

# ***BUILDING A CULTURE AND NETWORK OF COMPLIANCE***

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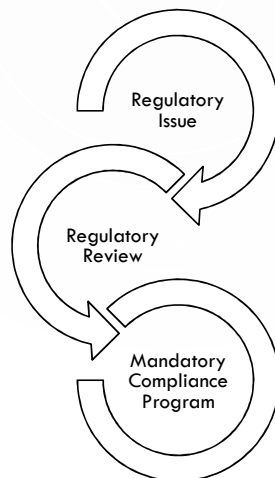
## **OUR GOALS TODAY....**

- Learn the importance of adjusting your compliance program to your mission and values.
- Discuss the importance of being proactive rather than reactive.
- Recognize the culture of “know” is better than the culture of “no”
- How to align with key partners and expand your network.

## CLIMATE AND PRESSURES ON COMPANIES AND INSTITUTIONS INCREASE NEED FOR COMPLIANCE PROGRAMS

- Increased regulatory climate (FCPA, GDPR, etc.)
- Pressure for quality and excellence initiatives across industries.
- Expectations to bring early resolution regulatory problems
- Requirements to detect and mitigate risks from variety of sources
- Challenges to Affect positively the “bottom line”

## HISTORY REPEATS ITSELF OVER AND OVER



**FRAUD, WASTE AND ABUSE  
DETECTION, PREVENTION AND CORRECTION  
COMPLIANCE PROGRAM ELEMENTS**



***SO HOW DOES AN EFFECTIVE ETHICS  
AND COMPLIANCE PROGRAM ADD  
VALUE TO YOUR BOTTOM-LINE ROI  
AND CULTURE?***

## TRADITIONAL ROI APPROACHES: SOME THINK THIS ALONE CREATES A “COMPLIANCE CULTURE”

- Document the loss of revenue
- Document the cost of fines
- Document the cost of mitigation after an audit, fine, or penalty
- Document the savings resulting from a new initiative
- Document revenue created from implementation of a new initiative or program

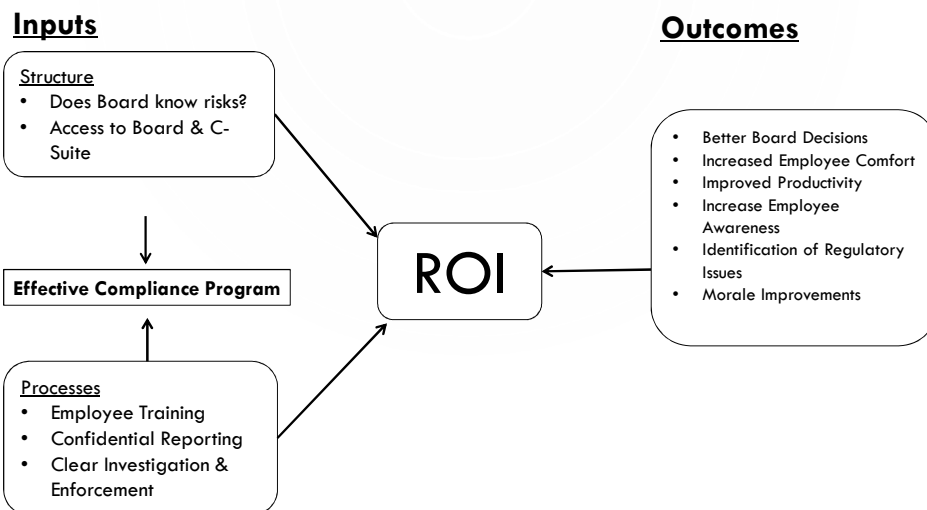
## “STICK” APPROACH DOESN'T ALWAYS WORK TO ESTABLISH A CULTURE OF COMPLIANCE

- Company has not received any fines
- “Business as usual” works generally
- “Good” business practices
- “It won’t happen to us—we’ll take the risk”
- “See no evil, hear no evil, speak no evil”
- Creates a culture of “NO”

## CREATING A CULTURE OF COMPLIANCE—YOUR PROGRAM MUST BE SEEN AND VALUED AS PREVENTION

- Major effort of compliance structure is to prevent issues, fines, and reputational lost.
- Measuring something that “never happens” is a challenge
- Compliance ROI and a positive culture is more about “staying ahead of the curve”
- Very little, if any, data on ROI for compliance programs

### EFFECTIVE COMPLIANCE PROGRAM AFFECTS CULTURE



## AUDITING & MONITORING: DEFINING COMPLIANCE AS PREVENTION

Compliance Program Costs

Risk Review & Mitigation Process

Balance

Cost of  
non-compliance  
events

Compliance Training Needs  
Compliance Program Reviews  
Mitigation Processes

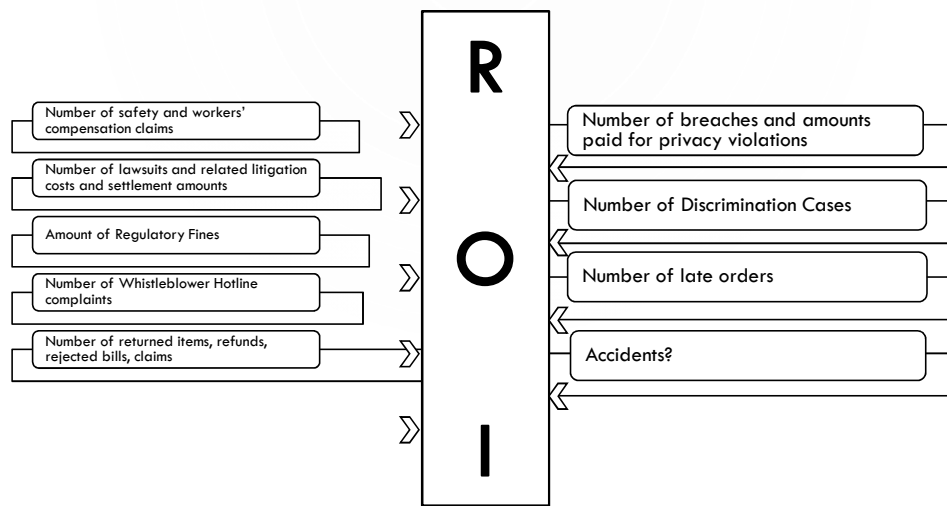
Balance

Cost of  
compliance  
management  
operations

ROI Measures:

- Avoidance of bad events
- Decrease in negative cost outlays
- Increase in reputation & retention

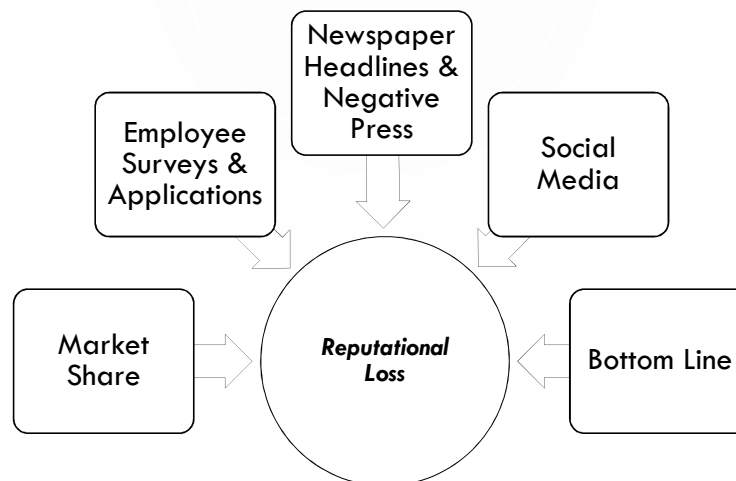
## COMPLIANCE METRICS FOR CULTURE ROI



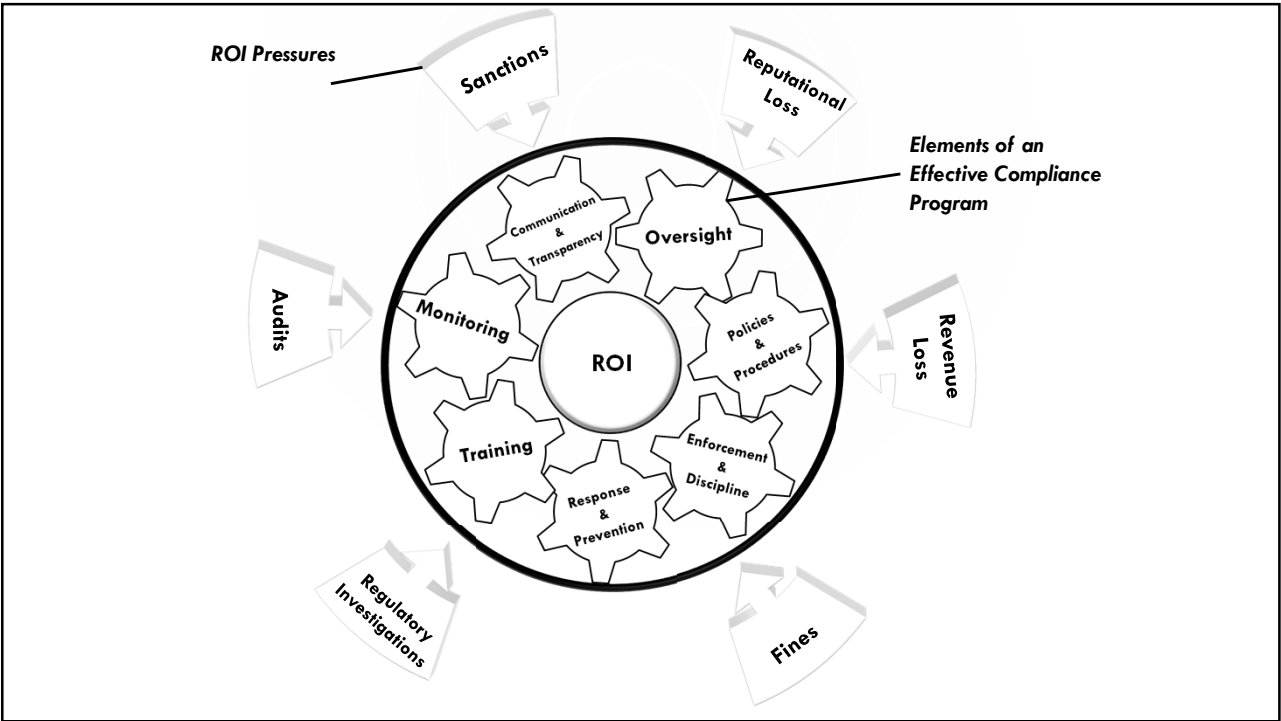
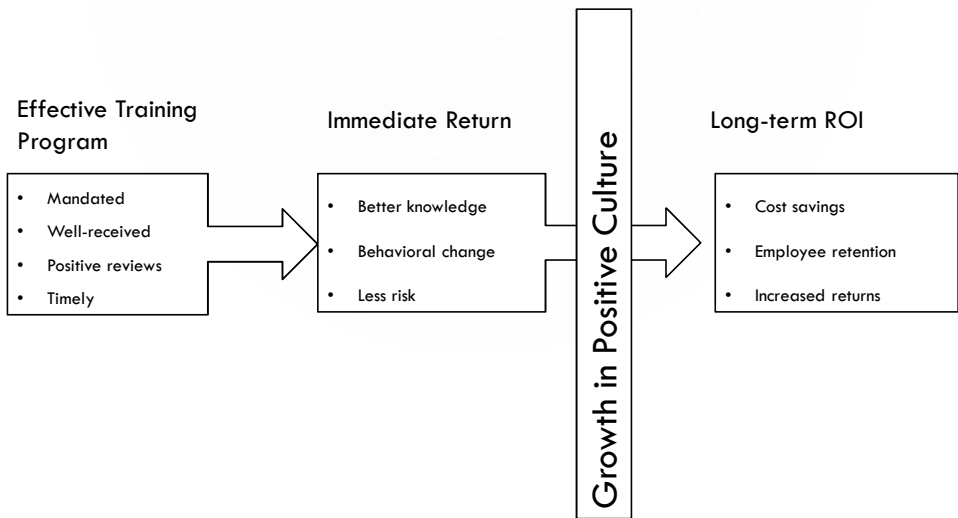
## KEY OUTCOME FOR EFFECTIVE COMPLIANCE PROGRAMS: REPUTATION & ETHICAL CULTURE

- Reputation is key for most company's bottom line—key factor for PSJH
- Whether a product, a program, a service, an investment, or advice—reputation drives profits and business
- Effective compliance program supports and enhances reputation
- First requirement for government fines: COMPLIANCE PROGRAM
- Loss of branding momentum

## COMPLIANCE METRICS FOR REPUTATIONAL LOSS



# COMPLIANCE TRAINING AFFECTS POSITIVE CULTURE: TOWARDS A CULTURE OF “KNOW”



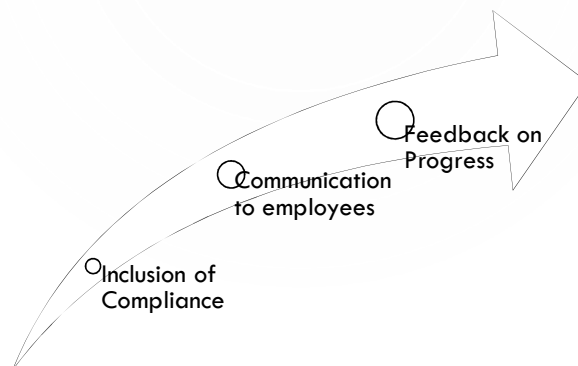


## TOWARDS A CULTURE OF COMPLIANCE

- “Corporate culture is a key differentiator between the companies that sustain winning performance and those who barely meet average benchmarks. Those who get it right thrive when culture and strategy work together. Culture is invigorated when who you are on the inside, and who you are on the outside, is aligned.”
- **72% of executives say culture is extremely important for organizational performance**  
*...but only*
- **32% say their organization’s culture is fully aligned with the business strategy**

SOURCE: [https://www.bluebeyondconsulting.com/management-consulting-services/corporate-culture-consulting/?Gclid=CJ0KCGJWxv8DBRC0ARISAKMEC9AFOI2IEDJ7SOZ7CI81LPJF7CKIKYPWEIN1ZMGMBD562WKDTSWFRJCAALZFALW\\_WCB](https://www.bluebeyondconsulting.com/management-consulting-services/corporate-culture-consulting/?Gclid=CJ0KCGJWxv8DBRC0ARISAKMEC9AFOI2IEDJ7SOZ7CI81LPJF7CKIKYPWEIN1ZMGMBD562WKDTSWFRJCAALZFALW_WCB)

## KEY STEPS FOR BUILDING ON A COMPLIANCE FOUNDATION

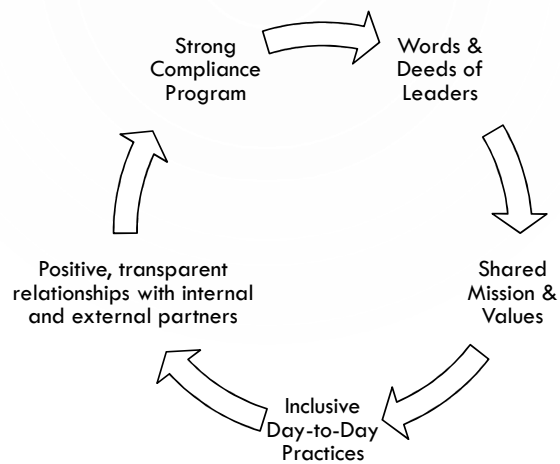


## ***CULTURE OF COMPLIANCE: TONE AT THE TOP AND BEHAVIOR FROM THE TOP***

- **Unitary Policies and Procedures**
- **Penalties and Recidivism**
- **Hiring Practices**
- **Training**
- **Incentives**
- **Resolving Conflicts of Interest**
- **Aligning Interests for ethical decisions**

SOURCE: MICHAEL NEUS, NYU SCHOOL OF LAW

## **CREATING A CULTURE OF COMPLIANCE**



## ***BUILDING A CULTURE OF COMPLIANCE....***

- setting the right tone from the top;
- developing and embedding an effective value statement;
- promoting an open culture within the organization;
- developing a whistleblowing procedure;
- providing impartial, confidential advice on ethical issues for employees;
- developing and embedding an organizational code of conduct;
- training staff in ethics;
- rewarding ethical behavior;
- ensuring disciplinary procedures are effective;
- monitoring organizational integrity, and the effectiveness of techniques.

SOURCE: [HTTPS://WWW.CILCO.UK/KNOWLEDGE/POLICY-AND-PUBLIC-AFFAIRS/ARTICLES/ETHICAL-CULTURE-BUILDING-A-CULTURE-OF-INTEGRITY/27326](https://www.cilco.uk/knowledge/policy-and-public-affairs/articles/ethical-culture-building-a-culture-of-integrity/27326)

## **QUESTION FOR YOU...**

- What are you doing to:
  - Walk the talk?
  - Engaging your employees?
  - Making ethical decisions and demonstrating those actions?
  - Encouraging feedback, questions, and dialogue
  - Demonstrating the importance of compliance for BBNC

QUESTIONS?