

Effective Compliance Programs on a Shoestring Budget

Session 410

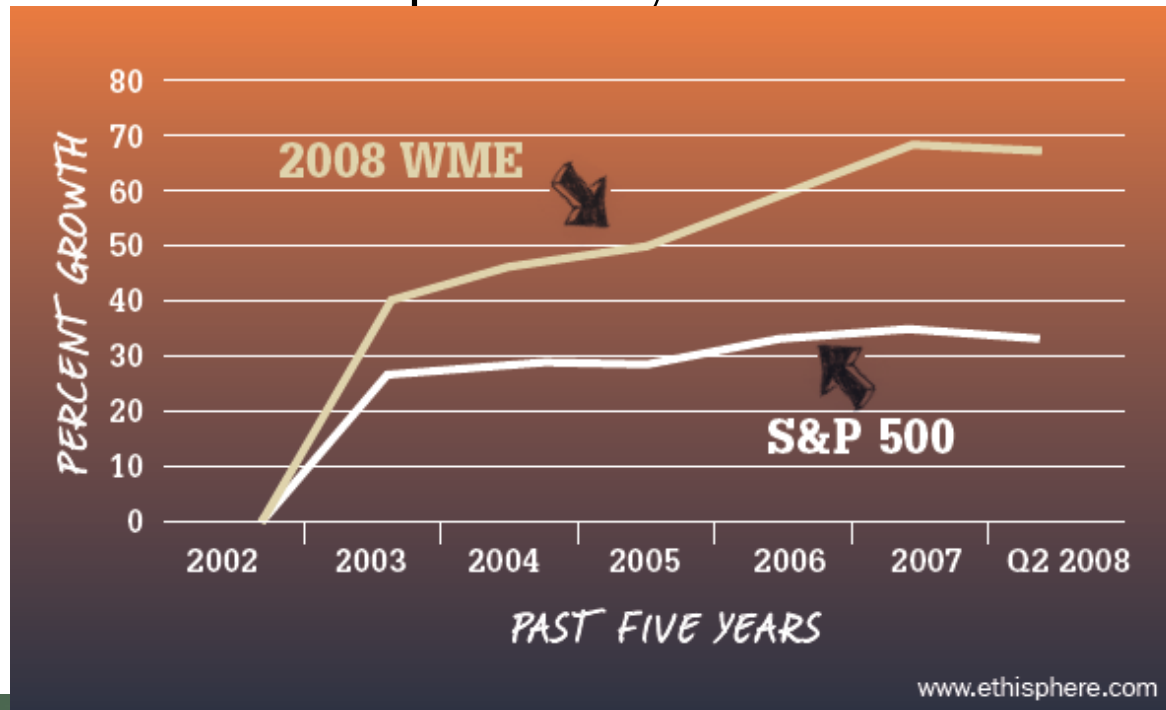
What is a “Compliance Program”?

A set of systematic procedures, scaled to the size, resources, and complexity of the organization, that an organization implements to ensure that the provisions of the regulations imposed by a government agency are being met by the organization, its employees, and its business partners



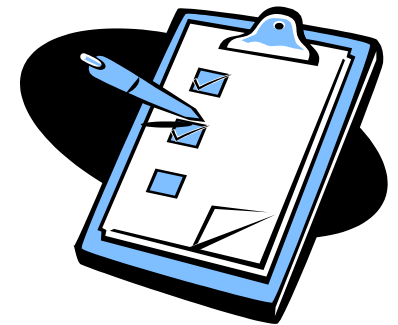
Need Proof That it Pays to be Ethical?

The World's Most Ethical Companies consistently outperform the S&P 500. The graph depicts the average stock growth percentile of public World's Most Ethical Companies vs. the Standard & Poor's 500 index over the past five years.



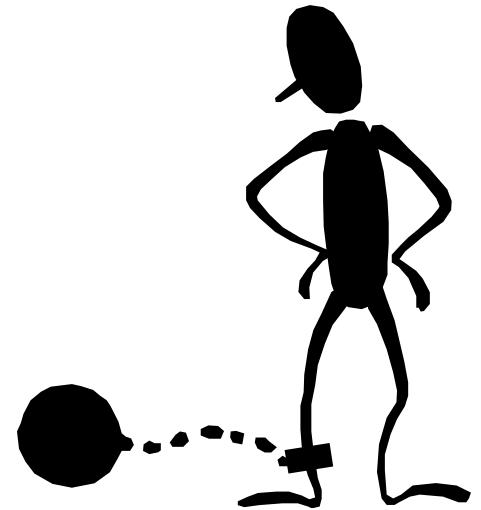
In Practice a “Compliance Program”

- Requires “systematic procedures” that
 - Support the company’s business objectives
 - Identify the boundaries of legal behavior
 - Provide mechanisms that alert stakeholders when the company is nearing, at, or crossing a legal boundary and/or an obstacle that prevents the achievement of a business objective



Obstacles to an Effective Compliance Program

- Lack of resources
 - Time, staff, and proper funding
- Stakeholder engagement
 - Top down organizational commitment
 - The board, executives, human resources...
 - Integration of stakeholders into the process



Work Smarter Not Harder



Establish a Basic Formula for Addressing Compliance Issues

- What is the risk to the company?
- Who are the stakeholders?
- What, if anything is being done to reduce the risk?
- Are there current processes and procedures in place to address the risk?
- Are these processes and procedures working?

Recognize the Wheel Has Already Been Invented

- Compliance efforts may have already been established in certain risk areas
 - Accounting
 - Data privacy
 - Workplace safety
 - Discrimination/harassment

- Established compliance tools can be modified for a broader corporate compliance program



Emphasize Pro-activity vs. Re-activity

- A compliance strategy keeps the company on track
- Lay out a cost/benefit analysis
- Communicate the major benefits of compliance
 - Improved public image and increased investor confidence
 - Employee retention and morale
 - Market leadership
 - Prevention or reduction of criminal penalties, regulatory inquiries/fines, and civil lawsuits

Enlist Employees to Develop and Train Everyone on Compliance



- Educate, engage, and obtain the buy-in of the stakeholders
 - Their job functions have material impact on risk
 - They will be compliance facilitators and shift some burden from the legal department
- Compliance issues aren't just for lawyers anymore
 - Numerous regulations mean compliance needs to be integral in business decisions and operations

The Malcolm Pirnie Approach

Phase 1 – Assessment

Phase 2 – Planning

Phase 3 – Getting it Done

Phase 4ever – Assuring Vitality

The logo for Malcolm Pirnie, featuring the name "MALCOLM PIRNIE" in a bold, white, sans-serif font on a black rectangular background.

Assessment of Current Condition

■ Internal:

- Why must you do it?
- Who are the key Stakeholders?
- What viable components already exist?
- When do you need it?
- Where are the available resources?
- How can it be done?

■ External:

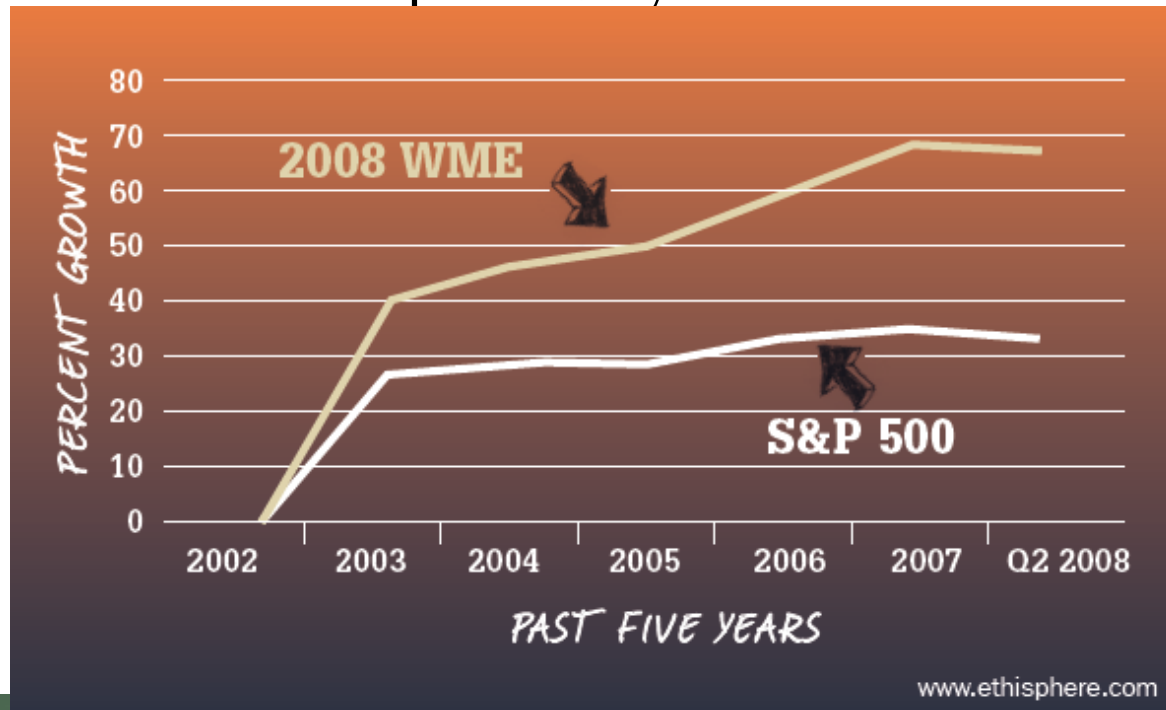
- What have other peer companies done?
- What can you get from outside experts/consultants?

Planning For the Future

- Sketch initial plan
- Select core team members
- Determine specific resources needed
- Establish preliminary schedule/budget
- Meet regularly with key stakeholders to communicate progress and incorporate feedback

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Getting it Done

- Identify key tasks/completion dates/responsible parties
- Engage key stakeholders as contributors
- Elicit feedback/gain commitment through interim deliverables
- Reevaluate/refine plan & distribute workload
- Finalize core deliverables and enlist support by broad Beta-testing

Assuring Vitality

- Treat the product as a living document
- Make it part of who you are as a company
- Promote awareness & educate at all levels
- Encourage constructive criticism
- Communicate successes and lessons learned
- Update to stay relevant & cost-effective

Questions?

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