

The enemy: Compliance fragmentation

Automate, centralize, and coordinate your way to an improved GRC process.

BY MELISSA LEA

IN TODAY'S GLOBAL ECONOMY, a decentralized and fragmented approach to risk management can lead to serious liabilities and unanticipated compliance gaps. Operating in multiple countries and regulatory jurisdictions, where no single, uniform legal standard exists to guide your business, only compounds the problem. It's not uncommon to feel overwhelmed by a dizzying array of laws, regulatory expectations, local customs, and financial mandates.

This environment makes it tempting to fall back on a one-off approach to compliance, where you follow more lenient standards in certain jurisdictions and enforce stricter requirements in others. But following this piecemeal approach to governance soon leads to trouble. Communication is difficult at best, and enforcing consistent compliance objectives across global operations becomes nearly impossible.

The damage caused by a fragmented approach to governance, risk management, and compliance (GRC) programs was recently validated in a survey conducted by the Open Compliance and Ethics Group (OCEG), Deloitte & Touche USA LLP, SAP, and Cisco. Nearly two-thirds of 250 survey respondents reported being adversely affected by "silos" within their operations — a result of system, geographic, and organizational fragmentation.

What's the net impact of a disjointed GRC approach on your organization? It

could easily include inconsistent application of standards, duplication of efforts, higher GRC costs, and increased risk, to name a few of the myriad problems.

The three tenets

It's easier than you might think to combat a fragmented approach to GRC. You just need to follow three simple tenets: automate, centralize, and coordinate.

If you're going to improve your compliance — and forever bury a one-off approach — you need to automate end-to-end GRC processes, including corporate governance and oversight, risk management, and reporting. Automation eliminates manual processes and reduces errors — saving you time and money. You'll have more accurate and timely data as well as GRC processes that are both consistent and repeatable across your organization. Without automation, it's nearly impossible to quickly detect, assess, address, or control new risks as they emerge.

You must also centralize your GRC data to ensure consistent and reliable information flow. With a shared services approach, such as a central GRC office with direct reporting lines to your board, your organization can improve risk management and reporting on compliance. Best practices include using corporate policies to centrally manage GRC content and support GRC initiatives across the extended enterprise.

Finally, you want to coordinate your

global efforts and resources so that all employees are dedicated to working together to support GRC functions. By sharing information and using the same compliance, governance, and risk management terminology and metrics, you establish a coordinated approach. Your global policies are communicated to all employees in a GRC "language" that everyone can understand. And training, policy violations, and responses are consistently administered and tracked across geographic boundaries. A policy violation in China, for example, receives the same response and remediation plan as a policy violation in Canada.

If you take an automated, centralized, and coordinated approach to GRC, you'll have the processes in place to apply policies and standards consistently across your global operations, thus boosting employee awareness and understanding of compliance expectations.

Recognize the benefits

As you might expect, removing fragmentation from your GRC processes can generate significant shareholder, operational, and employee benefits. As you improve your approach to compliance, you can expect higher analyst ratings and investor confidence. Operational benefits include reducing the cost and time associated with compliance and garnering more favorable audit findings. Finally, your employee morale and culture will improve as you consistently enforce rules and better align values and compliance standards.

As a global company with significant business operations, you can no longer walk from cubicle to cubicle peeking over partitions to ensure that employees are running the business as intended. It's time to communicate corporate policies and expectations consistently across your organization. If you adopt a structured approach to compliance, you can more easily influence corporate culture and remove the burden of fragmentation from your corporate compliance program. ■

The author can be contacted at melissa.lea@sap.com.



Melissa Lea practiced corporate defense litigation with various law firms before joining SAP in 2002, where she is responsible for policy management and enforcement on a global basis.

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