notification was ethical. As I try to put myself in our employees’ position, I cannot help but think that I may have liked to have known sooner, if I had the option. Maybe, however, this need to know is more a function of satisfying one’s personal curiosity than of wanting to act on the information.

Again, a legal analysis begins the examination of the moral dilemma. With regard to the issue of forewarning employees of a business sale, an important law is the Worker Adjustment and Retraining Act of 1989. The WARN Act "offers protection to workers, their families and to communities by requiring large employers (with over 100 full-time employees) to provide notice 60 days in advance of covered plant closings and covered mass layoffs" (Pennsylvania Department of Labor & Industry, 2001).

In the case of John-David Advertising, my father and I gave our employees verbal and written notice of the impending sale 46 days before settlement, two weeks *less* than WARN requires. WARN stipulates, however, that "no notice is required if the sale does not result in a covered plant closing or mass layoff" (Pennsylvania Department of Labor & Industry, 2001). Since there was no covered plant closing (50 or more employees) or mass layoff for John-David, our 46-day notice was actually more than the law required. Of course, even this point of analysis is hypothetical—in reality the WARN Act did not cover our transaction at all, because John-David was well below the law's basic threshold of 100 full-time employees. In addition, we

had no contractual obligations to notify our employees. The length of notice we gave our employees was, therefore, legal.

Was the length of notification, however, consistent with Biblical principles? Again, there are no direct scripture references for this topic, so one looks for analogous issues or other teaching that addresses the underlying principle of showing sensitivity through proper timing. My own search produces the following:

. . . the wise heart will know the proper time and procedure. For there is a proper time and procedure for every matter (Ecclesiastes 8:5-6).

“Dear woman, why do you involve me?” Jesus replied. “My time has not yet come” (John 2:4).

Immediately he was cured of his leprosy. Then Jesus said to him, “See that you don’t tell anyone” (Matthew 8:3-4).

I hesitate to make a comparison to Christ’s example (the timing of his ministry) for fear of diminishing the divine plan in any way, yet I think a helpful, albeit shallow, parallel can be drawn. Early in his ministry, Jesus admonished many of the people he healed, including the man he cured of leprosy in Matthew 8, to keep the miracles secret. While we do not know for certain why Christ urged silence in these cases, the popular theory is that Jesus did not want to excite people into trying to establish him as an earthly king, nor did he want to bring about his death prematurely, before his ministry was completed. Jesus’ withholding of some information and asking others to do the same at times was a precautionary tactic based on his knowledge of human nature and his desire to fulfill the Father’s perfect plan.

Again, I am reluctant to make a comparison to our commonplace business transaction, but I think a similarity exists in terms of guarding information until the appropriate time. As I described during the analysis of the first case scenario, while my father and I did have some selfish motives (unlike Christ), we also wanted to ensure our employees’ job futures. Realizing that news of a business sale might cause some employees to panic, we decided to delay our announcement until we had enough information to reassure them of their job security.

A final step is to develop further this situation analysis, which has grown from the Biblical analysis. Again, I consider the golden rule (Mark 12:31) and ask if, as an employee, I would have wanted to be treated

in the same way that we treated our employees. In other words, in announcing the sale of our business when we did, were we loving our employees as much as we loved ourselves? I believe that I would have been satisfied with the same treatment that we gave our employees. I also believe that we showed our employees love, although even now, I am reluctant to say that we showed “as much love.”

CONCLUSION

Was the sale of John-David Advertising a moral success? Having developed a personal Christian ethic and having used that framework to analyze several moral dilemmas from our business sale, I may be closer, but I am still far from answering that question completely. The true measure of morality, of course, will be the one that God lays out at the final judgment. Perhaps this case study will encourage others to probe farther into the ethical issues of company divestment and acquisition. Such preemptive research may guide future owners in honoring God throughout the business-sale process.

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