

CHALLENGES IN COMPLIANCE & BEST PRACTICES: WHAT THE CEO CAN DO

By Joe Murphy
Of Counsel

Compliance Systems Legal Group

jemurphy@voicenet.com

APRIL 24, 2007

WHAT THE CEO CAN DO

ADVICE FOR THE CEO:

THEY WATCH WHAT YOU DO

IF YOU SAY IT, BUT DON'T DO
IT, THAT HURTS THE
PROGRAM

CHALLENGE TO THE CEO

- PROMOTE COMPLIANCE & ETHICS PROGRAM, BUT ...
- DON'T USE THE WORDS
“ETHICS” OR “VALUES” FOR A
YEAR!

CHALLENGE TO THE CEO

- NONE, ZERO, ZILCH
- IS YOUR CEO THE
EXCEPTION? NO!

MEMO TO YOUR CEO

- 11 STEPS
- SEE WHAT YOU CAN
ADD

STEP 1

- **HAVE A USED, DOG-EARED COPY OF THE CODE OF CONDUCT ON TOP OF YOUR DESK**
- **BE SEEN CONSULTING IT.**

STEP 2

- **MAKE SURE THE COMPLIANCE & ETHICS OFFICER HAS PLENTY OF CLOUT**
- **DIRECT REPORTING TO THE AUDIT COMMITTEE**
- **PROFESSIONAL**
- **SUBJECT TO STRONG PROFESSIONAL ETHICAL STANDARDS**

STEP 3

YOUR SENIOR EXECUTIVE MEETINGS:

- **EACH SENIOR OFFICER REPORTS WHAT HE/SHE DID TO PROMOTE THE COMPLIANCE & ETHICS PROGRAM**
- **IN DETAIL**
- **WITH THE COMPLIANCE OFFICER THERE**

STEP 4

**INSIST THAT COMPLIANCE &
ETHICS BE TIED INTO
INCENTIVES & EVALUATIONS**

- **INCLUDING OFFICERS**
- **IN A MEANINGFUL WAY.**

STEP 4

- THERE ARE MANY WAYS TO DO THIS - SCCE HAS A WHOLE WHITE PAPER SHOWING HOW:
[HTTP://WWW.CORPORATECOMPLIANCE.ORG/RESOURCES/DOCUMENTS/DRAFTWHITEPAPER-BUILDINGINCENTIVESCOMPLIANCE_WOAPPDX.PDF](http://www.corporatecompliance.org/resources/documents/draftwhitepaper-buildingincentivescompliance_woappdx.pdf)

STEP 5

BE THE MODEL IN YOUR BUSINESS DECISIONS

- TURN DOWN A VENDOR'S TRIP OFFER
- PASS ON TO THE COMPANY A GIFT YOU RECEIVED
- REJECT A BUSINESS DEAL IF YOU THINK THE ETHICAL RISKS ARE TOO HIGH.

STEP 6

BE THE MODEL IN THE COMPLIANCE PROGRAM.

- **TAKE THE TRAINING FIRST**
- **DO A SAFETY WALK-THROUGH**
- **CALL THE COMPANY HELPLINE WITH A QUESTION**
- **ATTEND AN HCCA/SCCE PROGRAM**

STEP 7

- **PERSONALLY RECOGNIZE OUTSTANDING COMPLIANCE & ETHICS PERFORMANCE.**
- **PERSONALLY INSIST ON TOUGHEST DISCIPLINE WHEN TOP BRASS BREAKS RULES OR THREATENS RETALIATION.**

STEP 8

- **RECRUIT A COMPLIANCE & ETHICS OFFICER FROM ANOTHER COMPANY FOR YOUR BOARD'S AUDIT COMMITTEE.**
- **MURPHY & ROACH, COMPLIANCE OFFICER ON BOARD: WHAT YOUR AUDIT COMMITTEE IS MISSING, 20 ETHIKOS 12 (NOV/DEC 2006)**

STEP 9

- **GET A TRULY INDEPENDENT OUTSIDE REVIEW OF YOUR COMPLIANCE & ETHICS PROGRAM**
- **RESULTS REPORTED DIRECTLY TO THE AUDIT COMMITTEE.**

STEP 10

- **ASK YOUR COMPANY'S SUPPLIERS TO EMBRACE YOUR COMMITMENT TO COMPLIANCE & ETHICS**
- **OFFER YOUR COMPANY'S HELP FOR THEM TO DO THIS.**

STEP 11

- **NETWORK WITH YOUR PEERS IN OTHER COMPANIES ON WAYS TO PROMOTE COMPLIANCE & ETHICS.**

CONCLUSION

- **12 MONTHS HAVE PASSED – YOUR CEO MAY NOW USE THE WORDS “ETHICS” & “VALUES”**
- **BUT . . . HE/SHE WON'T NEED TO!**