



## Best Practices in Implementing Reconciled Faith and Ethics in Business

Is there a situation you face where you are seeking to reconcile faith, business, and ethics?

This a question that the attendees at BELIEVES on June 13<sup>th</sup> were once again invited to wrestle with as they had the opportunity to engage in dialogue with Clarence Smith, Board Chair for Havertys, and Andy Monin, Founder of Cyrano Systems, on the topic of “Best Practices in Implementing Reconciled Faith and Ethics in Business.”



Monin and Smith, both CTK parishioners, began the session first by telling a bit about themselves.

Monin shared that he and his wife have four kids, and prior to getting into business he was a baseball player at Clemson back in college.

Monin began his career in business on the sales side. He likes the ideation and creation side of business the most to solve a pain point for those he or his company is serving, whether currently with Cyrano Systems, centered on a video platform to help with leadership communication in organizations, or any of the previous companies he started and then sold.

Smith, who went to high school at Marist and then college at Vanderbilt, has personal and family ties to CTK that date back to the Cathedral’s origins – his ancestors helped build CTK more than 75 years ago.

Smith grew up in the Buckhead area as one of eight kids, and said they all walked to Mass each week.

“Dad was a disciplinarian,” Smith recalled. “Every Sunday morning, we’d all line up in the front row at CTK.”

Once out of college, Smith began his career as a repo man in one of the businesses that Havertys owned at the time. Since then he has spent his entire career with Havertys, one of Atlanta’s oldest companies, founded by J.J. Haverty in 1885.

“Mr. Rich loaned J.J. \$600 to start a furniture store back in 1885 even though it created competition for him just down the street,” Smith told the audience. “He believed in finding good people and supporting them.”

Later, Smith said J.J. chose to expand the company by finding the best furniture operators in different cities in the Southeast, buying 51% of them, and then leaving the operator to run the operation there with a 49% ownership.

“Havertys operated like that until going public on Oct. 8, 1929 (just a few weeks prior to the Stock Market Crash of 1929).”

Smith said that J.J. also collected art, a good portion of which went to the first collection that was used to open Atlanta's High Museum. Many pieces from the Haverty collection are now on permanent display in the High.

He added, "Funds from the sale of the art went to fund CTK's construction."

After sharing a bit about their personal stories, the two leaders then begin to shift the conversation to the topic for the session.



When asked "What is the framework that you use to think about ethics, and is that different when asked the same question about professional ethics?" the two men provided some answers about the basis for how they learned about ethics.

"We lived in Charlotte when I was growing up, and I went to St. Gabriel's Catholic School. The sisters at the school were from Guam," said Monin. "One of the nuns at the school was named Sister Monica, and she was strict. She taught the basics – the Golden Rule; don't lie, cheat or steal; the seven deadly sins; and the like."

Smith mentioned that as a public company, compliance issues are always difficult but the ethics for Havertys run so deep and go back to Catholic roots.

"Mother was the North Star, and if we moved out of line, dad would execute."

The men went on to share further thoughts about the different lenses or levels of ethics that exist to assess situations through: compliance, professional codes of ethics, values, and God's standard.

"I remember when my uncle, Rawson Haverty, was dying in the hospital," Smith said. "When I'd go to visit he would always ask me how things were going in each city – but he'd always ask about the manager not the operations. He would tell me, 'Clarence, always remember there's more in the man than there is in the land.' He always leaned on the right people in the right place."

Smith added that the very last time he visited with his uncle in the hospital before he died, his uncle said, "You'll always have the chance to cut corners, but always play it straight."

These were the last words his uncle said to Smith before he died.

"It was a personalized message, not an edict," said Smith. "It's what is internal that you know."

The message has resonated so much that the words "Play It Straight" are on the Havertys Code of Ethics, to go along with the company's motto – "At the point of contact, you are Havertys."

Monin then stated that when he was leading Vendormate, he and his team worked with Catholic Healthcare West when it was changing its name to Dignity Health. He recalled that the press release announcing the name change said "as we go through change, we'll turn and rely on our values."

"As Vendormate grew," Monin shared, "it was important for us to find core belief and values that everyone could believe in and strive for."

Ultimately Monin said those core values and beliefs were centered on:

- Attitude (“Have a positive and inspirational attitude.”)
- Intent (“Have good intentions for yourself, and assume that’s where others are starting from too.”)
- Effort (“Do your best, and give a full effort.”)
- Performance (“Let performance happen as a result of the values and beliefs being lived out.”)

He added, “Our processes and practices flowed from the four core values and beliefs.”



Each of the leaders was then asked if they could share an anecdote or two from their professional experience that best illustrates what they had shared so far about reconciling faith and ethics in business.

Smith went first.

“In the deep recession in years past, Havertys survived because the company had cash. Our Board actually suggested that we stretch out payments with vendors because we could. However, we chose to continue to pay in full and on-time as we always had.”

The result – every vendor and supplier wanted to do business with Havertys.

“Ethics is good for your business,” Smith stated summarily.

Camille Naughton, Vice President of Advancement at Cristo Rey Atlanta Jesuit High School, followed up by asking, “We hear this from you, but how do you hire for that in senior leadership team?”

Monin stepped in to respond initially to the question.

“I have a friend in the venture capital space in California. He has told me that he can’t pick them any better than he could 30 years ago, but what he’s gotten better at is firing them sooner and quicker.”

Smith added, “Good point – and once you decide to get rid of them, make it easy for them to get out.”

The two leaders also acknowledged that as management they have to toe the line that they preach.

Monin then gave another example where ethics and faith were challenged in one of his prior companies.

“One time, we had the ‘triple threat’ situation around age, race, and sexual preference come up with an employee – a director who was hired but within three months made it known to everyone that he wasn’t to be messed with because of the factors just mentioned. In the end, we paid to have him go. Shortly thereafter, the EEOC lawsuit filing still came, but we were able to defend it because of how we handled the situation and it went away.”

Smith complimented Monin’s remarks with his own by stating, “Sometimes you defend to let the public know what you stand for and let people know that certain things don’t get to come around here.”

Smith also spoke of another business scenario related to Havertys where he feels ethics and faith come into play – stockholder activist situations.

“We have one advantage in that we have two classes of stock and current management owns 85% of that, so we can fend off activists from the public shares,” Smith explained. “What you can do in the end though is just have a fully-priced stock.”

He added that Havertys has also paid a dividend since the 1930s.

Terri Deuel, an Atlanta-based IT executive, then asked a question to get the leaders views specifically on where they felt ethics in the tech industry are going.

“Everyone should be alarmed when the largest tech companies in the world are saying Artificial Intelligence (AI) is developing so fast – even in their own companies,” said Monin. “Singularity, which is when AI thinks as well as humans, is expected in 2045.”

“What year is that?” Smith asked.

“2045,” Monin responded.

“OK, I’m OK,” Smith then stated, causing everyone to erupt in laughter.

Monin tossed in one other thought in response to Deuel’s question, mentioning that he believes we’ll have telepathy in our lifetime, but that currently there is no legislation or set of regulations that can keep up or manage.

Another attendee of the session then asked Smith and Monin how they make culture come to life in their organizations.

Smith said that he thinks culture actually is the answer.

“We have to take into consideration all stakeholders,” he replied. “At Havertys, we also plan to be around so longevity is a factor.”

Monin’s views paralleled Smith’s.

“You’re a steward of the organization for all stakeholders,” he responded. “When we sold Vendormate, it wasn’t just about a sale price. It was looking through the lenses of all stakeholders and figuring out what the best match was for stewarding what had been created, and keeping all that in mind.”

Monin also mentioned that he always says that he’s worked with a lot of people at the companies he’s started and led, but the people aren’t working for him.

“Together we’re stewards of the entity.”

Before the session wrapped up, Monin and Smith had the chance to give brief thoughts on two other questions – a best practice each believed had evolved in their business as a result of reconciling faith and ethics professionally, and another company each admired for how they reconcile faith and ethics in business.

Monin went first.

“I learned from a leader in New Mexico many years ago the practice and importance of what I’ll call ‘first voice of the day from the leader,’” Monin said. “We’re building that into the Cyrano platform.”

To the second of the two questions, Monin said he admires Atlanta-based, Chick-fil-A because of their continued culture exemplifying servant leadership.

Smith then said, "Training is the key," in response to the best practice that's evolved.

And for which company Smith admires for how they reconcile faith and ethics in business?

"Home Depot," he said. "They're a hometown company, and in my opinion, the best retailer around. They're profitable and they take care of the business they have versus going after other things."

