How to Build an Award-winning Ethics and Compliance Program

Compliance and Ethics

For a company to be ethical, it must first have a culture of integrity. But how should in-house counsel define integrity *and* their company's culture? Vice President of Ethics and Compliance of VF Corporation Kellye Gordon has an answer. It is embodied in the program that she developed for the corporation.

In the four years since she has implemented the ethics and compliance program, VF has been named one of the World's Most Ethical Companies — twice. That's a colossal victory for any organization, especially a worldwide apparel corporation that owns more than 30 clothing brands, including The North Face, Vans, Wrangler, Lee, and The Timberland Company.

ACC Docket spoke with Gordon about how to create an award-winning ethics and compliance program that aligns with your company's vision, how to ensure that employees (70,000 in VF's case) will follow the program, and how empathy can help to strengthen your own ethical standards.

ACC: What inspired you to pursue a career in ethics and compliance?

Gordon: Ethics and compliance are rooted in legal principles, and I've always enjoyed learning about the law. When I was in my 20s, I experienced a personal family event that made me realize how important it is to make legal principles practical and easy for everyone to understand. So that, coupled with some work that I did outside of the United States, helped me drive my passion for pursuing a career in ethics and compliance.

ACC: Since implementing the ethics and compliance program, your company has twice been awarded by the Ethisphere Institute as one of the World's Most Ethical Companies. That's quite an honor. What was your process for creating this program?

Gordon: You're right, it is an honor. But we really didn't focus on awards. We thought about how great our culture was already, and our goal was to sustain that culture of integrity where we felt our associates would understand our expectations and have the resources needed to meet them. So, we established our program with this core value in mind. We decided not to concern ourselves with awards or being the best in class. Just to really establish a program that exemplified our vision.

Second, we've always tried to implement a program that was pragmatic and intuitive — one that our associates and our business partners could naturally embrace. Third, we believe in having fun at VF. We make products that are fun to experience and we have an environment that is engaging and fast-paced. We also love to leverage the uniqueness of each of our different leaders, and we try to be willing to try new ways to learn and communicate. We worry less about failing. We think more about failing to try.

ACC: That's great that you're able to find a way to marry the culture of fun with the culture of being ethical. It's something that I feel as though a lot of companies might have a hard time doing. Now, you previously have talked about companies having a culture of integrity. How do you define integrity?

Gordon: That's a really interesting point. Well, first of all, if you think about how Merriam-Webster defines it, it's the quality of being honest and having strong moral principles. And there's an author that I really enjoy, his name is Dr. Henry Cloud. He defines it as the courage to meet the demands of

reality, which I think is a really practical definition. All of these are relevant definitions. I really do love ours the best because it's very simple. Our definition of integrity is being authentic and doing the right thing, always. I love the way our CEO [Steven E. Rendle] has put that, when he put the comma before the always in the definition, because it just means for us that demonstrating integrity is important for us. Whether it's in our thoughts, in our actions, or in the way we achieve business results — for us integrity matters, always.

ACC: Going back to the compliance program, what's the most important thing for in-house counsel to keep in mind when creating their company's ethics and compliance program?

Gordon: Well, I could probably give you a dozen answers on this since I started a program here and made, believe me, a lot of mistakes along the way. But here's what I think. I think the most important thing is to align with the business. You can do all kinds of great things but if they don't align with your business goals, you're doing things that are futile.

The second thing is to be creative. Instead of saying "no," ask why and ask how before you completely rule something out. And the third thing is something that I had to do because when I started it was just me, and that is to leverage resources. This is one place where being competitive is a complete waste of energy. Integrity is something we're all striving for, all various companies. If you've created a great process or a really phenomenal tool, I think we should be willing to share it. So instead of reinventing the wheel, I recommend that people seek input and support from other people in the industry.

ACC: How can in-house counsel ensure that every employee knows and follows this program?

Gordon: I have three suggestions. The first is to listen: Listen to your employees, your customers, and your business partners. Be aware of their needs, and be willing to address them. Secondly, this has helped us a lot, we think globally, but we act locally. So, that means we leverage our local ambassadors and champions on the ground to get a message out. The old way of doing things is to take a poster you made in the United States and then you translate it and just post it all over the company. That's really not going to do it anymore. It's important to think about how you can take input from local people to help you make your messages clear and consistent. Finally, I think another thing is to be ready to just introduce new ideas frequently and often to keep the program refreshed and new.

ACC: What are some of the biggest ethical challenges that in-house counsel face today, and how can they mitigate those risks?

Gordon: There's one challenge I'll speak about in particular. In-house counsel are expected to serve as trusted advisors to their senior leaders, but we're also required to hold our senior leaders accountable when they demonstrate questionable or inappropriate behavior. That's a daunting task. It's a delicate balance between being someone's advisor but also being the overseer. I think we've seen examples of this in the recent past where companies' senior leaders have gotten into trouble.

One of the first questions we often ask in the compliance community is where were their advisors during the midst of this? So, I think this means we have to do a few things. First, we as in-house counsel, we cannot make decisions in the vacuum. We have to be willing to seek guidance from

other colleagues that we trust. Secondly, we have to be willing to take risks and make tough decisions.

One of our female board members recently came to VF and she held a town hall with our employees. She said something that's really stuck with me. She said, "You know, I stopped worrying about being liked. You don't have to be liked, but you should always strive to be respected." So for in-house counsel, I think we have to move away from worrying about whether our team members like us more so than whether they respect us and respect the work that we're doing.

Finally, we each have to do our part to contribute to that culture of integrity. That includes accountability. It means setting an example through our own behavior because that can be really powerful and compelling.

ACC: You've talked previously about how compliance processes can change. So as technology rapidly changes and social mores shift, how do you expect the ethical compliance program to evolve?

Gordon: For us, data is key. As we entered the fifth year of our program, and we always are continuously reinvigorating our strategy, we're focusing on ways to make each associate engagement opportunity more relevant. When I first got here five years ago and we started the program, we didn't have much data — if any. But now we've amassed this wealth of data about how our employees see our program, what their expectations are, and more significantly we're more aware of what factors can lead to potential compliance failures. So, now we know where the risks are and where they really lie.

For us, compliance and business integrity have moved into becoming an evolving conversation. So, it's no longer enough for us to just give off-the-shelf training solely based on an employee's job title or their location. We're looking to innovate how associates analyze situations and how they respond based on the decisions that are informed by data in real-time conversations, so what we're trying to do is use data to drive behavior and to sustain our culture.

ACC: Fascinating. I think that's one of the key ways that you can actually get to know your consumer and find a way to better serve your consumer as well. Now, before working at VF, you led a legal team at a global engine manufacturer in South Africa. What ethics and compliance advice do you have for GCs of multinational countries?

Gordon: I guess my advice would be pretty simple. I think the first would be to immerse yourself in the local culture. Even if you're not based in the country, find ways to learn more about the local culture. I think the second thing would be to find trusted local partners and let them do their job. Trust them to make the right decisions and do their job well. Finally, I think this is one thing I learned through my experience in South Africa: to be consistent and to be authentic.

Your purpose doesn't change just because you're in a different country or a different environment. You need to communicate clear expectations, not just about what you expect others to accomplish but how you expect them to get things done. Sometimes understanding that forgoing or delaying business results might be necessary in order to stay true to your purpose and true to your cultural integrity.

ACC: You have a lot of volunteer experience from sitting on the board of the Greensboro Boys and Girls Club to raising HIV awareness for women when you lived in South Africa. How has this impacted your own ethical standards?

Gordon: That's a good question. Working with people who have fewer advantages is really providing me with the opportunity to view humanity through a more empathetic and compassionate lens. I've asked children in Kenya when I did some volunteer work there, what do you want most in life? And they said things like I want to be able to pass my exams and stay in school. I've spoken to pregnant women who pray that their kids wouldn't be born HIV-positive. So seeing firsthand the desperation that exists in the world, it really does help me understand why people may sometimes break the law or try to take shortcuts.

Let me be clear. It does not change the requirement that we all act with integrity at VF, but my role is to ensure that our associates demonstrate courage by speaking up and seeking guidance and making the right decisions even if they're in tough situations. So I think that working in that global environment, engaging with NGOs, and seeing people who don't have as much as I do has really strengthened my ability to deliver and to show compassion in that area.

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