Meet Kristy Grant-Hart

Owner of Spark Compliance Consulting
Author of How to Be a Wildly Effective Compliance Officer
London, UK

See page 14

Compliance officers share six strategies to boost compliance on a budget
Monica Modi Dalwadi

25
Put compliance chores on your To Do list
Les Abromovitz

29
Privacy in the European Union: A data safekeeping revolution
Daniel A. Cotter

33
The UK’s new Modern Slavery Act and transparency in supply chains
Sarah Powell

37
Compliance officers share six strategies to boost compliance on a budget
Monica Modi Dalwadi

This article, published in Compliance & Ethics Professional, appears here with permission from the Society of Corporate Compliance & Ethics. Call SCCE at +1 952 933 4977 or 888 277 4977 with reprint requests.
Organizational culture is comprised of fundamental components that influence the way people think and behave in a workplace setting. But, establishing culture is not as straightforward as it might seem. Efforts must be both intentional and strategic. Furthermore, buy-in is essential to drive results.

In the case of compliance, culture is deeply rooted in ethics and focused on deterring and detecting legal violations by agents, employees, officers, and directors. In fact, culture—perhaps even more compelling than rules and regulations—is the driving force behind an organization’s risk management program. The rationale behind this premise is clear. The letter of the law is often superseded by informal practice and policy; a generally accepted standard of behavior often prevails. However, if the goal is to develop a culture that reflects an organization’s ethical mission, acceptable standards of behavior must be on par with the tenets of the law.

Does your organization have a robust compliance culture? If not, consider the following five strategies for developing one.

1. Establish ever-present core values
Mission statements are not meant to be perfunctory. They are designed to inform and align internal and external stakeholder thinking and behavior with an organization’s core values and strategic goals. When well crafted, they can successfully influence a culture of compliance at the foundational level.

“A clearly articulated mission statement tells your employees what your company’s goal[s] [are] and how everyone should work to achieve [them]. It defines why you are in business and what principles guide you. A mission statement is a moral compass that helps employees to make the right decisions and feel connected to a larger purpose. People who know what to do and why to do it deliver better performance; companies with purposeful employees achieve better results.”

by Karima Mariama-Arthur, Esq.

Essential strategies to create a robust compliance culture

» Establish core values that are ever-present and conspicuous in the mission statement, policies, and brand messaging.
» Provide regular leadership development and compliance training to establish and maintain a robust culture of compliance.
» Prioritize regular and accurate compliance-focused communication to proactively address challenges and shape culture at the functional level.
» Advocate for a “gold standard” of good governance and accountability.
» Invest in a solid performance management system with checks and balances to gain a comprehensive understanding of overall compliance operations.
But it’s not enough to merely “have” a mission statement somewhere. It must also be highly visibly and incorporated into the fiber of the organization itself. What does this mean? A mission statement should be conspicuous and posted in various locations throughout the company, creating regular opportunities for review. It should also be included in organizational materials, providing continuous brand messaging. Finally, an organizational mission should be distilled at the departmental level, so that employees can easily apply its principles in practice to their specific job duties. When core values are ever present, they create an effortless drive towards compliance that powers organizational culture.

2. Develop effective leadership
When an organization’s leadership is “compliance competent,” it is properly positioned to self-regulate, identify, and address violations by others as they occur. Leadership sets the tone for policy, and behavior that will be tolerated, above and beyond established rules and regulations. However, the goal for any organization is to achieve the compliance sweet spot, where policy and regulations meet congruously and reflect the highest level of ethical standards.

Because leadership is intrinsically connected to influence, leaders must be purposefully developed to reflect an organization’s core values and strategic goals. The way leaders behave has a dramatic effect on institutional compliance. People will believe what you do, not what you say. Therefore, leaders must be equipped with the knowledge, skills, and experience to confront issues of compliance, wherever they may be. But, overall success hinges on more than mere technical expertise. Leaders must also subscribe to the ethical framework that supports the organization’s risk management program, which also suggests having the appropriate checks and balances in place. Organizations that provide their leaders with regular leadership development and compliance training are more successful in establishing and maintaining a robust culture of compliance.

3. Prioritize regular, strategic communication
Without effectively communicating the substantive and procedural aspects of an organization’s risk management program—as well as expectations for performance—it would be unreasonable to expect compliance from internal or external stakeholders. Imagine not knowing what to do or how to do it, but being held to a standard of care, which presumed that you did. It would be very frustrating, especially since there are consequences for non-compliance. This is why regular, strategic communication is such an important component of an overall compliance strategy. It not only serves as a mechanism for providing critical information, such as rules, regulations, and updates, but also assures due process, as well as opportunities to pose questions or dialogue and examine any misunderstandings as they occur.

Although methods may vary by organization, communication should be managed through an agreed-upon medium with an easy-to-follow format. However, regular and accurate communication should be the baseline for any organization, long before it seeks to develop any technical complexities within its compliance framework. Having a strategic Communication department that deals specifically with compliance issues can help an organization deal with these challenges, as well as effectively shape a culture of compliance at the functional level.
4. Advocate for a gold standard of good governance and accountability

When the standard for ethical behavior is clear and derived from objective criteria, not arbitrary or capricious, it is easy to embed accountability for personal and professional conduct in a way that creates sustainable business practices. To accomplish this, an organization must create and uphold a standard of excellence that encourages integrity and transparency in every transaction. This means minimizing risk in favor of corporate policies, engaging in active auditing and/or monitoring protocols, mandating ethical reporting (including non-retaliation policies for whistleblowing), and strictly adhering to regulatory and training guidelines.

When an organization is proactive, good governance and accountability are no longer challenges at the institutional level. When unethical behavior is not tolerated and absorbed by an organization, a culture of corruption does not become systemic. To that end, whatever unethical behavior may emerge often proves to be an unfortunate exception, rather than the rule. Organizations that effectively create and uphold a gold standard of excellence in these areas also create cultures that self-police and prioritize compliance, which is the goal.

5. Invest in a solid performance management system

In today’s fast-paced global economy, organizations that invest in a system that simplifies risk and maximizes performance can reap big dividends, both financially and in non-economic areas. A solid performance management system provides a holistic view of operations, in addition to creating premium opportunities throughout the value chain. For example, it also identifies numerous factors that affect risk management, such as growth and scalability, stakeholder engagement, auditing/monitoring, and ethical reporting. Moreover, it removes the guesswork by standardizing targets and measurements, tracking, and recording—all of which translate into big wins for an organization’s overall decision-making process.

A solid performance management system allows an organization to take a deep dive and gain a comprehensive understanding of its overall compliance operations. By embedding the rigors of compliance within a dynamic system of checks and balances, it also decisively shapes culture in a most auspicious way.

Conclusion

Is a robust culture of compliance missing in your organization? If so, consider using these core strategies to build one that accurately reflects its ethical mission. The long-term success of your organization may very well depend on it.

To your success! *

---


Karima Mariama-Arthur (consulting@worldsmithrapport.com) is a corporate attorney and founder and CEO of WordSmithRapport in Washington DC.