What does a can of Cheez Whiz, Starbucks Coffee and Jimmy Buffet have in Common?

18th Annual Compliance & Ethics Institute 2019
Gaylord National, National Harbor, MD

M. Beth Colling
Senior Vice President,
Chief Compliance Officer

Agenda

Introducing a compliance and ethics program in your organization

Methods to market your program to internal stakeholders

Practical tips for embedding program within your organization
Introducing/Refreshing a Compliance Program

Identify the Purpose for a Compliance Program

“We are a progressive company and want to establish a program for future growth.”

“Well, the law says...”

“Oops, there may be something we forgot to tell you.”
Identify the Possible Barriers

- Failure of buy-in from certain or all levels of management
- Business unit where “problem” did not occur believes it doesn’t apply
- Seen as purely “overhead” and not cost effective
- Lack of resources
- CCO is responsible for Compliance
- Belief that “we already know it all”

Identify Stakeholders

Compliance Key Partners
- Human Resources
- Legal
- Finance/Audit
- Marketing Communications

Organization
- Board of Directors
- Executive Leadership
- Business Unit Leaders
- Employees
- Shareholders
Identify Stakeholder Drivers

Compliance Key Partners
- Human Resources
  - Employee Relations
  - Meeting legal requirements
- Legal
  - Staying out of hot water
- Finance/Audit
  - Accurate books and records
  - Internal controls
- Marketing Communications
  - Protecting the Brand
  - Consistent Messaging

Organization
- Board of Directors
  - Fiduciary obligations
- Executive Leadership
  - Successful business
- Business Unit Leaders
  - Meeting the Business plan
- Employees
  - Fulfilling experience
  - Recognition for good work
- Shareholders
  - Return on Investment

Meet with Stakeholders

- Understand the responsibility of that business unit/group
- Key business partners
- Key clients
- How does the group set its goals for individuals? Sales?
- What keeps the leaders “up at night?”
- Risks/Opportunities
Define the Role of Compliance with Stakeholders

- Chief Compliance Officer
- Marketing to Internal Stakeholders
Achieve commonality

- Come to a common understanding
  - Most asked question: When is it a Compliance Issue versus HR versus Legal?
  - CDM Smith’s view is that it doesn’t matter – it’s a COMPANY issue – these are the resources to handle it.

- Tailor the common understanding to fit your business/industry
  - Defense Industry may have requirements different from Pharmaceutical
  - Identify the business risks

- Use the same nomenclature
  - Compliance & Ethics or vice versa
  - Integrity Compliance Program (World Bank)
  - Sanctions Compliance Program (OFAC)

Create a Strategic Plan for Compliance

- Establish the elements needed for the Compliance Program itself
  - Risk Assessment/Gap Analysis
  - Focus on meeting the requirements of your program (ICP, DOJ Hallmarks, etc.)

- Mission/Vision Statement
- Annual Goals and Metrics
- Training plan
- Audit plan
Create a Marketing Communications Plan

- Create themes for each presentation
  - Finance Group – Red Flags
  - Sales – Follow the Rules
  - HR - Accountability

- Find examples to relate to these themes
  - Look at World News
  - Pop Culture (movies, TV shows)
  - Songs

- Consistently apply the theme at least three times
  - Repetition is the key

Examples to follow
Example 1

Ethics & Compliance Basics

What is meant by Ethics?
- Ethics means the values and culture that guide us.

What is Compliance?
- Compliance means adhering to the laws, regulations, and policies that govern our personal and professional lives.

A Compliance department is designed to ensure that the “right” values/rules/guidelines/policies, etc. are in place so that expectations for the way business should be conducted is clear.
Example 2
Competition is Good

Example 2 con’t.
Competition Breeds Challenges
Example 2 con’t.
CDM Smith’s Challenges

- New Clients
- Risky countries/environments
- Unreliable business partners
- Unknown business partners
- Lack of controls in the project
- Work at Risk
- Time pressures

Meeting regulatory requirements
- Keeping clients happy
- Getting repeat business
- Inexperienced staff

Example 2 con’t.
CDM Smith’s Compliance Program
Example 3
The importance of TRUTH

Question...

What famous politician was also known as "Client No. 9?"

Example 3 con’t.

Answer...

Former New York Governor, Eliot Spitzer, who famously declared war on "houses of ill repute" and proclaimed that he was going to "clean up prostitution in his state."
Example 3 con’t.

Truth percolates...

"Three people can keep a secret if two are dead."

—Hell's Angels Motto

The laws of probability do not apply when it comes to the surfacing of unethical or illegal conduct.

Embedding the Program within the Organization
Operations

- Business Units/Operating Groups
  - Go to their Strategy meetings
  - Annual sales meetings
  - Ask to speak at their team meetings/leadership meetings
  - Embed Compliance Ambassadors for major risk areas
  - Provide Compliance resources for use by non-Compliance personnel

Compliance Partners

- Annual/every other year meeting
  - Bring in CEO/COO to speak
  - Team Building Events
- Treat same as Business Units/Operating Groups
  - Staff meetings
  - Focus groups
Final Example

Question: What do these things have in common?

Answer:

They are all examples of someone not taking responsibility.
Recap

- Understand the Purpose for having a Compliance Program
- Identify barriers
- Identify stakeholders and their motivations
- Define Compliance – Achieve Commonality
- Create Compliance Strategic Plan
  - Marketing Comm plan is key
- Educate the organization by using concepts that are relatable
- Become involved with the operations
- Connect with your Strategic Partners (non-ops groups)

Questions
THANK YOU