



Connecting Compliance to Business

Adopting a Compliance Journey

AGENDA

Business Risks and Impacts

Challenges to Compliance Maturity

Compliance Maturity Journey

Case Study in Compliance Success

A Peek at Brain Science in Action

Poll Question

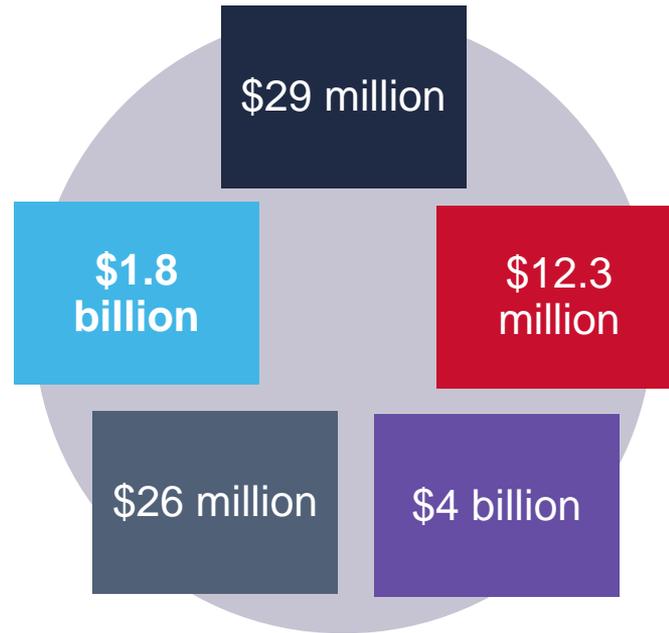
What is a potential risk or impact to the business from non compliance?

1. Fines and penalties
2. Poor employee moral
3. Damage to company brand
4. Decreased financial performance

Potential Business Impacts - Legal

DOJ criminal fines and penalties collected in a year (2015)

Tyco International - settlement
Illicit payments to foreign officials in more than a dozen countries



Eli Lilly – settlement

Improper payments its subsidiaries made to foreign government officials to win business in Russia, Brazil, China, and Poland.

Allianz – settlement

Improper payments to government officials in Indonesia resulted in \$5.3 million profit

BP – fine

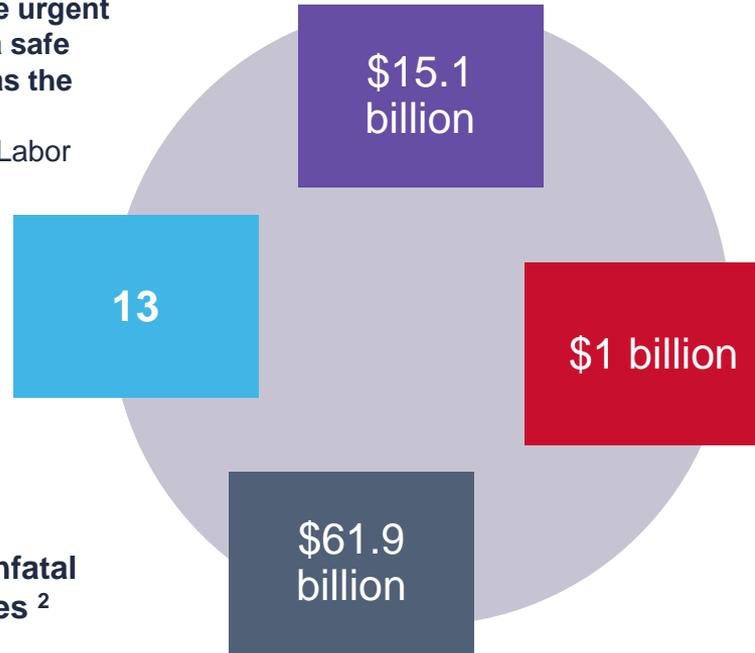
Required to retain an ethics monitor to improve BP's code of conduct

Compliance Business Risks - Safety

“These numbers underscore the urgent need for employers to provide a safe workplace for their employees as the law requires.”⁴
Thomas Perez, U.S. Secretary of Labor

The number of workers who die every day on the job (US).-³

The cost of all disabling, nonfatal workplace injuries²



What U.S. employers paid for "overexertion/bodily reaction" making them the most expensive nonfatal injury¹

What U.S. employers spend more than weekly on serious, nonfatal injuries.⁵

Observations of Cultures

Misconduct is four times more likely to be observed in **weak ethics cultures** when compared to strong cultures.

Ethics Resource Center, "National Business Ethics Survey of the U.S. Workforce," Feb. , 2014.

Culture Deficiencies

- Reward system with incentives that lead to unethical and illegal behavior
- Pervasive and unchecked behavior
- Failure to embrace an ethical and compliant culture

BUSINESS DAY

Bringing Accountability to the Wells Fargo Boardroom

Fair Game

By GRETCHEN MORGENSON NOV. 3, 2017



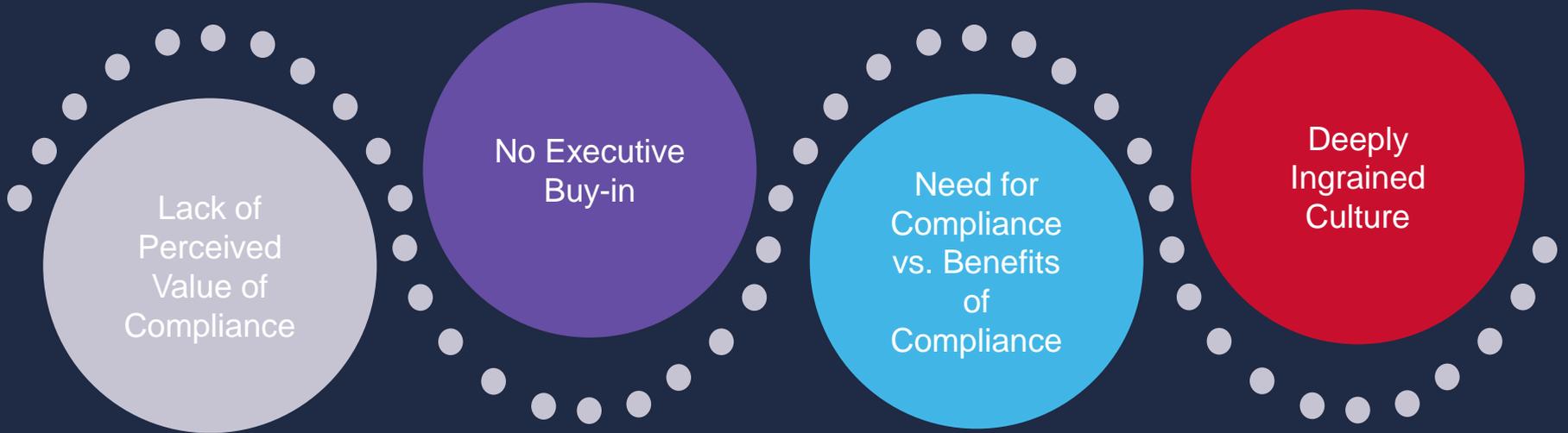
Timothy J. Sloan, Wells Fargo's chief executive, testifying before the Senate Banking Committee last month. He is among the defendants in a lawsuit brought by shareholders. Aaron P. Bernstein/Reuters

Wells Fargo - fined \$185 million

5,300 employees were fired

Financial and life-changing consequences

Overcoming Inertia: Challenges



Getting started: The Journey



Poll Question

According to a recent Harvard Business Review study, what is the most important leadership competency?

1. Flexibility to change opinion
2. Open communication
3. High ethical and moral standards
4. Provides goals and directions with loose guidelines

Leaders

Recent HBR research with 195 leaders in 15 countries over 30 global organizations.

Top competency (65% chose this)



A

Ethical and
Moral
Standards

B

Clearly
Communicating
Expectations

C

Business
Execution

D

Collaboration
and
Inclusiveness

Top Leadership Competencies

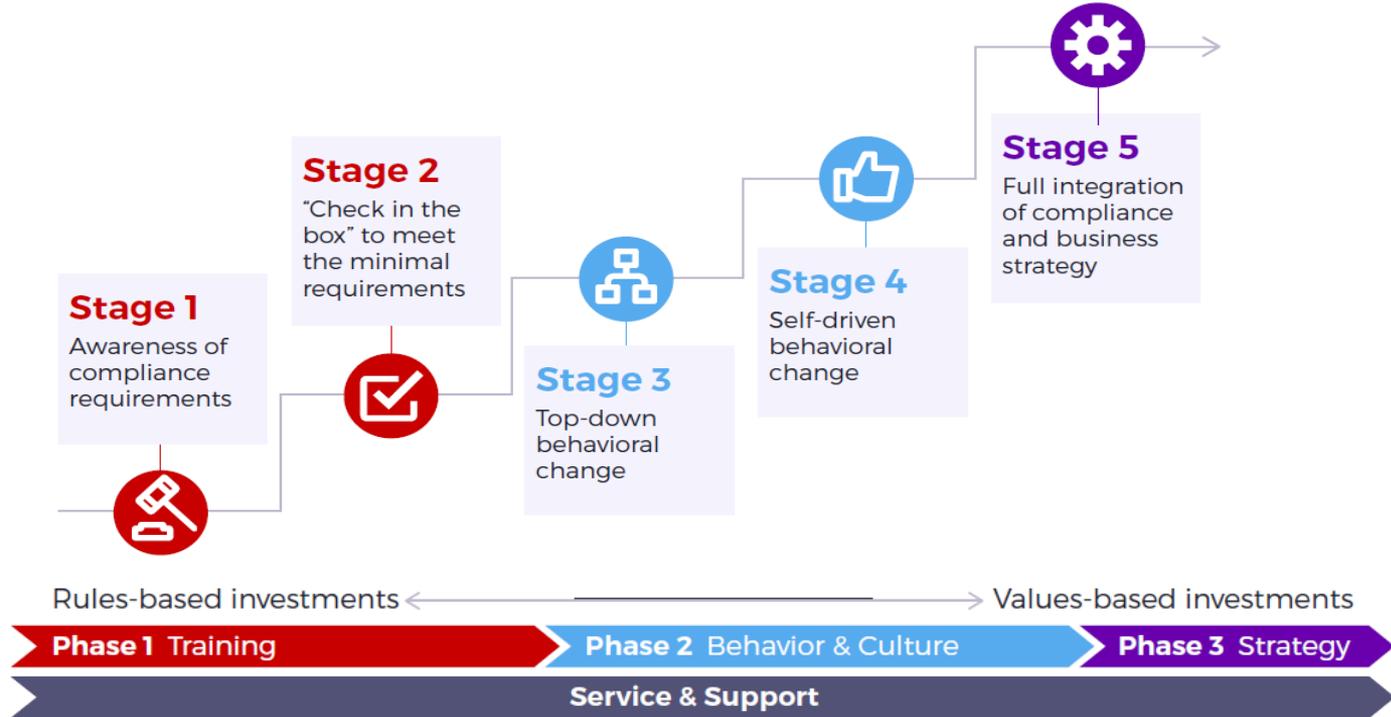
The Top 10 Leadership Competencies, Grouped Into Five Themes

When 195 global leaders were asked to rate 74 qualities, these rose to the top.



“The Most Important Leadership Competencies, According to Leaders Around the World”,
Sunnie Giles, Harvard Business Review, March 15, 2016

Compliance Maturity Model

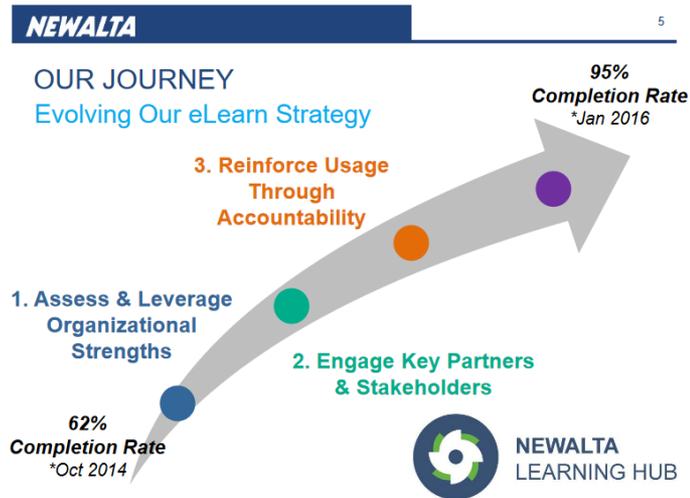


A row of classical columns in a dark blue, monochromatic setting. The columns are fluted and have ornate capitals. The lighting is dramatic, highlighting the texture of the columns against a dark background.

Newalta, a case study in compliance success

The Newalta Journey

Newalta provides cost-effective solutions to oil and gas customers to improve their environmental performance with a focus on recycling and recovery of products from exploration and production waste streams.



Assessing Organizational Strengths

- Leveraged Safety Culture
- Call to action by Executives
- Operations Focused on Safety
- Critical for customer retention/acquisition

Engage Key Partners & Stakeholders

- IT, EH&S, Operations, and HR

Reinforce Through Accountability

- Safety meeting announcements
- Monthly completion reports (EHS, HR, Ops Leaders, Executives)
- Reminder emails
- New hire onboarding

Newalta Results

2014

- 62% Completion Rate
- 1.4 Recordable Injury Rate
- 0.1 Lost Time Injury



2015

- 95% Compliance
- Completion Rate
- 1.0 Recordable Injury Rate
- Zero Loss Time Injury

A blue-tinted photograph of a business meeting. In the foreground, a person's hand is holding a pen and signing a document. Another person's hand is pointing at the document. The document has the word "Signature" written on it. The background shows other people in business attire, slightly out of focus.

Changing Behavior with Training

Changing Behavior

To design the best learning experiences we need to understand and respect the neuroscience of learning

- Can't learn effectively through “binge education”
 - The hippocampus retain only 20 minutes of information before it has to be pushed into short term memory
 - Spacing and reflection time are key
 - “Short learning bursts” are optimal for retention → micro approach
- Learners needs 3 things: **relevance, meaning and emotion**
- Creation of memory hooks is critical: **meaning and connection** must be established
 - Storytelling engages both sides of the brain → linkage between emotion and cognition
- Focus is key: only with focus can the hippocampus “start recording” → minimize friction
- Attach learning to schemas / patterns that already exist in the learner’s brain
 - Scenarios and workplace simulation help explain the abstract in concrete ways that connect to learners existing schemas



Learning solutions

- Multiple modalities
- Using micro learning as memory boosters
- Relevance, meaning and emotion
- Content presentation based on modern learners' preferences
- Meaning and connection



Modern and Engaging New Approach

Realistic, innovative scenarios engage users and simply concepts.

Host employs authoritative yet conversational style.

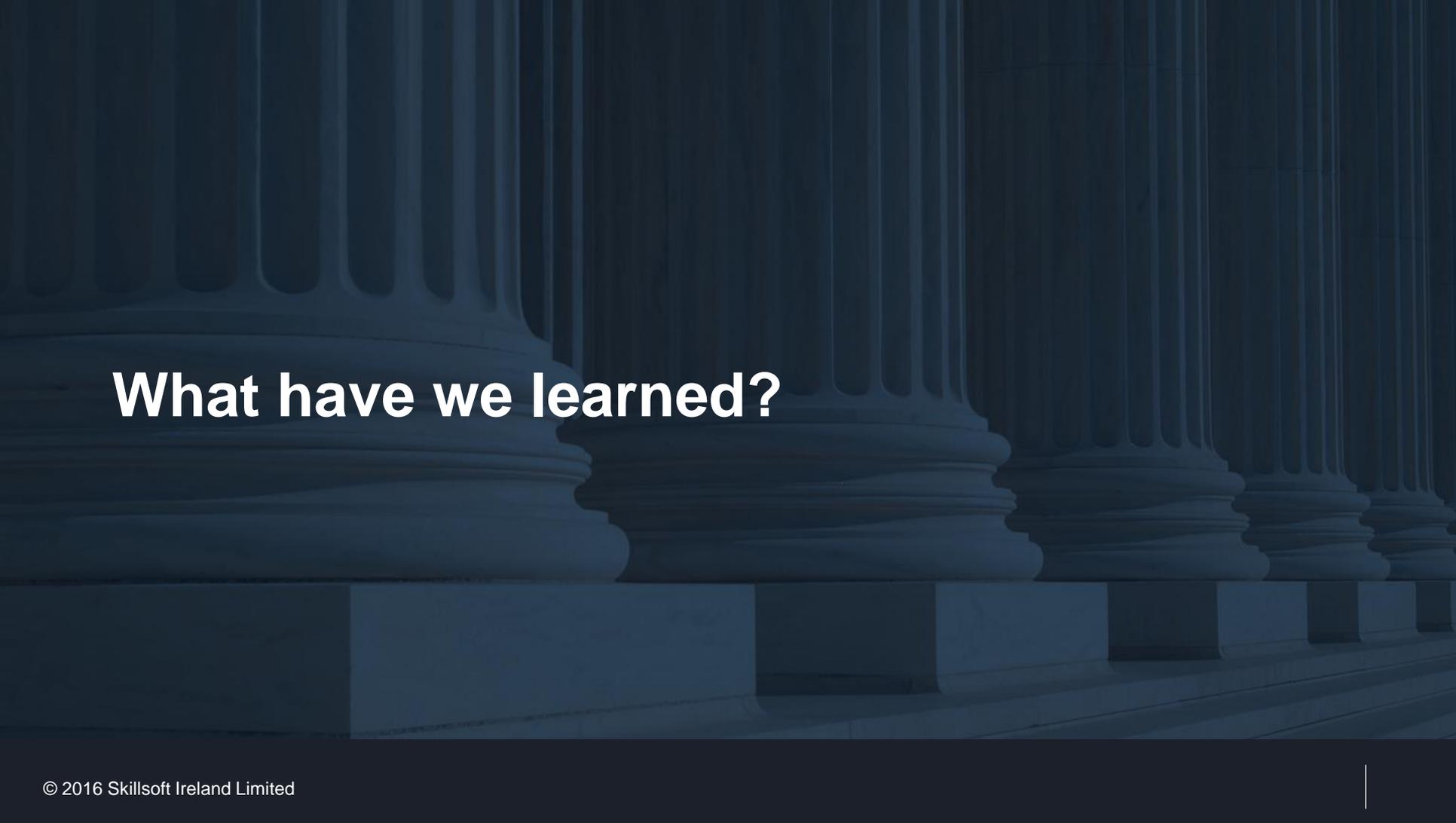
Relatable strategies for addressing real-world challenges.



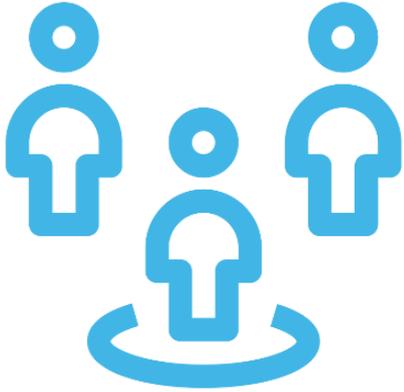
Content addresses federal law and state requirements in CA, CT, and ME.

Briskly paced for the modern learner.

On-screen text highlights key messages.

A row of classical columns in a dark blue, monochromatic setting. The columns are fluted and have papyrus capitals. The lighting is dramatic, with strong shadows and highlights, creating a sense of depth and texture. The overall mood is serious and contemplative.

What have we learned?



A people-centric compliance culture can help organizations reach important goals, such as revenue growth, cost and risk reduction, and improved safety.

The risks of failing to adopt a compliance culture may result in injury, illness, employee death, loss of employment, loss of company value, criminal and civil penalties and even company collapse.

Adopting a compliance journey requires executive level buy-in. The journey starts with identifying and prioritizing risks, and aligning them with key corporate objectives.

The journey continues by rewarding employees for proper behavior and providing them with a sense of belonging to something bigger than themselves, something they can be proud of. Developing a mature compliance culture will help your employees live a richer, fuller life, and the company will be more profitable and successful.



Think. Research. Contact me.

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