



# **SHIFTING MINDSETS: ADOPTING A COMPLIANCE JOURNEY**

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sify<sup>™</sup>

WHITE PAPER

# IMPROVING PERFORMANCE BY STRATEGICALLY USING COMPLIANCE TO REACH BUSINESS OBJECTIVES

It's simple, companies that have compliance as a key component of their culture, and have fully integrated compliance management into their business systems to reach business objectives, perform better. Their employees have a higher level of satisfaction, resulting in improved productivity and employee retention. Their reputation and brand perception is better, which results in better economic performance in the marketplace. Safety records improve, reducing both cost and risk.

Companies that do not adopt a compliance culture and ethical behavior put themselves at risk. Organizations with poor reputations due to compliance issues will have a harder time recruiting and retaining the best team members and customers.

With global 24/7 news coverage and the advances of social media, word of damaging compliance issues can spread like wildfire. For example, complaints of harassment and criticisms of how those complaints were handled by the ride-sharing service Uber circulated quickly, resulting in personnel firings, resignations, and significant damage to the brand.<sup>1</sup>

Also, when a company develops a reward system with incentives that lead to unethical and illegal behavior, and when that behavior becomes pervasive and unchecked, the company becomes culturally deficient. For example, Wells Fargo was fined \$185 million, 5,300 employees were fired, and the chairman and CEO resigned and forfeited \$41 million in compensation over a fake account scandal.<sup>2</sup> Failing to embrace an ethical and compliant culture can damage an organization and result in financial and life-changing consequences for individuals within the company.

<sup>1</sup> CNBC, "Uber fires more than 20 workers — including some senior employees — after internal investigation," June 6, 2017. <https://www.cnbc.com/2017/06/06/more-than-20-employees-fired-at-uber-in-sexual-harassment-investigation-report.html>

<sup>2</sup> The New York Times, "Wells Fargo Scandal May Be Sign of a Poisonous Culture," Sept. 16, 2016. <https://www.nytimes.com/2016/09/17/business/dealbook/wellsfargo-scandal-may-be-sign-of-a-poisonous-culture.html>

Finally, compliance issues may result in the loss of lucrative government and third-party contracts that have stringent compliance requirements.

If a violation does occur, organizations that have consistently demonstrated strong compliance cultures may be treated more favorably in court. The Department of Justice declined to prosecute a major bank because of its effective, preexisting compliance program.

And, misconduct is four times more likely to be observed in weak ethics cultures when compared to strong cultures.<sup>3</sup>

There is no question that strategically integrating compliance to help achieve business goals makes good sense. The question is: How can your organization get started on a compliance journey and make it sustainable? This white paper explores methods for adopting and nurturing an environment in which people feel safe and valued, and the organization behaves in an ethical way that promotes a culture of compliance, reduced risk, and increased profitability.

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<sup>3</sup> Ethics Resource Center, "National Business Ethics Survey of the U.S. Workforce," Feb. 4, 2014.

# THE BENEFITS OF INTEGRATING COMPLIANCE WITH BUSINESS STRATEGY

Fostering an ethical culture and integrating compliance to support business objectives have many benefits, including:

## REVENUE GROWTH

A well-planned compliance strategy can help companies grow revenue in many ways, such as:

- Winning or retaining contracts that have safety or other compliance performance requirements.
- Enhancing brand image and reputation, which may attract more customers who are willing to pay premium prices.
- Attracting high-caliber employees who want to work for a company with a reputation and culture they can be proud of.
- Driving positive business impact. Motivated employees are more productive and make decisions that benefit the company and their fellow employees.

## COST AND RISK REDUCTION

- Improved compliance may lead to fewer safety issues, reducing claims, fines, penalties, injuries, or death.
- Companies that adequately manage workplace safety and health performed better financially than those that did not, according to a study by Harvard Business School.<sup>4</sup> The study found that within high-hazard industries in California, inspected workplaces reduced their injury claims by 9.4% and saved 26% on workers' compensation costs in the four years following the inspection, compared to a similar set of uninspected workplaces. On average, inspected firms saved an estimated \$355,000 in injury claims and compensation for paid lost work over that period.

## SAFETY

- Keeping employees safe reduces lost time incidents (LTI).
- Improved safety records may result in reducing the economic impact of workers' compensation and related expenses, lost production time, employee absenteeism, job accommodations, and restricted work efficiency.
- Fewer on-the-job injuries leads to reduction of legal expenses and penalties associated with violations, citations, and injury cases.
- Safety compliance training may result in savings on incident review, process modification, disciplinary actions, and cost of replacement hires.



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<sup>4</sup> Harvard Business School Study - "Randomized Government Safety Inspections Reduce Worker Injuries with No Detectable Job Loss" by David Levine, Michael Toffel, and Michael Johnson. Science, Vol. 336, No. 6083, pp. 907-911, May 18, 2012. See Abstract and Press Release. White Paper | Shifting Mindsets: Adopting a Compliance Journey

## ROADBLOCKS TO CREATING A COMPLIANCE CULTURE

The benefits of creating a compliance culture are clear, but some organizations find it difficult to overcome inertia and get on a path to improvement. Let's look at some of the reasons why this may be the case.

### LACK OF PERCEIVED VALUE OF COMPLIANCE

Some companies view the creation of a compliance culture as an expense that does not produce enough return on investment. This perception may be created when companies are spending large sums of money on compliance programs that are not well planned and produce disappointing results.

A common mistake in planning compliance programs is to spend too much time and money on training that does not support high-priority business goals. Compliance training for low-priority goals should be minimized.

Training should be targeted to deliver the right training to the right people, in the right way. When employees are required to do training that is irrelevant to their role and perceived as boring, they become disinterested. When they receive interesting training that helps them in their role and helps support company goals, employees become compliance advocates.

### NO EXECUTIVE-LEVEL BUY-IN

Another roadblock to creating a compliance culture is lack of commitment at the executive level. Corporate culture needs to be top-down to be fully embraced. That's why creating an ethical, people-centric culture needs to have the full support of the leadership team. At Uber and Wells Fargo, policies and training were in place, but the tone from the top did not espouse the culture characterized in those policies and training.

With leadership involvement, aligning compliance to support key business objectives can become standard operating procedure, and baked into the strategic planning process of the company.

### OVEREMPHASIZING THE NEED FOR COMPLIANCE VS. THE BENEFITS OF COMPLIANCE

It is common for corporate legal departments to focus on the regulatory need for compliance. But, when the focus on the regulatory need for compliance is prioritized over the benefits of creating an ethical, people-centric culture, "overprogramming" may occur, with compliance training being done just for the sake of meeting obligations.

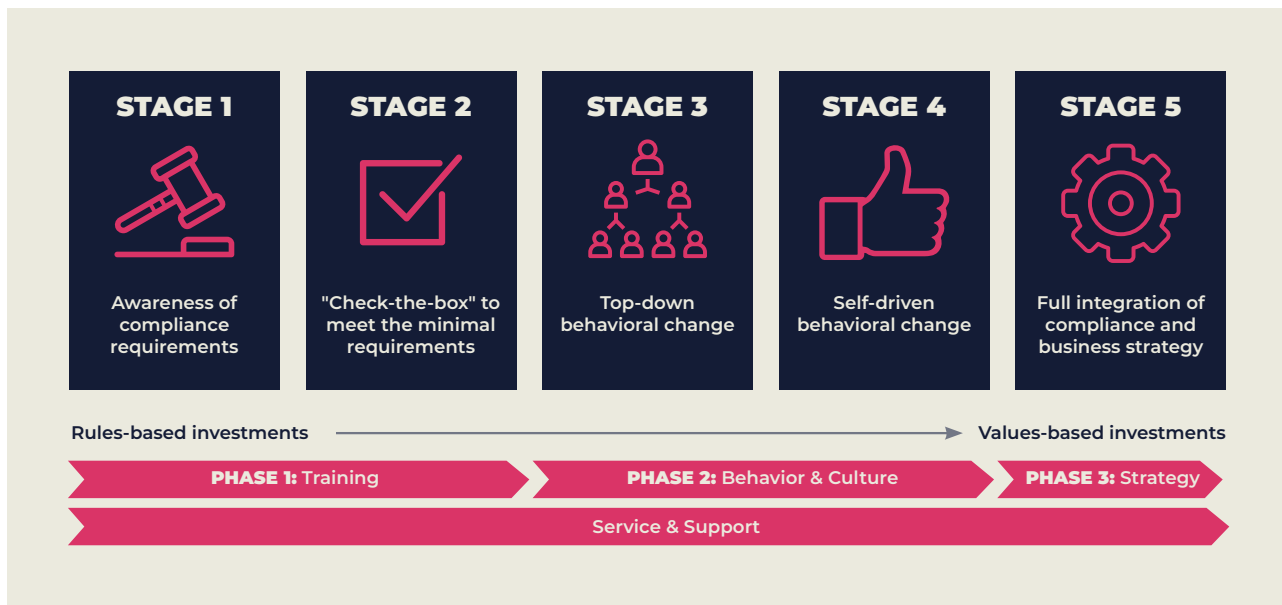
Employees may be over-trained on subjects that are not relevant to their roles or strategically aligned to achieve high-priority company objectives. This may result in employee burnout, and cause employees to be less receptive to well-targeted compliance training that actually helps them, their co-workers, and the company.

## STAGES IN THE COMPLIANCE JOURNEY

Once a company has a mindset to embark upon a compliance journey, it's helpful to have a road map to make sure the route to the destination is clearly defined. *The Skillsoft Compliance Maturity Model™* provides a framework for organizations to follow.

There are five stages in the journey to achieve a fully mature compliance culture:

- **Stage 1:** Awareness of compliance requirements
- **Stage 2:** “Check-the-box” to meet minimal requirements
- **Stage 3:** Top-down behavioral change
- **Stage 4:** Self-driven behavioral change
- **Stage 5:** Full integration of compliance and business strategy



At stage five, an organization is able to fully realize the benefits of a people-centric, ethical culture in which compliance is strategically aligned to support business goals.

# HOW TO START A COMPLIANCE JOURNEY IN YOUR ORGANIZATION

**Get Leadership Buy-in:** Your compliance journey must start with commitment from the leadership team in order to achieve behavior change. Executives need to define and own the risk management process.

**Identify Risks:** Risks to the organization should be identified and prioritized. High-risk issues will require the greatest commitment to training and to achieve behavioral change. Low-risk issues should receive minimal attention.

**Align Risks to Business Goals:** Once the risks have been prioritized, they should be aligned to support key business goals and incorporated into the strategic plan for the organization. Key goals may include revenue growth, expense reduction, risk reduction, and employee safety.

With the compliance strategy in-hand, a training program should be planned to train the right people, on the appropriate subjects, in the right way. The learnings from the training should be embedded in the daily routine of employees and practiced on the job.

**Be Strategic with Training:** Training courses should be designed to appeal to the head and to the heart. Many compliance training programs overlook the emotional aspect of training. Emotional training messages help team members feel that the company is looking out for the safety and well-being of the employee, their co-workers, and even their families and loved ones. With pride in working for an ethical company, employees will stay longer and work harder to support company goals. People enjoy feeling that they are a part of something good that is bigger than themselves. Help employees understand that bad behavior may have dire consequences.

**Be Relevant:** Your compliance training program needs to target the right job roles for each training format. Nothing will turn employees off faster than wasting time taking a training course that is of no help to them in their role.

**Develop Metrics:** Meaningful metrics for the compliance program should be established at the onset and aligned around the key company goals that the program has been designed to support. The program should be implemented in such a way that data for the metrics can be easily collected and reported. Targets for the metrics should be realistic and achievable. Because, when targets are unachievable, people are not motivated to reach them.

# HOW TO MAINTAIN MOMENTUM ON YOUR COMPLIANCE JOURNEY

Your compliance journey is a marathon, not a sprint. It's important to keep your team motivated to reach the finish line. Share stories with your employees of how your compliance program has succeeded in helping the company reach its goals. This can only be done if metrics are defined upfront and tracked on an ongoing basis. Also share success stories of how the compliance program has helped employees become safer and more empowered in their jobs.

Tell the outside world about your compliance program successes as well. This will help enhance the reputation and brand perception of your organization. A strong brand and reputation helps you recruit the best and brightest employees. It also attracts customers willing to pay premium prices and remain loyal to your brand.

Empower your employees. Provide easy access to training information that will help them in their jobs. Reward them for reaching training goals. Proactively seek feedback from and frequently survey employees, listen to concerns, and act quickly to respond to needs. Let them know they have the power to improve safety and quality in your organization. Protect whistle-blowers, and let your people know when one has been protected.

Study your compliance program metrics and strive to continuously improve the effectiveness of your program. Never stand still.

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



# CONCLUSION

The benefits of strategically using compliance to support business objectives are clear. 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.

[Talk to an expert](#) for information on how Skillsoft can deliver results for your organization's compliance needs.



# ABOUT SKILLSOFT

Skillsoft (NYSE: SKIL) is a global leader in corporate digital learning, focused on transforming today's workforce for tomorrow's economy. The company provides enterprise learning solutions designed to prepare organizations for the future of work, overcome critical skill gaps, drive demonstrable behavior change, and unlock the potential in their people. Skillsoft offers a comprehensive suite of premium, original, and authorized partner content, including one of the broadest and deepest libraries of leadership & business skills, technology & developer, and compliance curricula. With access to a broad spectrum of learning options (including video, audio, books, bootcamps, live events, and practice labs), organizations can meaningfully increase learner engagement and retention. Skillsoft's offerings are delivered through Percipio®, its award-winning, AI-driven, immersive learning platform purpose built to make learning easier, more accessible, and more effective.

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