SheppardMullin

Organizational Integrity Group

Solving The Whole Problem™

First Principles
Measure What You Manage

LEADERSHIP

VALUES

LAW

ACCOUNTABILITY

ETHICS

BUSINESS

RESPONSIBILITY

CULTURE

The "Moneyball" of Compliance

Ever since Michael Lewis's book and a film of the same name made famous the Oakland Athletics' methods for measuring baseball talent, claims of discovering the "moneyball" of an area (marketing, investing, even tailoring footwear) have proliferated.

We do not claim to have a data-based system to solve all compliance issues. In fact, because compliance success depends on a company's individual risk profile, no single system could work for all organizations. However, by observing and measuring the ways in which your organization responds to challenges – how it detects and prevents violations, resists the easy choice to ignore problems, honestly communicates bad facts up the chain, responds to issues raised and, finally, resolves issues by correcting the root causes – you can obtain a quantifiable measure of your organization's integrity and, on that basis, can better manage your operations.

"You Can't Manage What You Don't Measure"*

Variations of this quotation are attributed to Peter Drucker, renowned thinker and author on management.

Order from Chaos

At first glance, the behavior of people in an organization may seem random, even chaotic. However, your organization is a system and the people who make up that organization represent component parts of that system. The response of that system, and its components, to external stresses can be observed, quantified, and measured.

To simplify, think of a fire drill. Sounding the alarm in your building at regularly scheduled intervals allows you to observe and quantify the results of your organization's response to an outside stress. You can time how long it takes for everyone to exit, count how many people use each exit, and measure the percentage that check in with their assigned safety team.

Similarly, using pre-mortems and compliance audits, you can take a snapshot of your organization's integrity in response to stress – both routine daily challenges and acute crises.

Brussels | Century City | Chicago | Dallas | London | Los Angeles | New York | Orange County | Palo Alto
San Diego (Downtown) | San Diego (Del Mar) | San Francisco | Seoul | Shanghai | Washington, D.C.

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What's Your Number?

Sure, integrity data would be useful, but it may still not be clear what that data would look like. The Sheppard Mullin Organizational Integrity Group thinks a lot about methods that will produce quantitative measures of your organization's capacity to resist, respond to, and recover from all sorts of potential problems.

We use interviews, policy reviews, audits, pre-mortem exercises, focus groups, and a multitude of forensic techniques to gather data. Those measurements can arm organizations with a powerful management tool for all sorts of purposes: from promoting its mission, vision, and values, to allocating scarce internal resources, to developing (or modifying) an internal control system that effectively incentivizes personnel to act in ways consistent with the organization's core values.

Whether you're a corporation exploring ways to promote your core values while protecting the bottom line, a University rebounding from a scandal, or an in-house compliance officer or lawyer simply looking to reduce organizational risk — or a baseball team hoping for a competitive edge on the diamond — measuring what you want to manage is a key ingredient in any successful risk-reduction recipe.

The Critical Steps

- **Create the Metrics.** It may seem daunting, but assigning values to actions to quantify concepts like robustness, resilience, and responsiveness will give you the flexibility to measure the key components for your organization.

- **Take a Snapshot.** Once we have the framework, we will help you dig into the facts of your current organizational integrity and clarify the landscape according to your metrics.

- **Compare the Pictures.** With our snapshot in hand, we can make objective, data-based comparisons of where your company's organizational integrity currently stands against where you would like it to be.

- **Adjust the System.** With the delta between compliance reality and integrity goal defined, we will have a clear direction and measure of the areas where we will need to enhance, adjust, or rethink.
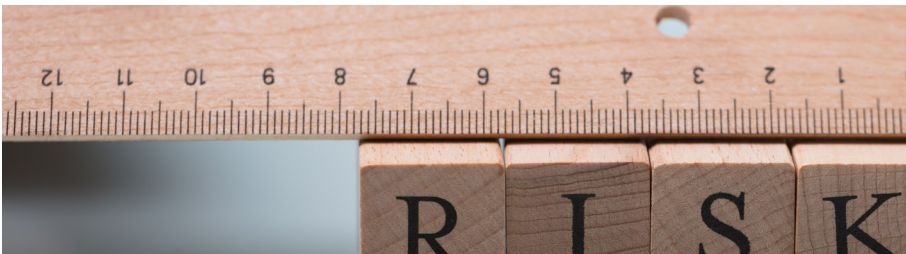
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For more information regarding Sheppard Mullin's Organizational Integrity Group or to learn more about how we work with our clients to craft multi-disciplinary solutions to complicated problems, please visit us at **www.sheppardmullin.com/OIG**.

Visit our blog at
www.organizationalintegrity.com

About Sheppard Mullin's Organizational Integrity Group

Sheppard Mullin formed the Organizational Integrity Group because most problems facing sophisticated organizations cannot be solved by legal analysis alone. Complicated problems are solved through a thoughtful, deliberate, and holistic approach; an approach that seeks to identify the root causes of problems and to craft solutions that are practical, effective, and sustainable. We look at the bigger picture. We ask questions that transcend a traditional, stove-piped legal analysis. Is the problem one of compliance, or is there an underlying institutional or cultural issue at its core? Are there business imperatives or reputational risks that must be considered before moving forward with a solution? If we attack the manifestation of the problem, will we actually cure the root cause of the problem? What does the organization's mission, vision, and values tell us about how we should respond?

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