Doing More with Less in Your Compliance Program (Not the 2013 Astros)

It was reported today that the Houston Astros pitchers and catchers report for Spring Training on February 11, 2013, with position players reporting on February 15. I thought about how much I used to look forward to Spring Training in conjunction with the phrase that I think that most people are aware of 'how to do more with less'. Could it be that my Astros will try and do more with less next year? Alas, I do not believe that will be the situation with the Astros, who have apparently decided to do 'less with less' by not spending any of the $80MM they receive from the local television contract on their $30MM payroll. Either new owner Jim Crane needs some serious money to service his mountain of debt or he is just keeping the money and laughing all the way home. One thing neither Jim Crane nor I am laughing about is the smack down the Houston Texas received by the New England Patriots on Monday Night Football this week. Being on the short side of two 'friendly' wagers for this game, keep checking out my blog, as you will soon see me gracing a Patriots jersey so stay tuned. And for Matt and Jay, I wear an XL.

The Astros upcoming season came to mind when I was reading a recent Corner Office section in the New York Times (NYT), where reporter Adam Bryant interviewed Sandra L. Kurtzig, chairwoman and Chief Executive Officer (CEO) of Kenandy, in an article entitled "*Don't Chase Everything That Shines*". One of the things that Kurtzig said which struck me was "I am conservative in hiring. I don't over-hire. The reason is that you can get a lot more work done with fewer people. If you have a lot of people, you have to give them something to do, and you have to give them something to manage, and then you have to manage them. You can get a lot less done. So you want to have a core set of people while you're really trying to discover your product, your direction, your market. And the more people you have, the more difficult it is to take risks because it affects a lot more people."

Kurtzig takes this same attitude to making decisions, particularly in the area of business opportunities. She was quoted as saying, "I don't run after "shiny objects." That's a mistake that a lot of people make in running a company, especially in starting one. They tend to get a lot of opportunities from people who want to partner with them. And these are just shiny objects, because there are very few partners that end up being right for your company. So I'm much more selective. If I hear something, I'm very quick to think, 'Hey, that's a shiny object; let's get back to work.' I think that's what's so distracting to a lot of companies — they see a big customer or some other distraction, and they spend too much time on it and they lose their way." This thought about not running after shiny objects; I think that it may be one of the most overlooked aspects of due diligence on third parties. An evolving best practice regarding third parties must include a step that requires a business unit person to provide a business case as to why your company may need another third party to provide the services, goods or products; whether on the sales side or in the supply chain. This Business Justification should be obtained before you send out your questionnaire, assign a risk ranking or begin due diligence. There needs to be a valid business reason for going through the time and expense of looking at another third party representative and not simply because someone wants another company.

Kurtzig said that one thing she strongly believes in is transparency. She said that she is constantly asking her employees for their opinions. So, for instance, she asks "what they like about their job and what they don't like about their job. What can we be doing better? In your previous job, how did you do it? What worked better and what worked worse than what we are doing now?" She believes that you must really listen to someone, "two-way conversations are an important ingredient for building a company. Nowadays, I hear that so many younger people who are starting companies are so used to working on the Internet that they tend to send only e-mails and communicate with their screens more than they communicate with people around them. You need to interact with people and not just your computers."

I often write about the need to listen as a part of your compliance program. Today, Jeffery Spalding, Assistant General Counsel at Halliburton, spoke at the Hanson Wade Pharmaceutical Anti-Corruption Compliance Conference that I am attending in Philadelphia. One of the things he spoke about is the live compliance training that Halliburton puts on around the globe for its employees. In addition to the benefits of receiving live training, employees get to meet Jeff and put a face to a name. He gets to not only meet them but hear some of their concerns in person. This leads to much better chance that they will call him for compliance advice in the future. One of the key points he highlighted is that he listens and that engenders respect from the company's employees across the globe.

I found the Kurtzig interview to provide some interesting and well placed management pointers which have application to a compliance program and are useful to compliance practitioners. Now if I could just get the Astros to use some of them.