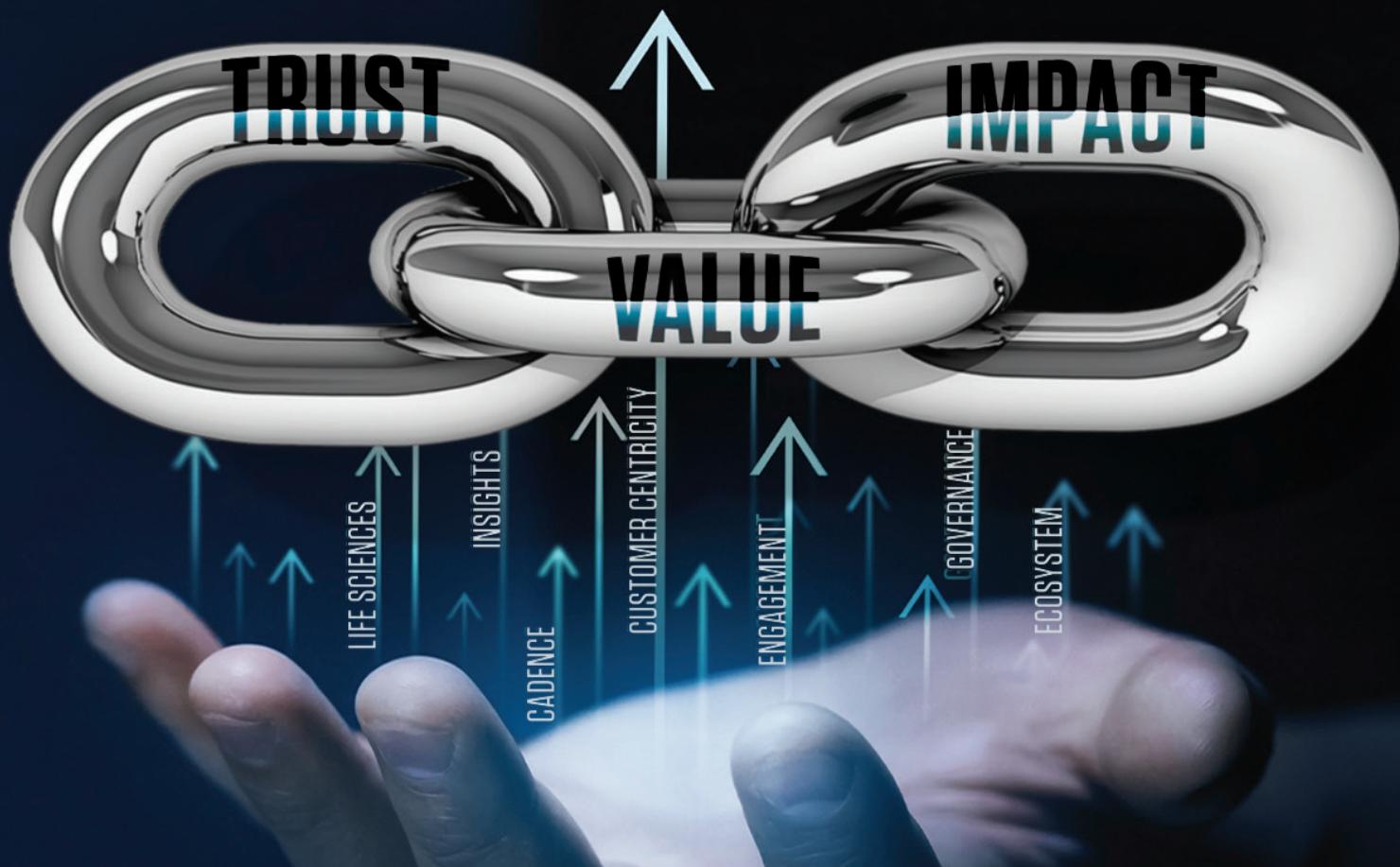


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STRATEGIC ACCOUNT MANAGEMENT ASSOCIATION

BEYOND CODES OF CONDUCT: ETHICAL SELLING IN LARGE ACCOUNTS

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Editor's note: Jan Johannsen, BuildSys, Harvord Pharmaceuticals, Pip Peterson, and Val Vessinger are fictional entities used for illustrative purposes. The scenario draws on real-world situations, with details altered to protect confidentiality.

Jan Johannsen is in a dilemma. As the BuildSys strategic account manager (SAM) for Harvord Pharmaceuticals, a global leader in pharmaceutical manufacturing, she has had a very successful two years. Revenues from the account grew at twice the industry average, and all indicators on the account dashboard presented at every monthly business review are positive and mostly improving.

Harvord is now the largest account in Jan's division, which supplies sophisticated intelligent building systems. But today Jan is concerned about how to handle a request from Pip Peterson, the Global COO of Harvord and the key executive champion that she has been cultivating for many years. Pip has requested that Jan expedite delivery of some equipment to a new Harvord manufacturing facility.

While he explained this was necessary to ensure timely production of new life-saving drugs which are in short supply globally, Jan suspected that Pip just wanted everything to progress smoothly before he went on annual vacation. Pip was very adamant, saying that if Jan could not "do the right thing" then he would have to "review" some other major projects.



In effect, Pip was blackmailing Jan to deliver the equipment quickly, or risk losing some big orders in the pipeline — orders which Jan and the division badly needed to make this quarter's forecast. The big problem was that the equipment in question was experiencing long delivery times, and BuildSys has a policy of first to order, first to get delivery, and there were many orders in the queue, from other customers, ahead of Harvord. In examining the queue Jan saw that most of those customers were very small resellers, who are nowhere near as important or strategic to BuildSys as Harvord.

As the SAM for the division's largest and most successful customer, and with major orders at stake, Jan knew that if she put pressure on the product managers, then it was possible to get the equipment delivered almost immediately. Indeed, many of Jan's colleagues were saying that she would "be crazy" not to do so. Yet, Jan felt uneasy about giving in to Pip. After all, it was he who used the phrase "do the right thing."

Jan had to decide quickly and thought back to some recent training on ethical decision-making which explained that there are three main approaches to dilemmas such as this, known as follow the rules, follow the consequences, or follow your judgment. Jan decided to explore what each approach would suggest she should do.

Follow the rules: This approach says that Jan should simply consult the rules, firstly, from a legal perspective, and then from any internal or professional codes of conduct and other company guidelines.

Jan knew that there was nothing illegal about rescheduling deliveries. BuildSys has a code of conduct, which reads very impressively and says things like "act with honesty and integrity" and "treat all customers equally." In addition, there are operating guidelines which state the "first to order, first to get delivery" rule, but the guidelines also say that this can be modified in exceptional business circumstances. If Jan adopted a "follow the rules" approach, then Pip's request should probably be refused.

Follow the rules

Following the rules is what philosophers and ethicists call a deontological approach, which focuses on duty and rules to determine what is the "right" course of action. It is mostly associated with the 18th-century German philosopher Immanuel Kant. In deontology, an action is morally good if it follows the correct moral rules or duties, regardless of the consequences. For example, a rule might be "never lie," and a deontologist would say lying is always wrong, even if telling the truth leads to a bad outcome. The emphasis is on the action itself and adherence to universal moral law.

Deontology has many advantages in that it can give very clear "rules" that in theory lead to a very easy determination of whether something is "right" or "wrong." The big downside, particularly for account managers, is that it does not consider the peculiarities of particular situations and the nuances very often involved in decisions that must be made. For example, "do not lie" is very clear and simple; however, it might not always apply, such as when a professional procurement executive asks you if "that is the absolute best price that you can offer."

Follow the consequences: This approach says that Jan should not think about the action itself — in this case rescheduling deliveries — but think about all the consequences of the action and then choose the option that leads to the greatest good for all the various stakeholders involved.

WHO	GOOD FOR THEM	BAD FOR THEM
Pip	Gets to go on vacation with peace of mind	-
Harvord	Manufacturing facility on schedule	-
Harvord customers	Access to life-saving drugs more quickly (but we are skeptical of this)	-
Other resellers		Because they are smaller businesses, this supply chain delay could be especially damaging.
Jan	Short-term orders secured, happy customer	Precedent set: Pip can dictate and expect that BuildSys can bend the rules.
BuildSys	Short-term revenue, happy strategic customer	Relationship declines with smaller customers, especially resellers. Potential eroding of culture of ethics across the company.

Jan decided to list out the key people involved, the stakeholders, and the good or bad outcomes for them whether she rescheduled the delivery or not.

Having done this analysis, Jan realized that the decision was finely balanced and came down to deciding between short-term goals (orders and Pip placated) versus the longer-term relationship with Pip, and Jan's own perception within BuildSys. She also realized that from the point of view of BuildSys senior executives, the balance probably came down in favor of not rescheduling, as relationships with lots of smaller customers and reputation in the marketplace would be more important.

Jan also realized that the analysis was incomplete, as it was impossible to be sure about whether or not the delivery would really impact the supply of new drugs that can save lives, and predicting the impact on other customers, who may or may not find out what BuildSys had done, was very difficult, as was predicting what they might do about it.

Follow the consequences

Follow the consequences is what philosophers and ethicists call a "consequentialist" approach — an ethical theory that says the morality of an action is determined by its outcome or consequences. Simply put, the ends justify the means.

The main idea is that the most ethical choice is the one that will produce the greatest good and the least harm. An action isn't judged as good or bad (like telling a lie or keeping a promise); it's judged based on what results come from it. This means that before acting, you should try to predict which choice will lead to the overall best situation for everyone affected.

The most famous form of consequentialism is utilitarianism. This view specifically argues that the best action is the one that maximizes overall happiness or pleasure and minimizes suffering for the largest number of people.

If you have a choice between two actions, a consequentialist would choose the one with the better overall consequences, even if it requires an action that seems wrong on the surface.

For example, a consequentialist might have to break a small promise (a seemingly bad action) if keeping it would cause a major, widespread disaster (a bad outcome). The consequentialist would choose to break the promise to prevent the greater harm.

We use consequentialist type thinking in account management all of the time, as we make plans and carry out actions that are designed to meet our longer-term goals, typically involving building revenue and profits from the account over time, and involving keeping them as a happy and loyal customer.

Consequentialism, specifically utilitarianism, can help us with many ethical decisions, but it has four big drawbacks. One is that it is very difficult to predict consequences for all the independent stakeholders involved. Second is the issue of unintended consequences that cannot be foreseen. Third is that it can lead to some stakeholders being treated very badly, such as the smaller resellers in this case. And finally, you will often be comparing apples and oranges, for example balancing out reputation in the industry and Pip's personal agenda.

Overall, after conducting the consequentialist analysis, Jan is not convinced but leaning towards going along with Pip's request for rescheduling. For Jan, the two things that tipped the balance are the (dubious) issue of life-saving drugs being made available and the fact that Jan — personally — and the division badly need the orders that Pip could delay, if they are to meet their quarterly forecast number and earn personal bonuses. But Jan is not entirely comfortable with this, and so decides to look at the issue from a "follow your judgment" approach.

Follow your judgment: This approach encourages Jan to use practical wisdom, based on the character traits that have been developed with experience. Jan decides to discuss the dilemma with someone who is the wisest person that Jan has ever worked with — her old manager Val Vessinger. Val is nearing retirement now but has worked in sales and sales management in complex B2B for their entire life. Jan once asked Val how they became so wise, and Val replied that it was simply a matter of reflecting on every decision and every experience that they had over a long career, and constantly trying to figure out how they could have improved. The other factor that Val singled out was to be constantly curious, which meant reading, listening to podcasts and videos, and, above all, trying to listen to somebody with whom you vehemently disagree!

Val asked Jan to reflect on the current dilemma and consider it from the perspective of the person that Jan wanted to be. Goldilocks and the three bears provide a memorable catchphrase here — "not too much and not too little." They

started by thinking about being customer focused, where the best approach, according to Val, was to be not too much, because then you can't possibly represent the best interests of your company, and not too little, which would lead to ignoring the real needs of your customer.

In this case, given the circumstances, the right amount of customer focus might err towards being more receptive to their needs. Val and Jan then discussed moral courage, which they both felt was a very important attribute for a strategic account manager. Again, too much courage might be reckless, and too little might be cowardly. The "right amount" in this case is probably to be a little more courageous in response to Pip's very assertive, some might say aggressive, requests. Val and Jan continued to look at all of the other traits of the best possible account manager that Jan aspired to be (see box on next page) — and saw that having "just the right amount" of any particular trait varied by the precise context and situation. So, if Pip had been slightly less insistent, the amount of courage that would be appropriate for Jan to display would have been slightly different. Jan realized that making the best decision was not always straightforward, and being wise was something to be developed over time.

To make the actual decision about what best to do, Val explained the overall highest virtue that the Greeks had first discovered more than two thousand years ago, which they called practical wisdom. This is the ability to discern the right action in a specific complex, ambiguous, and fast-changing situation, balancing a range of different short- and long-term goals. As with other traits, the best way is a balance between overly simplistic and impulsive decision-making and being overly cautious and "paralysis by analysis."

Val encouraged Jan to use her judgment, considering what the very best SAM would do in these circumstances. They discussed it further and concluded that Jan would go back to Pip and have an honest but forthright conversation. If Pip assured her that it really would make the difference for new, life-saving drugs to be manufactured sooner, then Jan would investigate if it were feasible to arrange for some loan equipment to keep the project plan on track, or if that wasn't possible, to do all they could to expedite the shipment.

If it was to meet some internal Harvord project plan (unspoken, Pip's vacation), then it would not be fair to BuildSys's other customers and Jan would have to refuse, explaining that if Pip was in the position of a smaller customer, he would appreciate this. Jan also suggested that they

should strengthen their joint operational planning, so that circumstances like this wouldn't happen again.

In addition, Jan made a note that the relationship with Pip was not as good as they had imagined. This suggests that Pip viewed it more as a supplier-customer relationship rather than the partnership that Jan thought they were aiming for.

Virtue ethics and phronesis

Virtue ethics is the name given to an approach based largely on the work of Aristotle some 2,400 years ago. He put forward the notion that as rational animals, our purpose was to achieve a fully fulfilled life (in Greek, *eudemonia*). The way to do that involved cultivating and nurturing virtues, which are dispositions of character, described in his most-read book, "The Nicomachean Ethics" (written, many say, for his son Nicomachus).

Aristotle devised the "golden mean" for virtues being somewhere between two extremes of excess and deficiency, and importantly it is not a simple-math midpoint, but a context of sensitive judgment. For example, Aristotle defined courage as the golden mean between recklessness and cowardice, which would be different for different people in different situations.

He gives the example of the general, who has knowledge, training, and responsibility, and the ordinary soldier, who is expected to follow orders. The same behavior, for example, charging ahead, would be necessary and courageous for a general showing leadership, but rash and disobedient for a soldier who is expected to stay in rank.

Many modern philosophers and ethicists advocate for a form of neo-Aristotelean moral conduct. One of the most important concepts for leaders and KAMs is the super virtue of **practical wisdom** (phronesis in Greek). It is Aristotle's term for the intellectual virtue that enables a person to make good decisions about how to live and act. It's not theoretical knowledge but the ability to judge well in concrete situations — seeing what matters, balancing competing outcomes, and choosing the right action for the right reasons. A person with phronesis understands both universal moral principles and how to apply them appropriately in particular circumstances.

Practical wisdom develops through *experience* and *habituation*, not abstract instruction alone. One learns it by repeatedly practicing virtuous actions, reflecting on outcomes, and learning from wise role models. It requires emotional maturity, moral sensitivity, and the ability to deliberate well. Over time,

through consistent practice of virtues (like courage, temperance, justice) and guided by good upbringing or mentorship, a person's perceptions become refined. Eventually they can see what the situation demands. In short, phronesis is cultivated by living a virtuous life, observing the practically wise, and gaining experience in making real-world moral choices.

Virtues of a key account manager

The character traits (virtues) that will lead to success will vary by your individual role, the customer(s) you manage, your company, and your situation, but in general might consist of:

1. Practical wisdom

The ability to judge and choose the right course of action in complex, ambiguous, fast-moving situations. The balance between:

- Excess: Over-analysis, paralysis, unnecessary complexity
- Deficiency: Impulsiveness, simplistic decisions, failure to anticipate consequences

2. Justice

Fair and honest treatment of customers, partners, and internal teams. The balance between:

- Excess: Rigid legalism, fairness that undermines legitimate company interests
- Deficiency: Favoritism, dishonesty, biased representation

3. Courage

Willingness to confront difficult truths and act rightly under significant pressure. The balance between:

- Excess: Aggressiveness, reckless confrontation
- Deficiency: Compliance, avoidance, silence in the face of wrongdoing

4. Temperance: Self-regulation and emotional balance in the face of stress, incentives, and conflict. The balance between:

- Excess: Passivity, lack of urgency
- Deficiency: Greed, overwork, emotional reactivity

5. Truthfulness: Honest, accurate communication that builds long-term trust. The balance between:

- Excess: Bluntness, oversharing sensitive information
- Deficiency: Exaggeration, overpromising, misleading optimism

6. Appropriate social conduct: Warm, respectful relationship-building suited to diverse key account contexts.

The balance between:

- Excess: Over-familiarity, flattery, boundary-crossing
- Deficiency: Coldness, detachment, purely transactional behavior

7. Magnanimity: Confident ownership of large responsibilities with humility and generosity. The balance between:

- Excess: Arrogance, entitlement, self-promotion
- Deficiency: Lack of confidence, excessive deference, reluctance to lead

8. Perseverance: Steady pursuit of long-term customer value despite obstacles and uncertainty. The balance between:

- Excess: Stubbornness, refusal to adapt
- Deficiency: Giving up early, chasing short-term wins

Postscript

Jan used this episode with Pip to reconsider her approach to decision-making, particularly where there is an ethical element involved that affects people's well-being.

She now appreciates that "follow the rules" and "follow the consequences" are valid tools that can help in some situations. However, in the dynamic, ambiguous, high-pressure world of most key account managers — where rules can't anticipate every complex situation and consequences are hard to assess — leaders often have to rely on "follow your judgment."

Jan realized that to make effective decisions KAMs should strive to be more like wise Val. Some decision-making and ethics training would help with this, but it is much more a mindset and getting into the habit of constantly reflecting, being curious, and learning from all of life's experiences. For Jan this meant starting to keep a very small journal to write in every day, arranging get-togethers with other SAMs on a regular basis to discuss and learn from difficult decisions that they faced, and asking Val to be a mentor who can help and guide her on the journey. ■

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