CEP Magazine - December 2018

Doing more with less: Building cross-functional partnerships on a budget

by Lauren Connell

Lauren Connell (connell.lauren@gmail.com) is the Director, Compliance & Integrity at Nielsen.

In a perfect world, Compliance departments would not need any resources, because individual employees would always conduct themselves in full compliance with all legal standards and ethical norms. In a less than perfect world, Compliance departments need sizable budgets that enable full access to appropriate support vendors, employment of the necessary full-time personnel to handle all tasks, and extra resources to address the unexpected.

In reality, Compliance departments have a limited budget and a wide scope of responsibilities. I'm frequently asked by clients how they can build and improve their programs with a limited budget. Across the board, building cross-functional partnerships is routinely a low-cost, high-return place for Compliance departments to focus their energy.

Cross-functional partnerships also allow Compliance departments to ensure that their policies and procedures are integrated within the business, a key focus of the Department of Justice's (DOJ) 2018 Evaluation of Corporate Compliance Programs.[1] This document is used to evaluate corporate compliance programs under the "Principles of Federal Prosecution of Business Organizations" in the United States Attorney's Manual, also known as the "Filip Factors," in the context of evaluating a company's compliance program.[2]

A great example is third-party due diligence. Third-party due diligence programs are complex and one of the most resource-intensive, time-consuming components of a compliance program. If a Compliance department tries to screen every third party on its own, it will quickly (1) run out of time, (2) not be aware of every third party, and (3) become very frustrated quickly. The reality is that third parties are selected and onboarded by the business. Trying to insert the Compliance department into that process will be frustrating and unproductive to all parties. Instead, the Compliance department should embed basic third-party due diligence within business processes, requiring Compliance department involvement only when elevated due diligence is necessary.

The DOJ has focused lately on whether policies have been "operationalized." Its 2018 Evaluation of Corporate Compliance Programs document makes inquiries regarding the "operational integration" of a company's policies and procedures. It is a Compliance department's ability to get policies and procedures integrated throughout the organization that can make or break a program.

Opportunities for Compliance departments to build relationships with other business departments abound. Each offers a chance for a Compliance department to mitigate risk, strengthen the compliance program, and improve corporate culture, but does so by leveraging the roles and responsibilities held by other departments. Doing so often requires a very simple first step: asking for a meeting. Coming into that meeting with specific areas for cross-departmental collaboration is critical, but also be prepared to learn about how the compliance program is, or is not, working in practice.

Human Resources

A natural partner for Compliance departments, the Human Resources (HR) department directly affects corporate culture by acting as the primary interface between a company and each individual employee, second only to a person's direct supervisor. Therefore HR has the "pulse" of a company overall as well as the ability to change a company's habits for better, or for worse. The following are specific areas where compliance can, or should, sync with HR.

Internal investigations

Internal investigations may be the single most time-consuming area for many Compliance departments. Considering that internal investigations are typically an outgrowth of company policies, it tests a company's willingness to practice what it preaches. Across the board, the majority of internal investigations are directly related to areas HR takes responsibility for. Being able to jointly address these concerns, not only from an HR standpoint, but also from a corporate culture standpoint, to support and develop the values set forth in the company's code of conduct, is key. Unless internal investigations reflect this, employees will soon lose faith that their corporate internal policies have true meaning in day-to-day business.

Annual reviews and compensation

The relationship between every single employee and their employer comes down to a paycheck or other compensation that has monetary value. Rewarding employees for behavior that supports and builds your corporate culture should include financial incentives, because ultimately, employees are there to collect a paycheck. Although nonmonetary incentives can be extremely important and have a significant impact, ignoring the monetary component is shortsighted. The prime example is for sales agents and employees. Incentivizing these individuals solely based on their sales performance, what is often known as an "eat what you kill" compensation plan, focuses employees on short-term goals and isolates individuals from the team. On the other hand, rewarding managers for how they are rated by their subordinates, instead of just their senior managers, encourages a cooperative mind-set and an overall growth-oriented approach.

Training

Human Resources departments are often knee-deep in various training programs, many of which should align with compliance-focused training. Coordinating on the format, delivery, and tracking of training modules is an easy win that can create efficiencies for both departments.

Corporate culture

No department will be as invested in efforts to build and develop corporate culture as HR. For obvious reasons, including recruitment, retention, and employee morale, HR is a natural ally in defining and building corporate culture.