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Compliance and thermodynamics

By Gerry Zack, CCEP, CFE, CIA

Inspiration sometimes comes from unexpected places. I like to read books on a variety of topics. In one I read recently, the astrophysicist author described the second law of thermodynamics and entropy—neither of which are formal requirements of a compliance and ethics program. However, two statements stood out to me.

The first was that “order does not spontaneously appear,” which makes a lot of sense. It takes effort to establish and operate an effective compliance and ethics program. It doesn’t just happen spontaneously.

It was the second statement that resonated most: “If you leave something alone long enough, it will inevitably decay into disorder.” Entropy inevitably increases. This reminded me of so many compliance and ethics programs. Even the most effective program decays over time. Waiting for the inevitable deterioration in policies, practices, internal controls, and human behavior is a recipe for failure.

Knowing when to make changes when there haven’t been failures or breakdowns (yet) is one of the keys to success for any program. That’s why risk assessment must consider all relevant factors that could lead to a compliance or ethics failure—things like changes in people, technology, and other internal and external factors that impact the nature, likelihood, or severity of a risk.

We never want to change something just for the sake of change. And when we propose making changes to things that aren’t broken, we can be subject to criticism and pushback.

Changes to our programs must be done thoughtfully and strategically, both in response to and anticipation of relevant changes in internal and external environmental factors. If we use this as our basis for making change, we minimize this pushback and prepare our programs for the inevitable changes that lie ahead.

By the way, the second law of thermodynamics is really the third since they start with the “zeroth” law (even though this one was added after the first three). I’m pretty sure this was done just to confuse the Americans who insist on the ground floor of a hotel being called the first floor.

And if you are interested in reading about the leading theories of how our universe will ultimately end, I recommend reading *The End of Everything (Astrophysically Speaking)* by Katie Mack. It’s not nearly as depressing as the premise it is based on and is actually a very entertaining read.

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