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Combining Web-based Technology With Other Media To Organize And Manage An Effective Compliance Program At PepsiAmericas – Part II

The Editor interviews W. Scott Nehs, Vice President of Legal and Chief Compliance Officer for PepsiAmericas, Inc. In November 2004, Mr. Nehs was named one of the "Top 40 Lawyers Under 40" in Illinois by the Chicago Daily Law Bulletin.

In Part I of this interview, which appeared in last month's issue of The Metropolitan Corporate Counsel, Mr. Nehs gave an overview of PepsiAmericas' compliance program and the web-based technology and other media that support it. To read Part I of this interview, visit www.metrocorpcounsel.com.

Editor: How do you measure the effectiveness of your company's compliance program?

Nehs: As a measure of effectiveness, one of the ways that we've looked at this is to see how the relative volume of complaints that we are receiving over these new means compares to the number of complaints that we receive via more traditional means, such as talking to a supervisor, or even a more public means such as an EEOC complaint or a lawsuit. What we've been pleased to learn is that activity on the hotline and email has been consistent with the more traditional means. So people are using the technology at the same, if not higher, rate to report issues, than the traditional methods of the past.

Editor: Do you tie these tools into your strategy for rewarding employee behavior?

Nehs: We've been very careful and proactive in publicizing the fact that people are using the hotline and email, and publicizing the fact that when they've called, we have delivered results. We feel strongly that it lends credibility and certainty to the system. Reporting our results also is a key component in the process of people having confidence that not only are their problems going to be handled effectively, but that we are going to protect their anonymity and make sure that they are not "outed" in the process. This has led to employees telling their friends and colleagues that, "hey, this is something that works and if you have an issue this should work for you too."

We think those results will build on themselves to a point where as the culture evolves, anonymous reporting will be something that our employees embrace and are grateful to have.

Editor: You spoke at the 2004 ACC Annual Meeting. Could you talk a little bit about some of the points that you made regarding PepsiAmericas' use of web-based training?

Nehs: I spoke as part of a panel discussion that was intended for corporate attorneys that are currently considering web-based training modules from any of the providers that offer it. There are several very good products, including Integrity Interactive's, which we use. The panel discussed some of the different options, what they look like, and what the component parts are. We also talked about the choice points in selecting a provider and in selecting the appropriate level of content within the menu of

options most providers offer.

The issues that PepsiAmericas confronted had to do with what the best fit is from a cultural and technology standpoint. I highlighted the need for harmony between the compliance training and the materials that the employees are used to seeing. And then we also talked quite a bit about the value of pure data, such as really pushing providers to give you references and points of intersection with other companies that may be similar or may be very different so that you can gather information from those that have been down the path before.

I noted that we have seen some great advantages in using Integrity Interactive as opposed to the more traditional means of delivering training content, and have witnessed savings and value derived from allowing employees to take the courses on their own schedule, allowing employees to take the courses at home if they wanted to and of allowing ease of referral back once they've completed a course. If they needed a refresher or if there was a point that they recalled but couldn't quite pinpoint, the ability to go and identify that material without having to contact the legal department or refer to a binder full of materials is of real value.

Frankly, when compared to the cost of bringing in large groups of people to a single location for several hours of training, the web-based product generally costs less than bringing 5 people in, let alone 100 or 150 people.

Editor: How are you utilizing the web-based training to cover the four primary areas you mentioned in Part I of this interview?

Nehs: We are utilizing Integrity Interactive's content across all four of the primary areas of risk for our company. In our first year, we will have trained employees in no fewer than two and no more than five courses in their specific areas of responsibility. The goal is to have our employees in the domestic organization fully trained in their areas of expertise, and in many cases supplementing or building on the training they've already received.

We plan to do the training in a way where everyone gets to the same baseline so that whether they received training in antitrust law 10 years ago, five years ago, or never, we will get everyone up to the same level and have a foundation that we can build upon in future years. And as either the laws change or our business evolves, we'll have a mechanism to introduce those changes to new employees as well as those who have had the training before.

Editor: What has been the feedback from employees?

Nehs: We've received terrific feedback from our employees. They greatly value the flexibility within their schedule, the ability to stop and start the training if the need arises, and the ability to refer back to the materials. These were all aspects that Integrity Interactive has been able to deliver for us that we simply could not replicate with other forms of more traditional training.

Editor: Where do you see your program going in the future?

Nehs: As we look forward to further utilization, we are going to effectively triple the number of trained employees in 2005, but we are also beginning to explore the areas of customization. We think the ability to customize the course content and personalize the message for our business has great value. This is particularly true as we move the training deeper into the organization where customization will help us deliver the message and make our points even more strongly.

Editor: How do you view management's role in an effective program, and in being able to demonstrate a commitment to compliance?

Nehs: Well, much is made in the press and in other places about the importance of walking the talk. It's one thing to say you support a program, it's another thing to actively demonstrate it, and we've tried to demonstrate the importance of the program by associating it with our most senior executives. They have been the biggest champions of compliance and their enthusiasm has paid big dividends. We also are very keenly focused on making sure that our senior management team completed the training at a very early stage in the process before we launched it to all employees, so that they really would become advocates for the value of the training. That way, if asked by their direct reports, or anyone else in the company, they could highlight and support the benefits of the Web-based program based on personal experience – not simply based on what I told them.