

Compliance & Ethics *Professional*

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Amii Barnard-Bahn

by Jay Rosen, CCEP

How compliance can be a business advantage

- » Compliance needs to be regarded as more than a check-the-box nuisance.
- » Companies that “get it” are able to enlist other departments such as Finance, HR, Legal and Operations to be compliance subject-matter experts.
- » Like a good salesperson, ethics and compliance practitioners must be prepared to rebut temporary roadblocks and overcome their colleagues’ objections.
- » By breaking through corporate silos and combining best practices, a company moves from the perspective of not only realizing synergies but also driving compliance efficiencies.
- » Compliance is changing, and those who understand this change and take active measures to embed controls will lead the way to a new standard of *Compliance as a business advantage*.

I attended my first Compliance & Ethics Institute (CEI) in October 2012 at the Aria Hotel in Las Vegas, and this fall I will be celebrating my 5-year anniversary as I participate in my sixth CEI! Many of our colleagues come to the ethics and



Rosen

compliance (E&C) arena from an audit, HR, or legal background, but my nontraditional roots began in the motion picture industry and then traversed through investment banking to legal translations.

My most recent experience includes assisting clients with global translations on Foreign Corrupt Practices Act investigations and code of conduct work, and in my current position at Affiliated Monitors, I assist my clients with both voluntary and mandatory ethics and compliance independent monitor and assessment engagements.

These two positions have afforded me a unique perspective to observe the myriad ways that corporations approach their E&C issues. Some companies see compliance as a check-the-box nuisance, but other companies that are drinking the “Compliance Kool-Aid” benefit from using *compliance as a business advantage*. From what may seem to be a simple concept, the actual implementation is fraught with much hand wringing and cost justifications.

For example, one of my global customers engaged my former translations company to help translate their global code of conduct and communications policies into more than 30 languages. It took our team a couple of months to complete the translations, but it took our client less than 6 weeks to return comments from most of their in-country ethics and compliance ambassadors.

Some of the reviewers were members of the E&C function, but many of the others came from the legal, finance, HR, and operations parts of the company. Not only were they able to leverage their specific subject-matter expert in commenting on the translated documents, but they had also been successfully cultivated to understand the importance of this task, whether it was “officially” part of their jobs or not.

What are some of the perceived internal obstacles and institutional objections that E&C practitioners face when laying the groundwork to use compliance as a business advantage?

- ▶ If compliance is not one of my key performance indicators, then what’s in it for me?
- ▶ We’ve always done it this way, so why change now?
- ▶ Will my division ever realize any return on investment from compliance?
- ▶ We have a huge fire to put out; let’s put this on the back burner, etc.

Although we now know some of the perceived reasons why “It won’t work,” as any good salesperson (or E&C practitioner) knows, we must be prepared to rebut these temporary roadblocks and overcome our colleagues’ objections.

In the global company example above, my client had managed to win the buy-in from many key information stakeholders of the company—Finance, HR, Internal Audit and Legal. Thus, they could:

- ▶ Leverage HR as their global eyes and ears to gain early insight into potentially troublesome employee practices;
- ▶ Piggyback off of Internal Audit to conduct international E&C audits to gauge employee adoption;
- ▶ Allow Finance to follow the money and sound any warning signs or red flags about any inappropriate sales/commissions; and
- ▶ Finally utilize the company’s vast legal knowledge base from intellectual property to anti-corruption and labor policies.

Although we now know some of the perceived reasons why “It won’t work,” as any good salesperson (or E&C practitioner) knows, we must be prepared to rebut these temporary roadblocks and overcome our colleagues’ objections.

By breaking through these corporate silos and combining best practices, a company moves from the perspective of not only realizing synergies but also driving efficiencies to arrive at a destination where compliance can become a revenue generator as:

- ▶ HR now looks at previous problem hires with anti-bribery and corruption issues and uses this information to prevent future hiring missteps,
- ▶ Finance now focuses on high-risk markets and develops additional screening processes to detect fraud at an earlier stage,
- ▶ Legal now collaborates with HR and E&C to produce more conversational and easily understood guides for employee behavior, and

- Sales and Marketing now use their special persuasive sauce to help publicize and speed the adoption of E&C initiatives.

The idea of using Compliance as a competitive advantage has been articulated in many ways as our community has been moving from Compliance 1.0 to Compliance 2.0, and we are well on our way to Compliance 3.0.

Some may take issue with enumerating a compliance version as 2.0, 3.0, or X.0. I think the key difference in this new perspective is that Compliance is changing, and those who understand this change and are taking active measures to embed controls in their everyday business processes are those first movers who will lead the way to this new standard.

Each business is unique and has its individual compliance needs, but I believe that we can share, learn, and create this ideal by working together. Just as Linux was a desire to create an open-source computer code, I have the same vision of all compliance practitioners creating and adding to this goal of embedding compliance into every organization's daily business regimen.

Bringing it all back home, we have learned what are the internal obstacles we face; we have overcome objections; and we have demonstrated that operationalizing good E&C policies is not only a *revenue extractor* but also—when used properly—a *revenue generator*. Our challenge as E&C practitioners is to operationalize ethics and compliance into our daily business processes, and then we will truly see that *compliance has become a business advantage!* *

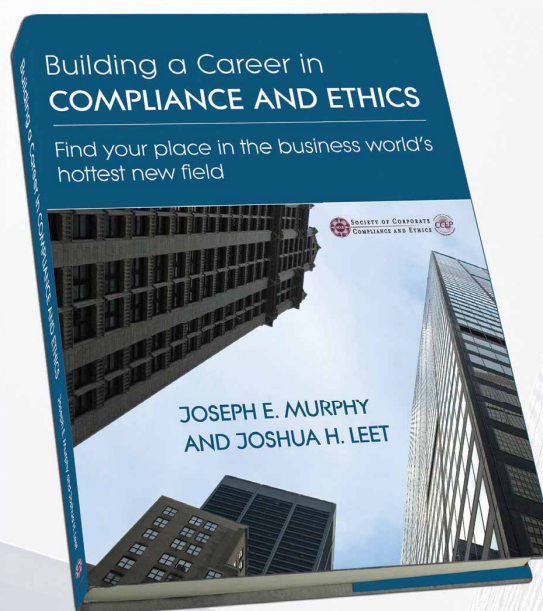
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