COMPLIANCE & ETHICS:
How can the CEO make the difference?
By Joe Murphy

Too many companies have made the headlines because of illegal and unethical conduct. The cost to a company in terms of fines, penalties, reputation and lost business can be staggering. The individual costs to those involved can be shattering. We hear much about the need for the right tone at the top, but what does this mean in practical terms?

The following is just one list of ideas for executives to consider. A creative executive, working with his or her compliance and ethics professional, can probably come up with many more, but this is offered as a pump primer to get the ideas flowing:

1. Have a used, dog-eared copy of the company's code of conduct on the top of your desk and be seen consulting it.
2. Make sure the compliance & ethics officer has plenty of clout, including direct reporting to the board's audit committee, and is professional and subject to strong professional ethical standards.
3. At your senior executive meetings go around the table and have each senior officer report on what he or she had done specifically to promote the compliance & ethics program in his/her business unit. Be sure the compliance & ethics officer is there to sort the wheat from the chaff in this discussion. As is true for the CEO, just mouthing the right words counts for little, if anything.
4. Insist that compliance and ethics be tied into the incentives and evaluations, including those for officers, in a meaningful way. 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
5. Be the model in your business decisions. Turn down a trip offer from a vendor, pass on to the company a gift you received, reject a business deal if you think the ethical risks are too high.
6. Be the model in the compliance program. Take the training first, do the safety walk-through, call the company helpline with a question, call and ask a field line manager about his/her role in the code of conduct roll-out and training. Attend an SCCE program.
7. Personally recognize outstanding compliance & ethics performance. Personally insist on the toughest discipline when one of the top brass breaks the rules or threatens retaliation.
8. Recruit a compliance & ethics officer from another company for your board's audit committee.
9. Get a truly independent outside review of your compliance & ethics program, with the results reported directly to the audit committee.
10. Ask your company's suppliers to embrace your commitment to compliance and ethics, and offer your company's help for them to do this.
11. Network with your peers in other companies on ways to promote compliance and ethics.

 The Society of Corporate Compliance & Ethics (SCCE) exists to champion effective programs, to help companies act legally and ethically.

For those who might be interested in working in this field, we have a new book on the subject called "Building a Career in Compliance and Ethics." For more information about SCCE and to use the numerous resources we offer please visit the SCCE web site at www.corporatecompliance.org.