

SELLING ETHICALLY

A BUSINESS PARABLE Connecting
INTEGRITY with PROFITS

j o e l m a l k o f f



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Dedicated to my wife, Lynn

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I hope my book enlightens many hearts and inspires all who read it.

May I merit to express my appreciation to God for all His Goodness.

— Joel Malkoff

Avon, Connecticut, 2020

Introduction



Can you be ethical in business and still make a profit? Yes!

There is a positive relationship between business ethics and profitability. Ethical marketing and selling will allow you and your company to build sales revenue and sustainable profits over the long-term.

Companies that enjoy an ethical reputation have a competitive advantage. Ethical behavior creates dedicated employees and loyal customers. Your employees are committed to a higher standard of teamwork and operational efficiency. Loyal customers perceive your products and services as being of higher quality. Satisfied customers require less costly marketing promotions to maintain their business. Salespeople will spend their time

more efficiently by building positive and profitable customer relationships.

When marketing and salespeople learn and practice business ethics such as honest selling and truthful advertising, you achieve many benefits:

- You build better customer relationships
- You sell more products and services by customer referrals
- You increase your sales revenue and profits

When your company and employees act ethically such as by maintaining transparent business operations, your stakeholders gain sustainable value through long-term revenue growth and profitability.

The challenge is to conduct business ethically and achieve business objectives and profits in a marketplace plagued with unethical behavior that is often accepted as the normal way to do business.

Personal Ethics vs. Business Ethics

Many ethical problems exist because people separate their ethical behavior between their personal life and the corporation. An individual may not think of misleading people or stealing on a personal basis but sees nothing wrong with this unethical behavior in

corporate life. The answer is clear: there is no difference between your personal ethics and your business ethics.

Letter of the Law vs. Spirit of the Law

A person can meet the *letter of the law* and still behave unethically. Business ethics is about pursuing the *spirit of the law*; going beyond the letter of the law. The goal of ethical behavior is the practice of goodness in addition to fairness.

Let the Buyer Beware vs. Let the Seller Beware

Business ethics rejects the concept of *let the buyer beware* and places the onus of full disclosure on the seller. The seller has the responsibility to disclose product defects and other limitations even in the absence of a written guarantee. In the ethical world, the obligation is on the seller to provide full disclosure; *let the seller beware*.

As a successful businessman, I have generated over \$500 million in total sales during the last 45 years. I attribute my success to a lifelong journey of learning and teaching ethical values.

This book is written as a parable since a good story is an excellent method to teach business principles. I hope my book will inspire you to live a more ethical life.

“The two highest levels of influence are achieved when people follow you because of what you’ve done for them, and people follow you because of who you are. In other words, the highest levels of influence are reached when generosity and trustworthiness surround your behavior.”

— Dale Carnegie, author

1



Make the decision! The new competitor was aggressive and dishonest, threatening our market share. So what? It shouldn’t have been a problem for me. I had 45 years of experience creating strategies to fight intense competition. I usually won. Why was I concerned now? Years ago, I had defeated a competitor with a loss leader promotion that eventually led to the competition’s bankruptcy. I was treated as a hero. I was confident in my decision. But it was different now. I had changed and regretted

that decision, among others made years ago. And yet, I hated to lose even one sale. A philosophy ingrained in me when I was a young territory sales representative was that a sale represented a multitude of future referrals and repeat business.

My life was filled with decision-making. I was the president of PCI Care, a manufacturer of medical vital signs monitors. We had an excellent reputation for service and fair pricing although the market was price sensitive. This new competitor was undercutting our prices. We could launch a giveaway promotion. But the loss leader tactic no longer felt right to me. I had worked hard, creating a company that valued integrity and sold honestly. Why not compete fairly?

I wrestled with the decision as I entered a hot shower. Sometimes, my best ideas happened during long showers. It was so good to be home. I was looking forward to Rachel's delicious dinner, ending my five-day water fast. I enjoyed fasting; it cleared my head.

Whoa! I felt dizzy. Ouch! My left shoulder hurt and the pain traveled down my arm. Was I having a heart attack?

Okay, calm down, David. Step out of the shower, wrap yourself in a towel, and sit down. Should I call Rachel? I don't want to scare her if it's nothing.

Thoughts flooded my mind. We'd been married for over 47 years, together since high school, love at first sight, soul mates. We needed more time.

Okay, stop thinking crazy. Calm down, David ... and focus!

Raaach ...

“I hope I shall always possess firmness and virtue enough to maintain the most enviable of all titles: the character of an honest man.”

— *George Washington,*
1st President of the United States

2



I opened my eyes but couldn't focus for a few moments. The surroundings looked fuzzy, white, and sterile. Was this a hospital? Did I have a heart attack? Was I dead?

Someone tapped my shoulder. As I turned around, a short man with a long gray beard, wearing a full-length white robe, gestured for me to accompany him. I hesitated, but then followed him through two massive double doors into a colossal room that appeared never-ending. Near the front was a raised platform with three people seated even higher behind a long table. In the distant rear, floating in midair, were two enormous galleries. There must have been

thousands of people in each gallery. The side walls were white and oblique like a hologram. I said to myself, “*Okay, David, calm yourself down,*” realizing I was still wrapped in my bath towel, adding embarrassment to my confusion.

“Where am I?” I asked the gray-bearded man in a trembling voice. “Am I dead?”

My usher answered softly, “Please calm down. You are not dead yet.”

A moment of relief disappeared with “yet.”

“Who are you?”

He smiled, handing me a white robe. “I am Noah the Scribe and you, Mr. King, are in the heavenly court.”

“WHAT!” I shouted loudly. “If I’m not dead, why am I in heaven?”

Noah gently patted my shoulder. “We will explain everything,” he said as he walked towards a large book resting on a small desk. He lifted the book so I could see my name, David King, embossed in gold lettering on the front cover.

My book of life! I thought.

Noah continued, “Mr. King, you were brought to the heavenly court at this time to defend your life. What you see is your book of life, a record of

all your good and bad deeds. A person's book of life determines his appropriate place in heaven."

"So, I am dead!"

"As I said, no. The heavenly court wants to hear your defense before making the final judgment. You see, Mr. King, most people accumulate enough good or bad deeds to decisively tip the scale of justice in one direction or the other. However, your scale of justice is perilously teetering, so the fate of your eternal soul is problematic. There was a judicial debate and the majority voted in favor of your appearance before the heavenly court to defend your life."

"To defend my life?"

Noah moved closer. "Yes, we will explain the court procedures to you. Mr. King, you will have the opportunity to revisit moments of your life. The prosecution and defense will each select past and present events. To defend your life properly during these proceedings you will be obliged to observe the full ramifications of your decisions beyond your current knowledge."

Noah pointed to the raised bench. "The three chief justices of the heavenly court seated before you will determine whether you shall resume your earthly life or if your eternal soul would be better served in heaven now."

I thought, *Am I really here?* I shook my head, trying to wake myself from an impossible dream. As if Noah knew my thoughts, he said, “You are not dreaming, Mr. King. Please understand that there are many questions you will be asked during your trial but the first and most important question for you is: Were you ethical in business?”

I impulsively answered the question. “Yes, I believe I have been ethical in business. For many years, I have studied and practiced good business ethics, improving my acumen every day.”

One of the chief justices stated, “You are out of order, Mr. King.”

Noah interjected, “We know you studied business ethics. Soon you will have the opportunity to see the positive and negative effects of your business decisions. It is rare for a living person to see the long-term consequences of his actions. Many people see ethics and business as separate entities. This belief is wrong. An individual’s business ethics and personal ethics must be aligned if one is to be a person of integrity.”

Noah continued, “Mr. King, it would be appropriate to explain the heavenly court to you now. First, let me formally introduce myself. I am Noah, the heavenly court scribe, and an angel.

I am responsible for recording your life from your childhood in Brooklyn, New York, to your marriage to Rachel, and throughout your business career. I have recorded all your private moments and thoughts known only to you, me, and God.”

Noah approached the judicial bench. “It is my honor to introduce the three chief justices of the heavenly court.

“Chief Justice Michael represents the attribute of Mercy, an angel well-known for empathy.”

Justice Michael nodded.

Noah continued, “Chief Justice Gabriel represents the attribute of Severity, an angel known for strictness.”

Justice Gabriel sat stoically, barely looking up from a scroll.

“And finally, Chief Justice Deborah, a deceased earthly soul, well-known for her loving-kindness, represents Peace. Justice Deborah was a warrior, judge, and prophetess on Earth.”

She smiled warmly.

Noah drew my attention to another figure seated across from us. “It is my honor to introduce the prosecuting angel, Chief Prosecutor Samuel. He will argue that you should be held fully accountable for all your indiscretions and proceed directly to your rightful place in heaven. Yes, there are levels in heaven,

a hierarchy. The more righteous you are, the closer you are to the warmth and joy of the divine light. Yes, there is a purgatory and hell for the intentionally evil, but it is beyond our discussion now.”

Prosecutor Samuel’s face was unrevealing.

In the distance, Noah gestured to the large gathering of spectators sitting in the two galleries. “One gallery is filled with defending angels created by your good deeds, and the second gallery consists of accusing angels created by bad deeds.”

I knew from my studies about these types of angels, but to see the physical manifestation was unimaginable. As I turned from the galleries, I noticed a portrait on an easel near the judicial bench. The picture was of a wise-looking man with a long white beard, soft brown eyes, a small scar on his left cheek, and a gentle smile. The person looked strangely familiar. Maybe he was a distant relative?

I wanted to ask Noah about the portrait, but an overwhelming feeling of loss distracted me. What about Rachel? Was she worried about my absence or had time stopped? I wanted to see Rachel and my family now. I thought about my wonderful life, blessed by God, both materially and spiritually. I was—

Noah interrupted my thoughts. “The chief justices will explain the heavenly court procedures.”

Justice Gabriel glanced at the other two justices and spoke. “The heavenly court’s decision is based on ethical behavior. The guiding principle is the spirit of the law rather than the letter of the law. On earth, a person may act in a way which is perfectly legal but not ethical. In the heavenly court, we determine if a person’s deeds go beyond the letter of the law and reach the higher ethical standards of the spirit of the law.”

Justice Michael said, “The angels in the galleries may be called upon to testify as a person’s character witnesses.”

Justice Deborah concluded, “There is no jury in the heavenly court. We, the chief justices, make the final decision. The verdict is decided by a simple two-vote majority.”

Noah spoke. “In the heavenly court you can choose an angel as your defense attorney, or you may represent yourself.”

Before I could ponder the idea of an angelic attorney, Noah raised his hand and five angels stood in front of me. I studied their faces; each angel appeared eager and confident to represent me. We exchanged no words. I’m not sure why, but I decided to represent myself.

“I would like to defend my own life,” I stated firmly and confidently.

“Very well, Mr. King, I will do my best to guide you through the trial. First, we will make earthbound visits to your past which will be chosen by the prosecution to strengthen its case. Afterwards, you will choose the events of your past to defend your life. In summary, you’ll bear witness to your past business decisions and their long-term effects so you can attempt to defend your life,” Noah concluded.

My head was spinning! Where would we go? I felt a mixture of fear and excitement.

“Mr. King, are you ready to travel now?” Noah said.

“Yes, Scribe Noah.”

“Just call me Noah.”

“It is prohibited to deceive people in transactions or to mislead them. It is prohibited to use smooth language and allurements. A person shall not be one thing with their mouth and another with their heart; instead a person’s inner and outer being must be the same for the subject of the heart is the matter of the mouth.”

— *Maimonides, philosopher and physician*

3



Noah and I stood on the showroom floor of a Chrysler-Plymouth car dealership in Brooklyn, New York. The calendar on a salesperson’s desk was open to October 1973—over 45 years ago!

“Look, Noah, that’s me!” I said as Noah smiled. A young, skinny, six-foot-tall, twenty-one-year-old was talking to a middle-aged customer, James Nox. I remembered the difficulty in finding a job in the early 1970s. I had recently graduated from Pace University with a business degree. I was starting my

career as a car salesman, surely not my ideal career path. But I had a short-term goal. I wanted to earn enough money on straight commission to make a down payment on our first house. Later, I would work for a prestigious corporation to build my career.

My first boss, Mr. Steven Weton, walked across the showroom floor. As usual, he scrutinized each salesperson, gauging potential buyers and checking for dust on the showroom cars. Nothing escaped his watchful eye. Did the salespeople eagerly greet the customers with a broad smile? Did a salesman have a firm handshake?

Prior to this position I had had many part-time jobs and bosses, but Mr. Weton was my first mentor. He was a no-nonsense businessman running the most successful car dealership in New York City. He ran his business like the platoon he had commanded in the army. Rules were followed without question. In the course of my sales training, I memorized every feature and benefit of the products and all the strengths and weaknesses of our competitors. New sales representatives endured never-ending role-playing to reinforce smooth sales pitches and aggressive closing techniques. I learned the fine art of sales manipulation, later realizing this type of selling was often unethical.

Noah and I watched as young David King navigated through a bait-and-switch sale. The dealership advertised the bait car in the newspapers to attract potential buyers. The price was so low it was *almost* unbelievable. Mr. Weton knew human nature. People want a good deal even if they know it's not realistic. The bait car was an ugly-colored, stripped-down vehicle with no options, not even an automatic transmission.

My job was to switch the buyer to a fully loaded car at full price. The advertisement was legal because the dealership had at least one car to sell at the lowball price. One veteran salesman warned me about a new sales representative who sold the bait car because he was unable to upsell, whereupon Mr. Weton fired him at the end of the day. At the time, I thought bait-and-switch was a creative way to attract customers. Most buyers were easily upsold, although it was true that some people felt misled, and accused us of dishonesty.

We watched as David walked James to the dirty green bait car in the rear parking lot. David frowned, leading James to the shiny red switch car in the showroom. After some haggling, David closed the sale.

I turned to Noah. "Financing was the opportunity for the sales rep to make the big commissions. You would bundle all the dubious dealer accessories into the auto loan, often without disclosing the add-ons to

the customer. You sold everything from unnecessary undercoating and questionable wax finishes to redundant extended warranties. I almost forgot how slick I was at such a young age.” I smiled but Noah lowered his eyes.

The next scene was the crowning part of David’s sales pitch, the lit match trick. It was a product demonstration worthy of an old-time carnival hawker or the more modern version, a TV infomercial pitchman.

David said, “James, I know you understand the importance of protecting your investment for only a few dollars a month.”

David smiled as he confidently lit a match, letting it burn between his fingers for a few seconds. He placed the burning match on the hood of the showroom car, waiting for the flame to burn out. David removed the burnt match, rubbed off the burnt residue, and proudly stated, “You see, James, there’s no damage or discoloration. Even fire can’t hurt a car protected by MultiGlyCoat Super Wax. We bake it on right here,” David said.

James looked impressed.

I explained to Noah, “During my sales training I was warned to let the match burn for a few seconds before placing it on the car. The sulfur in the match head needed to evaporate completely or you would

damage the paint. At the time, I thought I was learning a harmless sales trick. Now, I know my moral compass was pointed in the wrong direction.”

Noah nodded, and I lowered my eyes.

After one year of selling cars, the first oil crisis hit America. No one wanted to buy big, gas-guzzling cars. The dealership was closed within a year, and I was out of work.

Despite this unanticipated and precipitous failure of the business, I remembered one special act of kindness after the city marshal padlocked the front door. Mr. Weton personally paid all the employees their outstanding wages. He was always fair to his employees, praising hard work and personal commitment. I respected those values.

I remained in the car business. Joseph Aldo Mallo was the owner of a thriving car rental business in Brooklyn. He wanted to open a used car lot and hired me as the used car manager.

Noah stared at me in obvious dismay.

“Yes, I know. I wouldn’t consider going from a new car salesman to a used car salesman as an upward career move.”

“Your next job was not the issue, Mr. King. There’s nothing wrong with selling used cars. How the business was operated was the problem.”

As I looked around now, Noah and I were standing in the front of an indoor used car lot. “Noah, I helped Joe Mallo convert this former car wash into an indoor car showroom. He specifically chose this site since it was located directly across the street from a long-established Ford dealership. Joe knew his car lot could attract customers from across the street. He concocted a devious scheme which he slowly revealed to me.

“Joe purchased an antique 1919 Model-T Ford to display on his showroom floor, fully knowing that buyers would assume his used car lot was part of the Ford dealership. Who else would showcase an antique Ford car except an authorized Ford dealer to prove the longevity of Ford automobiles? Joe Mallo was correct; it did mislead buyers.

“Next, to further enhance this misrepresentation, Joe hung a huge 40-foot sign on top of the building. The sign had four huge letters, *F-O-R-D*, in the identical blue color of the official Ford logo. Joe’s company name and the other car brands were displayed in tiny print, barely readable without binoculars. In fact, Joe’s gigantic Ford sign looked more official than the authorized Ford dealer’s sign across the street.”

Noah made no comment.

“Noah, I thought at the time it was a great way to attract customers. I remember reading a business book with a similar story. A bookstore owner was unfortunately located between two larger competitors. One day, the owner arrived at work to see the competitor on his right hang a large sign: *Sale! 50% off!* The following day, the competitor on the left placed a larger banner: *Sale! 60% off!* Both banners overwhelmed the small store in the middle. So, the owner designed his own banner and hung it over his storefront: *Main Entrance.* The author stated that it was creative marketing. Back then, I thought so too.”

Noah was silent. We watched as David King greeted a young couple, Peter and Sue Chanders, with an outstretched arm, a broad smile, and a firm handshake. David steered them to a shiny white Ford coupe. “Take a look at this beauty! It’s right off a two-year lease with amazingly low mileage. You’re the first to see it. You can have it for thousands less than a new car. It’ll be gone before the end of the day. Don’t miss out,” David said.

The husband stared at his wife as they paused, smiled, and said in unison, “We’ll take it.”

I turned to Noah. “Yes, I knew these buyers assumed our used car showroom was part of the

adjacent Ford dealer and that I was a Ford employee. I never volunteered to correct this misrepresentation.”

Noah frowned as I continued, “As you might expect, the Ford Motor Corporation was concerned that Joe Mallo misrepresented his business as an authorized Ford dealer. Joe was able to fight off the Ford Corporation for a while, but he was not so lucky with law enforcement. The police put Joe under surveillance for consumer fraud. Buyers were complaining that the cars they purchased broke down too often. Later, I found out Joe was overhauling daily rental cars with high mileage to appear as well-maintained leased cars with low mileage. The law suspected odometer tampering and, within a year, Joe Mallo was seen on television on the nightly news, handcuffed and, ironically, being pushed into a Ford police cruiser.”

I recalled the day after Joe’s arrest. “Noah, I’m still pained to remember the fear and embarrassment on Rachel’s face,” I said in a shaky voice. Noah’s eyes were sad as I retold the conversation.

“Rachel and I were in our first apartment when the doorbell rang rapidly three times. I sat at the kitchen table, scanning the classified ads for my next job. Rachel opened the door as a federal agent flashed his badge and entered our home.”

And just like that, Noah and I were standing in the foyer of our old apartment listening as the agent spoke in a flat, monotone voice. “Mr. King, I’m here to question you about your former boss, Mr. Joseph Aldo Mallo. During your employment, did you ever witness odometer tampering?”

“No, I never saw anything.”

“Did you ever hear any discussions about altering any car’s mileage?”

“No, I never heard anything.”

After several more no’s to the same reworded questions, the federal agent left as Rachel and I sat on our couch in silence, relieved that I was done with that job.

I turned to Noah. “I never really knew for sure.”

Noah was silent and I couldn’t tell if he believed me.

Suddenly, we were standing together in the heavenly court again.