

Advisory Group on Organizational Guidelines
c/o Office of Public Affairs
United States Sentencing Commission
Suite 2-500 South Lobby
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Washington, DC 20002
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Dear Advisory Group Members,

Thank you for inviting input on the Organizational Guidelines. Based on my nine years of experience consulting on ethics and compliance issues with Fortune 500 companies—including 20 of the Fortune 150—I firmly believe that the Guidelines have made a positive contribution to business practices around the world. I offer these comments in the hope that what are already excellent Guidelines may be further improved.

In complex organizations like corporations, culture wins. The elements that make a compliance program effective are those that are most effective in shaping the culture of the organization. Which leads to my first concern with the way the Guidelines are currently being interpreted and implemented: many companies do not understand what their culture is. More specifically, they do not know whether their employees believe that ethical, responsible, law-abiding behavior is truly valued. Many companies do not know if their employees believe the ethics messages they receive in training, if employees trust the helpines they have installed, if employees believe that the company will really discipline consistently and have zero toleration for retaliation. Most disturbingly, many companies choose not to know this information for fear that it will end up being used against them in a legal proceeding.

It is difficult to know if an ethics program is making a difference without information about those from whom we are expecting compliance. It is also difficult to make a difference—to shape a culture—if the ethics/compliance officer is not engaged in the affairs of the company at a very high level. Many companies name a senior level person as Ethics/Compliance Officer, but in practice that person devotes a very small percentage of his/her time to the responsibility. Sometimes this is compensated for by having a very strong “right arm” who acts as de facto ethics/compliance officer, but often the program suffers from lack of leadership. The ability to shape a culture in these instances is minimal.

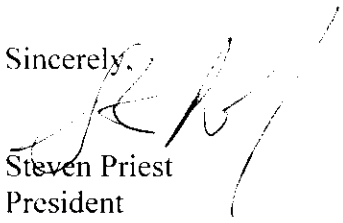
Of course when culture fails and leadership fails and major problems occur, one still hopes that the Ethics Officer has a viable alternative to help an organization face its problems directly. That is why one final recommendation to the Advisory Group is that Ethics Officers have a defined reporting relationship with the Board of Directors.

In summary my three suggestions for you to consider are:

1. Encourage an understanding of the effectiveness of one's program by measuring employee perceptions of ethics and compliance issues.
2. Provide clearer guidance as to the role, responsibility and resources required of the senior official named as Ethics/Compliance Officer.
3. Recommend a defined reporting relationship between the Ethics/Compliance Officer and the Board of Directors.

Thank you for your contributions to this important field.

Sincerely,


Steven Priest
President