

CEP Magazine – August 2020 Risk management starts with the employees

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Speak to any seasoned compliance professional, and they will tell you that everything pivots around risk. Risk is the starting point, the end point, and the single biggest thing that you must always keep your eye on if you want to be successful in compliance.

This kind of thinking belongs in a museum. If compliance professionals would just look over the fence to their colleagues on the business side, they would realize that the graveyard of corporate obsolescence is filled with iconic corporations that made the same mistake: They were so fixated on their products' quality and prices that they completely forgot about their customers' needs and wants.

Likewise, since risk is viewed as the alpha and the omega, compliance professionals are in the business of selling risk management tools and services. But if there is no buy-in from the employees, risk management will also be relegated to the graveyard of outdated and obsolete ideas. That is why everything should start with the “compliance customer” and not with risk.

The compliance professional's customer

But who is the compliance professional's client or customer? Some might believe it is the board of directors; others might say it is the shareholders, as the ultimate goal is to maximize shareholder value; while others might even argue that every stakeholder of a corporation should be the customer or client of compliance. Regardless, it cannot be denied that corporations act through people, and it is these people, through their actions and omissions, who expose corporations to compliance risks. Thus, if you want to serve the larger community, which may include the board, shareholders, and other stakeholders, you will have to start with the people driving the need: the employees. Think of it like children driving the need for toys, even though the parents pay for the toys.

What the customer wants

So what do a corporation's employees—the most important customers of compliance—want? How many compliance professionals have asked this question before? Usually compliance professionals take a rather paternalistic approach, believing that the employees don't know any better and should just do what compliance says—with the support of the board and executive management behind compliance.

There is only one way to sell compliance successfully, however, and that is to start with what the employees want. It is not about what you want, what compliance wants, what the board wants, or what the shareholders want. What do your employees want?

If compliance wasn't an in-house function and the board did not oblige everyone to participate in compliance activities, would compliance have any customers at all? It is at this juncture that many compliance professionals

would argue that tone from the top will never allow the board to abdicate responsibility—that they and the executive management should always be there to police and correct bad behavior.

This is a completely misplaced understanding.

Rather, the role of the board and executive management should be that of influencers, similar to social media personalities whom top brands use to influence customers to buy their products. Through the influencers' behavior, endorsement, and support, their followers are encouraged to use the same products.

At the core of employees' needs is the desire to have access to and the support of a trusted advisor, to know that someone is looking out for them, helping them do the right thing and stay out of trouble. No employee wants to get grilled in a compliance investigation interview, and even fewer want to be investigated and ultimately prosecuted by the authorities. Employees want to know that compliance is not there only for the corporation, but for them as well, and with this support, the corporation also gets the cover it needs to mitigate certain risks.

Once this mind shift is made and the focus is readjusted to the employees' need to feel safe and protected, a compliance professional can bring in the normal machinery of risk assessments, policies, procedures, controls, monitoring, training, investigations, and reports. Compliance professionals will, however, have to rethink the working of all these pieces, as any experienced compliance professional knows that most employees aren't necessarily thrilled to participate in any of these tasks. Why? Because they were designed and implemented with only risk in mind, and they rarely focus on what the employees want.

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