



Building a Compliance Program in a Small Cap Company

The Seventh Annual Pharmaceutical
Compliance and Best Practices Forum

November 9, 2006

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What challenges do small companies face in establishing a Compliance Program?

1. Company culture

- “We’re small, so we operate under the government’s radar”
- “We have Legal and Regulatory departments—why do we need a Compliance department?”

2. Resources

- Headcount and budget
- Absence of supporting functions (e.g., internal audit)

3. Compliance Officer as Jack/Jill of all trades

- Strategic thinking and tactical implementation
- Subject matter expertise across all areas



What are some ways of addressing the challenges?

1. Build relationships and educate
 - The law does not have a small company exemption; no one is under the radar
 - Make the concept of compliance meaningful—it affects each employee as a patient and a taxpayer
 - The Compliance department is not a replacement for existing functions
 - Senior leadership (initial buy-in and continued acceptance as circumstances change)
 - Compliance Committee members
 - Business acumen is essential—know your company and your products
 - Tailor communications to meet the needs of your audience (e.g., Board of Directors, sales representatives)



What are some ways of addressing the challenges?

2. Make the scope of the program reasonable
 - Accountability
 - Oversight

3. Prioritize risks
 - OIG Compliance Program Guidance risk areas
 - Company-specific risk areas
 - “What keeps you awake at night?”

4. Utilize external resources
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