

Breaking the Enigma Code: Creating a Functioning Compliance Culture

Sunday June 23rd was the 100th anniversary of the birth of Alan Turing, a man regarded as one of the most influential mathematicians of the 20th Century. He is viewed as one of the pioneers of computer technology. However, he is probably best known for leading the British effort at Bletchley Park where the Germans top secret codes were broken during the Second World War (WWII), including the code they believed to be unbreakable, the Enigma Code. His work during WWII was completed before he was 35 years of age.

I thought about Turing and his success at a relatively young age whilst reading a ‘Corner Office’ article in the Sunday New York Times (NYT), entitled “*Let Everyone Swim, But Just Make Sure You’re in the Pool*”, by reporter Adam Bryant. In the article Bryant profiles Angie Hicks, one of the co-founders of Angie’s List and its current Chief Marketing Officer. Hicks had some interesting observations on leadership that I found applicable to creating a functional compliance effort within an organization, from compliance professionals to ethical leadership.

Make Sure You’re in the Pool

Hicks firmly believes that you have to give people a chance to succeed if you want your organization to grow. But such a focus means that you are going to fail sometimes. To use a football analogy, you usually don’t win by playing not to lose. People will make mistakes. Hicks believes that one of her roles as a leader is to give employees the confidence that if a mistake is made, she is the first to find out because her employees will come in and tell her without fear. Her group will test things and will sometimes make mistakes, but the point is that the mistakes are corrected. It sort of sounds like McNulty Maxim #3, “What did you do to remedy it?” So she lets her employees swim in the pool of new ideas and concepts but she stays within “arm’s length” so she can be there to grab them back if needed.

When in Doubt Talk to People

Hicks believes that you cannot over-communicate with your employees. Not only to praise and give employees feedback; but to develop that sense of trust which will lead to the types of communications outlined above. From the compliance perspective her views give rise to several thoughts. Remember the Morgan Stanley declination received in conjunction with the Garth Peterson Deferred Prosecution Agreement (DPA) for violations of the Foreign Corrupt Practices Act (FCPA) in China? Several of the facts set forth by the Department of Justice (DOJ) were the routine communications by Morgan Stanley’s compliance group to Peterson regarding the FCPA. These were as simple as email reminders and included other techniques such as an annual Acknowledgment by employees that they had not violated the FCPA and were aware of the company’s Code of Conduct.

Create the Right Culture

Bryant ended his piece by discussing with Hicks how she builds an effective culture. Hicks believes that it is important to get not only the right mix of people but that you should start with the right type of person for your company. In other words, if you want to have an ethical culture in a company, you should strive to hire people who begin with a desire to do business ethically. But the step in your company's evolution is to not only encourage people to get involved but to get them involved. Think about the power of compliance if you involve the business unit folks in the design, implementation and ongoing practice of your company's compliance program. They should not be by-standers; you need to have them involved in your compliance program.

So how does this relate to Alan Turing and compliance? Remember, he led the team that broke the Enigma Code. It was a team motivated and focused. It seems to me that he put many of the concepts that Angie Hicks uses at Angie's List into practice. We should all celebrate the code-breakers of Bletchley Park and recognize that by aligning a company towards creating a functioning ethical culture, a company can move forward successfully.

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