



## Five reasons to adopt an effective corporate ethics and compliance program

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In the wake of the Enron scandal and other headline-grabbing problems, the federal government required publicly traded companies to adopt robust corporate ethics and compliance programs. In the intervening years, various regulators have added and changed requirements, enacted detailed laws and stepped up enforcement in a number of areas...and more regulations are coming.

Today, detailed policy manuals, a full staff of compliance professionals and rigorous training programs are the norm at most Fortune 500 companies. But what about your company? If you are not a Fortune 500 company, should you adopt a compliance program, and is it worth the cost? Yes and yes.

Here are the top five reasons why you need a compliance program:

1. Stay out of Trouble. Of course, preventing a violation is the most important reason to adopt and enforce a good ethics and compliance program. A good corporate compliance program can help you to identify problem areas early and avoid costly mistakes. A good program does not need to be expensive and should be tailored to your company's business. Such a program will focus on the areas where you are exposed to the most risk, whether that is ethics, environmental, employment, government procurement, antitrust or any area where local, state or federal laws provide for corporate criminal or civil liability.
2. Protect Your Reputation. The adage "any press is good press" is just not true when it comes to ethics violations and compliance mistakes. Violations, or even suspected or rumored violations, can cause reputational damage to your company and create a costly advantage for your competitors. An effective program will sensitize employees to key issues and solidify your reputation as a diligent, ethical business.
3. Stay out of Court. Depending on the type of offense, having a robust compliance policy can save the company from adverse legal action, even if a problem arises. When employees, subcontractors or business partners make mistakes or bad decisions, a solid compliance program and a knowledgeable

corporate counsel can often convince a regulator or prosecutor not to press charges and to take a less aggressive route.

4. Mitigate Your Damages. If there is a problem, enforcement officials and the courts generally look more favorably on companies that tried to prevent problems with solid corporate policies than those that did not. In fact, under the U.S. Federal Sentencing Guidelines, a corporation that cooperates with investigations can earn up to a 95 percent reduction, but only in fines, if it maintained an effective ethics and compliance program at the time of the violation.
5. Create a Business Advantage. Large companies, government entities and foreign concerns are increasingly seeking business partners that have effective corporate policies in place. Having good compliance policies and a reputation as an ethical business will help attract top talent and will make your company more attractive to potential partnerships, contract opportunities, or merger or acquisition consideration.

For assistance in crafting an effective corporate and ethics compliance program, please contact Maria Armstrong at 614.227.8821 or [marmstrong@bricker.com](mailto:marmstrong@bricker.com).

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