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**Built to last: Top 5
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initiatives fail**

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Built to last: Top 5 reasons your compliance initiatives fail

- » Organizations have a natural tendency to resist change and stay as they are.
- » To ensure lasting change, compliance professionals need to adopt and leverage change management principles so they can plan to successfully manage this natural resistance.
- » The five change management principles are: establish urgency, create the guiding coalition, communicate your vision and strategy, empower employees and generate short-term gains, and sustain the change.
- » If a major change is poorly managed, your compliance initiative may be rejected or only partially adopted, may damage business relationships, and may fail to receive information that would improve compliance results.
- » Good change management ensures that our most important compliance work is built to last.

We have all heard the phrase “Culture eats strategy for breakfast.”¹ But what does that mean for us as compliance and ethics professionals? It means that organizations have a natural tendency to resist change and stay as they are. Organizations, like people, prefer stability and will reject your compliance initiative unless a plan is made to meet their natural resistance. This maturing, multidisciplinary field is called change management² and is based on behavioral psychology principles as applied to industrial organizations. To successfully lead and



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ensure lasting business change, it’s important for compliance professionals to adopt and leverage change management principles.

Change management is defined as an approach to transitioning teams, individuals, and organizations. Our job as compliance officers is to manage reputation risk for our organizations, which often requires implementing major organizational

changes that impact teams, individuals, and organizations. Examples include the adoption of an anonymous helpline reporting system, investigation protocols, designing operational controls in response to a new regulation, rolling out new compliance training, and implementing monitoring and auditing practices. To truly help your organization shape and mitigate reputation risk, you need to ensure your initiatives are sustainable—and by that I mean well-supported at the top, adopted at the middle, and maintained over the long haul by employees.

The risks of poor change management include:

- ▶ Your compliance initiative is rejected or only partially adopted.
- ▶ Business relationships are damaged.
- ▶ You don’t receive information that impacts your results.

Consider the following change management principles³ before leaping headfirst into implementation:

Step 1: Establish a sense of urgency

Organizations won't substantially change unless there is a burning platform.⁴ Start with a diagnosis of the need for the change, quantify the benefits of the change, and evaluate the organizational capability to change. Most importantly, when proposing significant change, leadership must understand and feel the organizational pain that the organization will suffer if the change is not implemented.

You are essentially conducting a cost/benefit analysis, so quantify what you can and be patiently persistent. Some major compliance initiatives can take a year or more to gain traction with the urgency necessary to align leadership backing—but then you will move forward with confidence, full organizational blessing, and the resources you need.

Step 2: Create the guiding coalition

Never underestimate the benefit of having the right support team in place. If you try to push through a project without strong political backing or involving key stakeholders, your project is vulnerable.

So who should you include? Conduct a stakeholder analysis. Who is affected by your project? Consider the current power dynamic. What business processes are you touching? Which functions have people or budget resources you need? Invite key representatives to be co-sponsors, members of the project team, or an informal advisory council. You will need their support when your change hits the organizational resistance curve. Ask them to help you identify—in advance and as the project progresses—why and how the compliance change may be difficult. Plan for resistance,⁵ and get your advisory board in place before you need it.

Step 3: Communicate your change vision and strategy

In one sentence, can you explain (1) your vision of the future state and (2) why employees should care? To get on board with the change, people need to have a clear vision of the future state, and they need to know WIIFM (What's In It For Me).

I've had the good fortune to work with excellent communications professionals. For big changes, enlist them to help you with messaging and tailoring your communications strategy to each key audience (e.g., executives, implementers, all employees). Every large-scale change deserves its own dedicated communication plan. Messaging design, repetition, and timing are critical.

Step 4: Empower employees and generate short-term gains

As part of your project plan, create formal and informal feedback loops that give you valid data on how your change is taking hold in the culture—or being passively or actively rejected. Every organization has employees who are superconnectors, early change adopters who will pull other employees off the fence of “the way things have always been done.” Find these cheerleaders for your change, reach out to them, thank them, and empower them to help you. Encourage them to speak up and be ambassadors. And when you find resisters, engage them in dialogue. Be curious, with an intent to learn. You will always gain some information that you need for the change you are trying to make or an opportunity to convert. Use punitive measures as a last resort.

In one compliance project, we were implementing complex IT controls to respond to new regulatory guidance. One tenured team member inexplicably joined our project team meetings with a cynical attitude and draining effect on the team. I took him out

to coffee, got to know him, inquired about his view on the project challenges, and his attitude completely changed. I think it was simply a matter of respect.

Next, generate short-term gains. As you proceed in your project, ensure that you have measureable stakeholder goals in place, and communicate and celebrate progress on a regular schedule. Have metrics in place and measure implementation depth. Address variances and root cause. Make sure you've done all you can to make compliance easy and organic for your organization.

Step 5: Sustain the change

This is an important step, because this is where true culture change starts. You need to plan for the “aftermath” of implementation to make sure the change sticks. Consolidate your gains, communicate them, measure them, monitor for organizational pain points and return on investment, and be ready to respond and adjust to unanticipated hard and soft costs. Listen to suggestions for tweaks or what isn't working well. Be willing to revisit process.

Most importantly, stay open to feeling your clients' pain. To build good relationships, it's critical to listen to key stakeholders and let them express how they are experiencing the change. Acknowledge that change is hard and empathize with the impact this will have on them. This will not only build trust and a better relationship with you and your team, but it will also help them move

on to accepting, and even supporting, the compliance change. This is critical at the “top” and also at the entry levels. Those who are “doing” and implementing the change rarely are the ones deciding to make the change, so find a way to respect their role and get their input. Don't take resistance personally.⁶

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In leveraging change management expertise, you will ensure that your compliance change is truly adopted and becomes a part of the way your organization conducts business. Compliance professionals who know how to gracefully navigate the change curve are a huge asset to

their organizations and serve a critical role as effective stewards of our organizations' reputation and culture. *

1. Attributed to business guru Peter Drucker and made famous by Mark Fields, CEO and President of Ford Motor Company.
2. Key contributors to the change management field include Elisabeth Kübler-Ross (whose profound Change Curve model was quickly adapted by businesses in the 1970s), Dr. John Kotter (invented the 8-Step Process for Leading Change), W. Edwards Deming (created the Plan-Do-Check-Act Cycle as an iterative method to support continuous change improvement), and Kurt Lewin (who invented the Force Field Analysis tool to identify factors that can support or impede successful change implementation).
3. Kotter, J.P., *Leading Change*, Boston: Harvard Business School Press, 1996.
4. “Burning platform” is a metaphor popularized by change management consultant Daryl Conner. For the origins of the true story behind the metaphor, see <http://bit.ly/conner-partners>.
5. In 1951, Kurt Lewin developed Force Field Analysis, an influential framework for identifying the forces that support a goal or block movement toward achievement of the goal. There are simple tools derived from this theory that can assist compliance professionals to create more successful project plans.
6. Kegan & Lahey: “The Real Reason People Won't Change” *Harvard Business Review*, November 2001. Available at <http://bit.ly/people-wont-change>.

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