

The Challenge



Headquarters: Southfield, MI
Founded: 2006
Employees: Approx. 2,200
Website: www.diversifiedrestaurantholdings.com

Diversified Restaurant Holdings, Inc. ("DRH" or the "Company") (www.diversifiedrestaurantholdings.com) knows the value of good. Between the company's Buffalo Wild Wings franchises and its own Bagger Dave's Legendary Burger Taverns, the company has built a reputation on good value, good food, and good times.

So it's no surprise that the company recipe includes good ethical practices too.

DRH is a growing company with approximately 2,200 employees spread over its 45 locations (by the end of 2012) and corporate office, spanning across the states of Michigan, Indiana, Illinois, Missouri, and Florida. Anticipating that incidents or ethical lapses might occur, DRH Chief Compliance Officer and Corporate Controller Ioana Ben-Ezra advised that the company examine anonymous, confidential incident reporting providers soon after she joined the organization in 2010.

"I was an auditor with Deloitte & Touche," said Ioana Ben-Ezra, Corporate Controller for DRH. "From a risk mitigation standpoint, an anonymous reporting system was one of the first things we looked for. It's simply good practice."

The Solution

DRH selected Ethical Advocate "because the company felt right to me," said Ben-Ezra. "We liked the personal attention. We felt comfortable with Ethical Advocate and its phone and web system."

"Every company should have it—for risk mitigation—but also for the health of the company."

Ioana Ben-Ezra, Chief Compliance Officer and Corporate Controller, Diversified Restaurant Holdings, Inc.

The DRH Ethical Advocate reporting system has its own 800 number and web site hosted on the Ethical Advocate site. These allow employees to make anonymous reports without the fear of reprisal. DRH has promoted the Ethical Advocate reporting mechanisms to employees and to its shareholders, believing that the risk mitigation value is important enough to warrant this notification.

About DRH

Diversified Restaurant Holdings, Inc. is the owner, operator, and franchisor of the unique, full-service, ultra-casual restaurant and bar Bagger Dave's Legendary Burger Tavern® and a leading franchisee for Buffalo Wild Wings®. The company operates approximately 45 restaurants (by the end of 2012) and employs around 2,200 people.

About Ethical Advocate

Ethical Advocate provides confidential and anonymous incident reporting meeting Sarbanes-Oxley, HIPAA, Federal Acquisition Regulation, and many other regulatory and reporting needs. Ethical Advocate delivers confidential and anonymous reporting 24 hours a day, every day of the year. Persons desiring to report incidents, indiscretions, or suggestions can do so securely in multiple languages, with privacy and anonymity, by phone, or through Ethical Advocate's secure website.

Whenever an employee feels troubled by an activity, or even wants to offer feedback or suggestions, they can create a unique username and password and file an anonymous report on the website, or use the anonymous hotline to call in an incident for investigation. Persons who file a report can log in to the Ethical Advocate anonymous reporting site to see the status of the report.

The Results

DRH invested the time to be trained on the system and to roll it out with the encouragement of top management, which signified that the Company prides itself when it comes to ethical practices.

“Having the Ethical Advocate system gives people the freedom to make a complaint and not feel exposed to potential repercussions,” Ben-Ezra said. “We encourage people to try to work out situations for themselves first, but that’s not always possible,” she added. “We’ve had reports filed—which is to be expected with an employee base of about 2,200 people—and it’s working. People are using the system and no one has had any complaints about how it’s working.”

Ben-Ezra believes that a confidential incident reporting solution is a must-have for any organization, especially publicly-traded companies. “I’d recommend it to anyone,” she said. “Ethical Advocate is easy to learn and use, and it’s low maintenance. Every company should have it—for risk mitigation—but also for the health of the company.”

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Mitigating Risk

“From a risk mitigation standpoint, an anonymous reporting system was one of the first things we looked for. It’s simply good practice.”

Easy to Use

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Demonstrating Good Ethics

“Every company should have it—for risk mitigation—but also for the health of the company.”