



THE BITTERNESS
OF POOR QUALITY
REMAINS LONG
AFTER THE SWEETNESS
OF LOW PRICE IS
FORGOTTEN.

— Benjamin Franklin

OUTSOURCING COMPLIANCE: The bitterness of poor quality...(and how to avoid it)!

By and large, the outsourced regulatory, tax and corporate compliance cottage industry serving the communications services sector has evolved into a perfect reflection of the dark side of today's corporate culture. They are built to satisfy the lowest common denominator, which is low cost. Little care is paid to service quality nor is there any consideration given to the economic and reputational harm their haphazard practices can sometimes inflict on their customers.

Companies in today's hyper-competitive marketplace are looking to cut their expenses, and many will do so "at any and all cost." Businesses are more willing to overlook, and even sacrifice, long-term quality, all in the name of short-term savings – *whether real or superficial*. And very few heed the warning that being "penny wise" is "pound foolish."

It is safe to say that a sizable portion of the outsourced compliance cottage industry is designed to attract this short-sighted [some might say 'foolish'] corporate mindset.

Here at [The Compliance Group](#), we reject the notion that all businesses and their executives have succumbed to the dark side of modern corporate culture. We know there are businesses out there, large and small, that find truth in Ben Franklin's famous mantra that "[a]n ounce of prevention is worth a pound of cure."

The *Compliance Group* caters to astute businesses who understand the difference between slapping the labels "Simple" and "Low Cost" onto complex and potentially very costly matters and the reality of ensuring compliance in a highly complex and evolving regulatory environment.

We also recognize that “you don’t know what you don’t know.” After all, how can we expect businesses that are brand new to the communications services industry to not only know that compliance is complex and burdensome, but also that many of the so-called “experts” in the field of outsourced compliance services are, more likely than not, selling them a solution that sounds “too good to be true”?

Well, you can always just remind yourself that “if it sounds too good to be true, then it probably isn’t true.” But we’ll actually do better than that.

What follows below are several Questions & Answers that communications companies should ask themselves before signing a contract that entrusts their regulatory, tax, or corporate compliance needs to an outside consultant or consulting firm. We believe the answers provided will help inform your judgment and spare you the bitterness of the poor quality that will remain well after the initial sweetness of our competitors’ low price is long gone.

Why does The *Compliance* Group identify and provide detailed professional biographies of each and every one of its Consultants on its website?

**A BETTER QUESTION IS:
“Why do other Consulting firms conceal or otherwise neglect to disclose the identities and professional experience of the people working on your files?”**

At The *Compliance* Group, we are incredibly proud of our amazing team of highly-trained, richly experienced consulting professionals – each possessing no less than 15 years of direct,

hands-on experience with the regulatory, corporate and tax compliance issues confronting the clients we represent. We don’t hide them or their faces!

Indeed, our consultants are the backbone of our business and we are shameless in promoting them and their experience. Without our consultants, without their keen attention to detail, without their personal investment of pride in each and every client they serve, The *Compliance* Group would not be the most trusted name in the outsourced compliance industry. There simply is no substitute for experience!

We can’t speak for our competition. But we would submit that their silence speaks for itself. If your outsourced compliance vendor has not publicly disclosed the name and professional experience of the specific individuals preparing your returns and regulatory certifications, interacting with governmental bodies on your behalf, and taking responsibility for the accuracy and timeliness of your critical regulatory compliance needs, perhaps you should take notice. If your compliance vendor changes your assigned consultant more frequently than there are seasons in a calendar year, maybe you should be concerned.

While it’s easy to “market” outsourced compliance solutions as “simple” and “worry-free,” when you actually look under the hood, you might be surprised at how complex it is to provide a reliable, trustworthy outsourced compliance solution.

The *Compliance* Group markets simple and worry-free services because we’ve invested heavily in our technology, business processes and – most importantly – our professionals. And, we’ve made these investments to ensure we deliver a full-service, **Full Spectrum** compliance solution that eliminates the headaches and fears for our clients.

Why does The *Compliance Group* provide its clients with the opportunity to review and approve all filings, certifications and reports prior to submission to a governmental body?

A BETTER QUESTION IS:

“Why would my compliance vendor sign the name of an officer of my company without the officer having first been given the opportunity to review and approve the submission, particularly when the consequence of submitting an inaccurate filing could be over-payments, underpayments or, worse yet, something that could subject the officer to the penalties of perjury?”

All outsourced vendors of compliance reporting services attempt to streamline the filing process as much as possible. Streamlining creates efficiencies and efficiencies are passed on to clients in the form of cost-savings.

However, there are rational limits – and even legal limits – to what can or should be streamlined out of the process in the name of short-term savings. Providing an outsourced compliance vendor with a blanket Power of Attorney authorization to sign all tax returns, regulatory certifications and reports, and corporate filings is a recipe for disaster. Take the FCC Form 499 for example. This is an FCC-mandated annual or quarterly report filed with USAC, the Universal Service Fund administrator. Form 499s must be signed by an officer of the reporting company, subject to penalties of perjury and criminal prosecution:

PERSONS MAKING WILLFUL FALSE STATEMENTS IN THE WORKSHEET CAN BE PUNISHED BY

FINE OR IMPRISONMENT UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. § 1001

Yes, to be efficient there must be a certain degree of automation in the compliance reporting process. But it is not an “all or nothing” proposition. Vendors who require your company to hand over carte blanche signature authority, absent review, should be viewed with skepticism and concern.

The *Compliance Group* takes pains to differentiate between routine and high-risk filings and has established procedures to ensure adequate officer engagement and awareness prior to submission of high-risk filings, while retaining efficiencies where efficient processes are reasonable and appropriate.

Why is The *Compliance Group*’s “Contract” (our Terms & Conditions of Service) over 25 pages long, whereas the contract I signed with another vendor is a mere page or two?

A BETTER SERIES OF QUESTIONS IS:

“Is my outsourced compliance vendor trying to hide the complexities and nuances of the compliance process from me? Where and what are the ‘hidden’ fees and costs associated with work that does not fall within the scope of the vendor’s disclosed fees? What are the circumstances under which our company is likely to find itself subjected to out of scope expenditures?”

The *Compliance Group*’s contract is far and away the longest and most detailed agreement a company seeking to outsource its compliance obligations is likely to encounter. This is for one

simple, but very good reason – we believe in transparency. We do not believe in hidden fees and expenses. We do not believe in “bait-and-switch” marketing tactics.

Our contract has evolved over the course of the nearly 15 years we’ve been providing fixed-fee, subscription-based compliance services, but the very first contract we created was still more detailed and transparent than anything out there – even today. Our contract is lengthy and detailed because our competitors’ contracts are not. We believe our transparency is a key differentiator.

Our competitors want to paint a picture of a simple, easy, and inexpensive outsourced solution. Their sales pitch goes something like this:

“Don’t worry about compliance, just trust us. You send us your data each month and for a low, fixed price we’ll prepare and file all your returns and pay all your fees.”

But the hidden subtext is this:

“Our ‘Report Preparation & Filing’ service is what costs the ‘Fixed Fee’ we disclose. FOR EVERYTHING ELSE, we’ll charge by the hour or we’ll nickel and dime you [but we won’t tell you anything about the out of scope issues you’re likely to confront before you sign our one-year long contract, and we certainly won’t disclose how much it’ll cost you, even though we can guarantee it’ll happen].”

We understand this approach. Selling “simple” sells. Selling “all inclusive” sells. Selling “hands off, worry-free” sells.

On the other hand, selling transparency and disclosing the ugly truth about the complex and uncertain world of telecom compliance – and the true cost of providing a thorough, reliable compliance solution – is a real challenge!

But what “sells” isn’t what your company is likely to encounter in the real world. The real world is full of uncertainties and surprises, and you must be prepared for the cost of addressing the out of scope issues your company will invariably confront.

At The *Compliance* Group we believe in transparency. We also believe that trying to appeal to the lowest common denominator – just to make a sale – will only set the stage for disappointment once the reality of the unavoidable “Out of Scope” issues start to hit home and your company is asked to pay a la carte or hourly consulting fees to address a situation that cannot be ignored, but which is also not covered by the “In Scope” fixed fees.

Instead, we’ve taken pains to develop a contract that lays it all out there for our clients and prospective clients to see and digest with their own two eyes, before they sign up for our services. We identify – with specificity – the roles and responsibilities of each party. We explain the consequences and costs when a client fails to fulfill their duties. We define, with specificity, not just the scope and cost of the “In Scope” covered services, we also provide precise details about the “Out of Scope” issues and needs your company (any company operating in the complex telecom industry) is likely to encounter throughout the compliance life cycle.

Transparency may not “sell” as easily as “simple” sells, but our transparency does make for a happier, less conflicted, and more trusting client relationship over the long-term. And with The *Compliance* Group’s affiliation with a law firm, The *CommLaw* Group, we believe honesty and trust are essential because we aren’t just interested in making a quick buck from a one-year outsourcing agreement.

Our goal is to make our clients “lifetime” clients who entrust us to keep them out of hot water by managing their basic compliance reporting needs.

This way, they'll never have to hire a lawyer to clean up an easily avoidable mess created by sloppy compliance practices. We know, because The *CommLaw* Group has been the recipient of many clients that found our law firm after they had a bad experience with a low-cost, low-quality outsourced compliance vendor.

The *Compliance* Group's promise to all clients is simple. We'll be straight with you. We'll tell you the truth about compliance processes, requirements and, yes, even the true cost of compliance when maintaining compliance goes beyond the fixed fees. We'll put you in the very capable hands of the skilled attorneys at our affiliated law firm, The *CommLaw* Group, when you really need a lawyer to help resolve a challenging or risk-based matter. But we wouldn't expect you to pay a dime to hire a *CommLaw* Group attorney for a *Compliance*

Group mistake! Which is why The *Compliance* Group doesn't make mistakes, and if we ever do, we'll clean it up for free!

So ask your current or prospective vendor of outsourced compliance services one final question: "Who pays for your mistakes?" We think you'll find their answer to be not only surprising, but also quite revealing.

If you are in search of high-quality, reasonably-priced, reliable and fully transparent outsourced compliance services, contact The *Compliance* Group. If you can't deny yourself the sweetness of someone else's low price until you've at least sampled it, that's OK too. We often find that the very best client is a client that still has the bitter taste of low quality in their mouth, long after the sweetness of the low price has worn off!

THE **COMPLIANCE** GROUP

ABOUT US:

Marashlian & Donahue, LLC, [The CommLaw Group](#), is not your ordinary law firm. Together with [The Compliance Group](#), its affiliated consultancy, The *CommLaw* Group is a professional services "organization" that was specially designed and staffed to service the full-range of legal, consulting and compliance needs of the communications, information technology and Internet services industries. Boasting a vibrant and diverse telecom law practice, The *CommLaw* Group and The *Compliance* Group currently serve hundreds of clients throughout the U.S. and internationally. Our loyal base includes clients of all shapes and sizes, from start-ups to Fortune 100 enterprises, and from practically every sector of the communications and info tech industries.

Our professional services rates, flexible billing arrangements, and compensation system are all structured to promote stability and accommodate growth. We work hard to avoid sticker shock through proactive and candid communications with our clients and by ensuring our clients' objectives are properly aligned with their budgetary expectations, and vice versa, prior to embarking on projects. And in a world in which "customer service" is considered a relic, we turn back the clock by pushing our attorneys and consulting professionals to continually expand and deepen not only their professional services skills, but their client servicing skills, as well.

But don't just take our word for it!

- *B2B News Network*, "[The lawyer who connected the dots before anyone else](#)"
- *Wall Street Journal*, "[Capital Region's Premier Lawyers](#)"
- *Legallink Magazine*, "[Marashlian & Donahue, LLC: The Wrong Place at the Right Time](#)"



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