

CEO Tip of the Month: Inflexible Compliance Rules or Judging What is Suitable? It's Up to You.

by Guido Quelle

I recently sent the speaker for the Senior Management of a major company a copy of my book "Profitable Growth" with a personal dedication inside, because I felt the book could help his company. Imagine my surprise when the book was sent back to me with a note explaining that the company's employees were not allowed to accept gifts. What's more, the note was signed by the speaker himself, i.e., by the very person I had sent it to!

This is a wonderful example of not knowing when to make an exception to the rule. Even if they had decided the rule still had to apply for a book that costs €39.95, there are a number of ways they could have handled the situation better. Here are four:

- o The intended recipient could have sent us a check for €39.95, or asked us for an invoice to that amount.
- o He could have made a donation to a charity to that amount and then informed me.
- o He could have used the book as a prize to raffle off among his employees.
- o He could have added the book to his company's library to ensure that as many employees as possible could benefit from it.

Instead the speaker decided that the best thing to do with the book, which I had sent him in the firm belief that it would help him, was to send it back. I don't take it personally, but I do find it way over the top. When compliance policies no longer allow room for exceptions, but instead exempt a company's employees—all the way up to the Senior Management—from having to make decisions and as such no longer require them to exercise their own judgment, then those policies are a sign of an unthinking bureaucracy. Does anyone honestly believe that companies win consulting assignments worth a few hundred thousand euros on the basis of a free book? Please, let's be serious.

Of course rules and policies have to be enforced once they have been established; I have no qualms with that. My point is that in this particular case—and in many others I know—the rule is absurd. Conveying a sense of what is suitable, having intensive in-house discussions about "right" and "wrong," and promoting the ability to make suitable decisions case-by-case and on a healthy ethical and moral basis are essential duties of the leadership. All too often, company-wide compliance policies are simple blanket solutions, taking decisions away from the employees—again: even as high up as the Senior Management—that it would have been better to discuss.

Compliance is an important topic. But in upholding compliance, be sure not to disenfranchise your employees. Instead, make sure there is a healthy dialogue about what your company considers to be right or wrong. Such dialogues, which need to be actively maintained, ensure that better decisions will be made in other cases that have nothing to do with accepting or rejecting gifts, because those decisions will be based on a more comprehensive standpoint. Don't let the bureaucrats tell you everything has to be off-limits. Remind them that we're all mature adults, and that adults have the right to talk about what should be allowed at their company and what shouldn't. The right to active involvement in

decision-making goes hand in hand with the responsibility for making sound judgments, two factors that are essential aspects of growth-oriented thinking.

Prof. Dr. Guido Quelle
Managing Partner
Mandat Consulting Group (Mandat GmbH)
Emil-Figge-Strasse 80
44227 Dortmund
Germany