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Assessing the risk of conflicts of interest in supply chains

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The need for dedicated conflict-of-interest (COI) management has never been greater than it is today. Several headline-grabbing incidents, including the recent revelations of noncompliance at Memorial Sloan Kettering Cancer Center, have spurred action among entities across the private and public sectors.

Regulatory bodies, such as the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, Inc., the Internal Revenue Service, and a myriad of global anti-corruption statutes require entities to have effective compliance programs that address COI, bribery and kickbacks. These bodies are paying more attention to the issue of COI. Sentencing guidelines for COI violations are two- to three-times higher now than they were less than a decade ago,and that is one driver for the renewed interest in COI management.

Internal considerations also drive the interest in COI: Companies are eager to avoid costly reputational damage from a COI problem, and are also focusing on “enterprise fiduciary” to determine if the people within the organization are making the best choices for the organization or merely for themselves.

“There’s been a lot of rapid growth in the field over the past few years,” said Chris Cazer, CEO of Osprey Compliance Software LLC. “If you just do a simple search on LinkedIn, you’ll see thousands of new jobs dedicated to managing conflict of interest. Companies realized that they need to take ownership of the problem.”

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