BUILDING A COMPLIANCE TEAM

&

CREATING A CULTURE OF COMPLIANCE

Latin America Healthcare Compliance Certification Program

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BUILDING A COMPLIANCE TEAM

Attracting & Retaining Top Talent In A Highly Competitive Market

The Evolving Compliance Landscape

- Integrated business partnerships / alliances:
  - Medical Affairs, HR, Finance, IT, Procurement, Legal, Auditing, Security and Commercial areas
  - Third parties, commercial partners, regulators and patient associations

- Enterprise wide view of compliance risk:
  - Intersection between risk, culture and compliance
  - Big Data analysis to identify issues/insights
  - Greater process automation
  - Increased auditing and monitoring
  - Outsourcing non-differentiated transactional work

- Cross-border regulatory cooperation

- USDOJ granularity on effective compliance programs

- Compliance 2.0: Move to value generator

Changes in Workforce Composition

- 5 Generations Workplace
- Global Talent Diversity & Availability
- Economic / Political Volatility
- Flattened & Matrix Structures
- Work/Life Balance Challenges
- Social Media: company culture, compensation and benefits
- Knowledge Worker mobility, engagement and loyalty
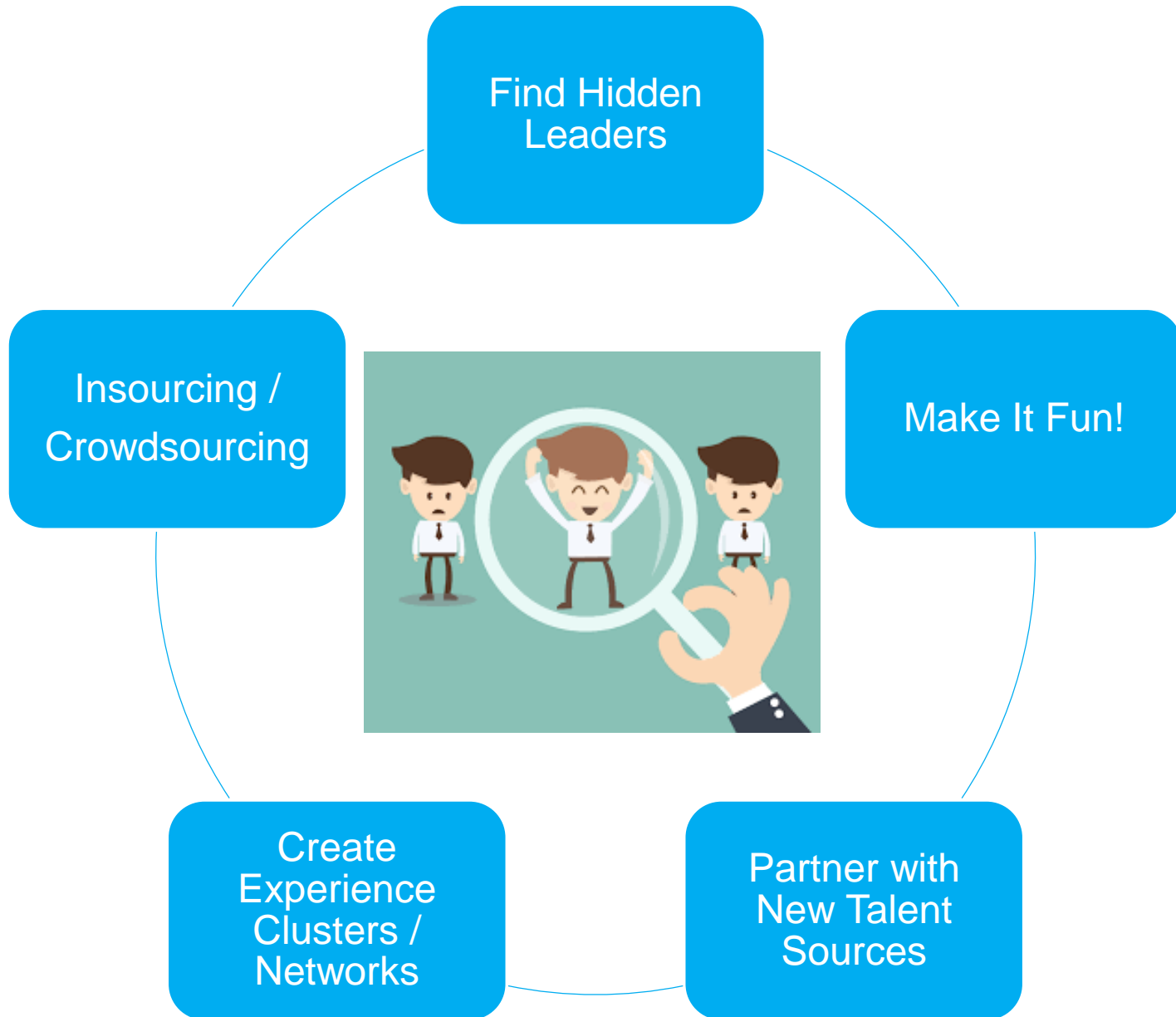- Sustainability / Corporate Responsibility

What New Talent Sets Do We Need?

- Exposure to diverse business areas
- Partnering/Alliance Management
- Data Science and Analytical techniques
- Project Management
- Global and/or region-specific expertise

Where/How Can We Find New Talent?

Finding Hidden Leaders

- Scan for Skills/Abilities You Need
- Create/Search for Specific Profiles
- Keep an Open Mind - Not Necessarily "High Potentials"
- Use Internal and External Technology to Search

Make It Fun!

- Internal Competitions around Risk Areas
- Divisional/Functional Compliance Champions
- Compliance Office for a Month
- Solve the Puzzle / I.D. the Risk
- Wall of Fame / Recognition Awards

Partner with New Talent Sources

- Job Rotations into Compliance Areas

- Compliance Projects for Emerging Leaders

- Shared Projects with Areas that Have the Skills You Want

- Partner with Colleges and Universities - Compliance Related Training, Internships and Academic Programs

Leverage Experience Clusters / Networks

- Leverage Larger Market Experience Clusters to Increase Consulting and Interaction with Smaller Markets

- Create a Network of Internal Experts with Specific Experience:
    - 3rd Party Due Diligence
    - Partner Compliance Management
    - Auditing and Monitoring
    - Promotional and Sales Practices
    - Data Analysis

- Look for Innovation at the Fringes

Insourcing / Crowdsourcing

- Peer-to Peer Information Exchanges and Networks
- Coffee and Connect or Lunch and Learn Sessions
- Mentoring Programs for Persons Outside Compliance
- Who's Your Influencer - Map Internal and External Networks

How To Motivate and Retain Top Talent

- "Tours of Duty" at LinkedIn - Combine Meaningful Work with Time to Recharge and Reconnect
- Experiment with mixed-age and small work teams
- Reverse mentoring programs:
  - Older, experienced workers interacting with and learning from younger hires
  - Knowledge transfer of desired skills from those with them to those seeking them
- Give employees "ownership" of specific projects, processes or decisions
- Identify / address conflicts and issues
- Develop incentive and benefit plans that reflect where your employees are in their lives
- Create a career lattice to focus on skill building across the team
- Conduct regular HR surveys to get a pulse on your employees' demographics and needs

LET'S TALK - PICK A PARTNER (5 MINUTES EACH)

- **WHAT IS YOUR BIGGEST CHALLENGE?**

- **WHAT RESOURCE OR IDEA COULD HELP?**

- **PARTNER REACTIONS AND THOUGHTS**

- **SWITCH AND REPEAT**

CREATING A CULTURE OF COMPLIANCE

One Compliance Officer's Journey…

WHAT DOES A STRONG ORGANIZATIONAL CULTURE LOOK LIKE?

Culture is one of the biggest determinants of how employees behave. Strong cultures have two common elements:

Alignment

- There is a high-level of agreement about what is valued.

Intensity

- There is a high level of intensity about achieving those values.

IS A MISSION, PURPOSE, VALUES & CULTURE ENOUGH?

- **Every company has a mission, purpose, values, strategy and culture –**
- **Even companies with catastrophic ethics and compliance failures!**

"**Enron stands on the foundation of its vision and values. Every employee is … expected to conduct business with … respect, *integrity*, communication and excellence. Everything we do evolves from Enron's vision and values statements.**"

- Enron Code of Conduct

HOW DOES CULTURE HELP?

" An ethical culture is the core of an organization's ethics and compliance program. If the culture of the organization is bad, then all of the people, processes, and technologies in the world cannot be effective. "

WHAT IS THE GOAL OF A COMPLIANCE PROGRAM?

"To **prevent and detect criminal conduct**; and

To otherwise promote an **organizational culture** that encourages ethical conduct and a commitment to compliance with the law."

US Federal Sentencing Guidelines for Organizations (1991)

WHAT KIND OF CULTURE DO YOU HAVE?

Performance Oriented
- Competitiveness & Success Matter
- Strong Customer Relationships
- Speed in responsiveness
- Intensity
- Results Oriented

Process Oriented
- Precision & Accuracy Matter
- Highly Structured (Bureaucratic)
- Power Comes from Your Role
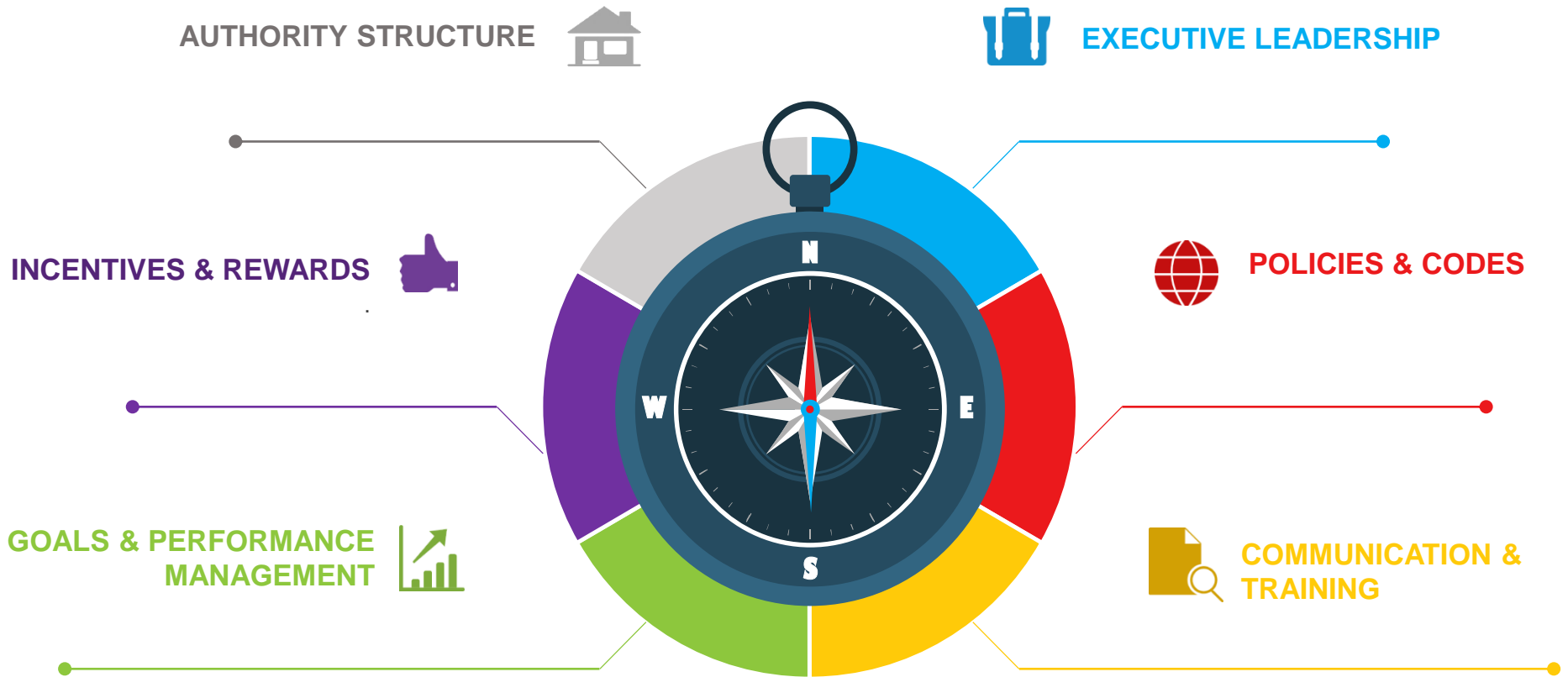- Systems, Procedures, and Roles Control

Team Oriented
- Teams and People Matter
- Strong Relationships
- Collaboration, Caring & Development

How to Guide Culture

FORMAL CULTURE DRIVERS

AUTHORITY STRUCTURE

EXECUTIVE LEADERSHIP

INCENTIVES & REWARDS

POLICIES & CODES

GOALS & PERFORMANCE MANAGEMENT

COMMUNICATION & TRAINING

INFORMAL CULTURE DRIVERS

PEOPLE

ROLE MODELS / HEROES

NORMS
(e.g., Speak-Up Culture?)

ENVIRONMENT & ATMOSPHERE

MYTHS / STORIES

WHAT WORKED BEST FOR ME?

Make Lemonade from Lemons

- If something goes wrong for you or a competitor, use it to raise the importance of compliance and enhance your program.
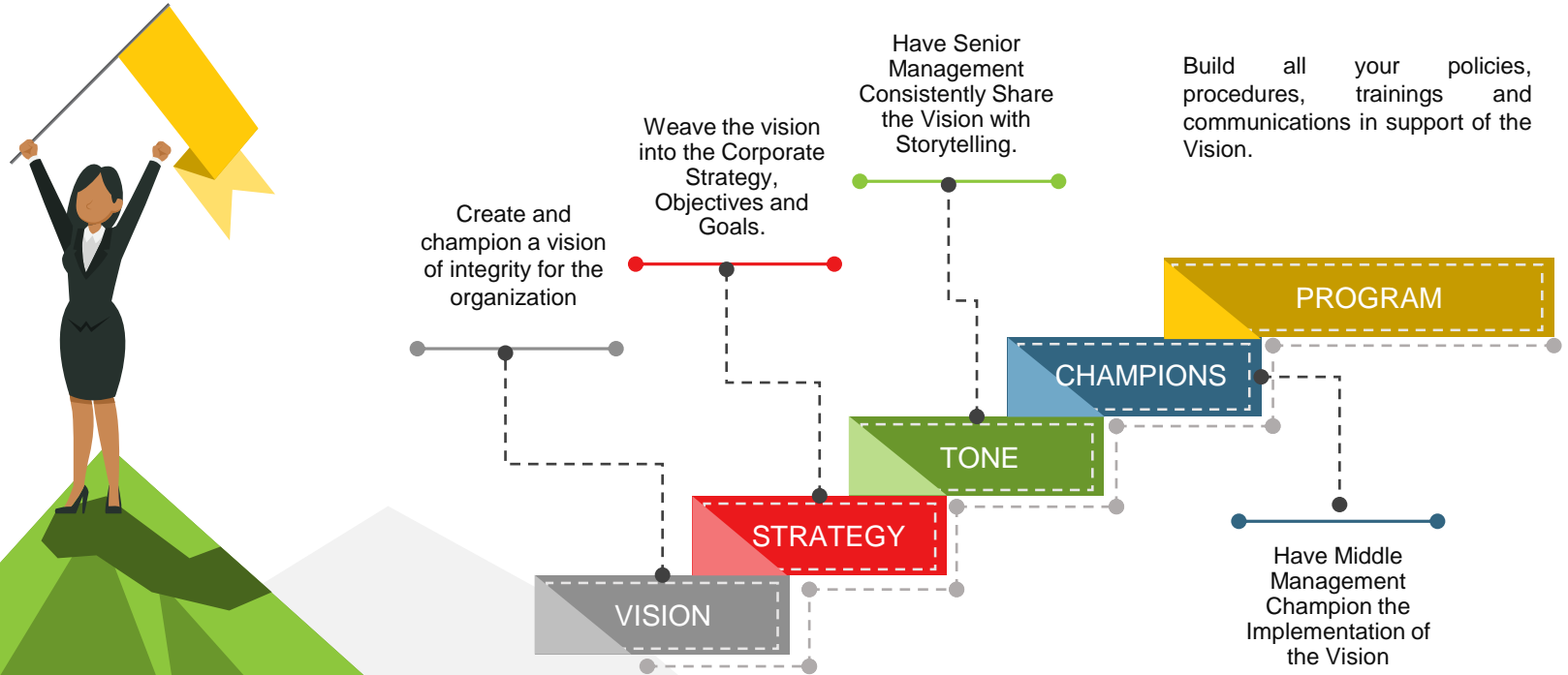
Add Compliance to Objectives

- Compliance Objectives for Affiliate General Managers' annual goals.

Make Compliance Real

- Workshops on Difficult Issues
- Ethics Training for Leaders
- External Speakers with Real Stories

BE A CULTURE CHAMPION, BE CONSISTENT & BE CREATIVE!

Create and champion a vision of integrity for the organization

Weave the vision into the Corporate Strategy, Objectives and Goals.

Have Senior Management Consistently Share the Vision with Storytelling.

Build all your policies, procedures, trainings and communications in support of the Vision.

PROGRAM

CHAMPIONS

TONE

STRATEGY

VISION

Have Middle Management Champion the Implementation of the Vision

CULTURE CASE STUDY


UNDER PRESSURE

THE CASE OF THE HYPER-COMPETITIVE COMPANY

Your assignment & discussion guide.

Welcome to the Compliance Culture Workshop! In this session, you will be presented with a **hypothetical** company with a corporate culture problem! You will then be assigned to a **Team**. Each Team will review the case study and discuss the **questions** at the end. The Teams will then appoint a **spokesperson**, and each Spokesperson will present the Team's response to one of the five questions presented.

(HYPOTHETICAL) Case of the Hyper-Competitive Company
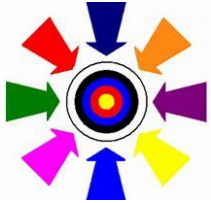
The Market: The market is incredibly competitive. HCPs have busy daily schedules. Many are overworked and paid poorly at public hospitals. Sales Reps from local and international companies aggressively compete to get limited time from these HCPs.

Sales Representatives: Sales Reps at one large Company use these tools to drive sales:

- **Take care of HCPs better than the Competition:**
  - ✓ Always arrange lunch meetings, to cover HCP lunches;
  - ✓ Be nice to office staff – provide donuts, coffee, cookies, flowers and cards!
  - ✓ Cover CME requirements for good customers
  - ✓ Invite high prescribers to AdBoards;
  - ✓ Invite rising prescribers to the Speakers Bureau;
  - ✓ Sponsor monthly hospital department meetings;

- **Overcome HCP Objections:**
  - ✓ Focus on product benefits
  - ✓ Give examples of success stories
  - ✓ Tell HCPs that the KOLs are prescribing their product
  - ✓ Give examples of the competitor products failing

- **Win at all Costs:**
  - ✓ Promote products for unstudied uses
  - ✓ Teach HCPs how to break implants so they can charge the government for two
  - ✓ Help HCPs to make money selling product samples
  - ✓ Look the other way when they see an HCP implant a device that's not medically necessary, but also probably not harmful.

(HYPOTHETICAL) Case of the Hyper-Competitive Company

SETTING THE SCENE: COMPANY CULTURE

The Company: A prominent Pharma/MedDev company has a worldwide reputation for fast growth, world-class products, and global operations.

Mission Statement: To (1) build relationships that last a lifetime, (2) provide the best possible products and services to patients, and (3) go the extra mile to do what is right.

The Informal Culture: Informally, the Company values independence and self-reliance. Its OK to "bend" the rules, as long as you get the job done. If you go too far, you'll get fired, but that's only in the worst of cases.

Leadership: Leaders believe in local autonomy and challenging goals. Leadership uses challenging "stretch" goals, with the top tier of the goals being unachievable, to drive the best global performance.

Performance Management: The Company publishes "**monthly motivator reports**" to show the sales of each (1) General Manager, (2) Regional Sales Manager, and (3) Sales Rep, **highlighting bottom performers in red** for all to see. Bottom performers are either transferred to low performing territories or fired. Employees are trained to overcome HCP objections and

Affiliate Management: GMs and RSMs push their teams to meet or exceed these goals. They ask for constant updates on performance and shame or threaten to terminate underperformers. High performers are celebrated and rewarded!

Selection Systems: The Company only hires competitive individuals and only promotes top sales agents. Candidates that are generous, helpful and concerned for others are passed over.

(HYPOTHETICAL) Case OF the independent affiliate:

Discussion Guide

What would you do to change the culture at this Company in the following areas?

1. **Leadership – Tone from the Top**

2. **Leadership – Middle Management / Tone from the Middle**

3. **Incentives & Rewards – Company Goals and Objectives**

4. **Selection Process – Hiring, Firing & Promoting**

5. **Informal Culture – Bending Rules and Not Speaking Up**

THANK YOU!

Resources for Compliance Leaders

- Successful Manager's Handbook (8th Edition): https://www.amazon.com/Successful-Managers-Handbook-Susan-Gebelein/dp/0972577033
- McKinsey Insights: http://www.mckinsey.com/business-functions/organization/our-insights
  - "Finding Hidden Leaders", Kevin Lane, Alexia Larmaraud and Emily Yueh, McKinsey Quarterly, January 2017.
- Harvard Business Review: https://hbr.org/
- WSJ Risk and Compliance Journal blog: https://blogs.wsj.com/riskandcompliance/
- Bersin by Deloitte: http://home.bersin.com/
- SHRM (Society for Human Resource Management): www.shrm.org
- Liberating Structures: http://www.liberatingstructures.com/
- ATD (Association for Training & Development): https://www.td.org/
- LinkedIn Groups Around Specific Skill Sets
- Niche On-line Communities for Technical Skills:
  - Kaggle: "Making Data Science A Sport" https://www.kaggle.com/
  - GitHub/Stack Overflow – Systems Engineers
  - Dribble/Coroflot – Web Designers
  - Meetup