



CURRENT VIEWS ON COMPLIANCE & GOVERNANCE

Larger, highly regulated and complex businesses started discovering in late 2003/2004 and still in 2005 that they needed to make some significant improvements in business performance, not just for financial reasons. The improvements were being "forced upon them" by external regulatory bodies to demonstrate to "the regulators" that they would meet increasing levels of corporate governance which have arisen through such areas as Sarbanes Oxley, CLERP 9, CoBIT, COSO, and so on.

Many organizations are also now facing increasing scrutiny to ensure they meet their ISO accreditation requirements and in Australia, US and UK, if you are dealing in the defense sector then you have defense agency requirements to meet as well!

As a result, there can be a "knock-on effect" into the medium and small business sector areas, that are facing increasing levels of regulation and compliance as a direct spin-off and these areas are traditionally not well equipped to handle this extra level of paperwork that these regulations inevitably bring!

HOW DID THIS COME ABOUT?

The requirement to demonstrate "compliance through corporate governance" has evolved after the collapse of many large corporations (Enron, Worldcom, Parmalat, HIH, FAI and many others) through "lack of accountability and transparency" in reporting and management systems.

The fundamental requirement has arisen out of shareholder dissatisfaction and government dismay and dissatisfaction over corporate collapses that leave many unemployed, preceded (or followed) by large debts owing to creditors and other parties, which results in significant economic damage in the local, and sometimes wider areas, for a long period of time.

In analyzing the fallout from these collapses, a common thread emerges through the press commenting on the investigating report/s that invariably identifies (amongst other things) that an organization had inherent weaknesses in its "internal processes and procedures".

OUR VIEWPOINT

Most of the regulatory bodies (stock exchanges/governing councils, peak bodies) are focusing on "Governance" at the corporate director level and "C" level positions e.g.; CEO, CIO, CFO etc.

Our firm belief is that "governance" MUST be cascaded through every layer throughout the organization, starting with clear direction from the top, and then deployed appropriately at each level. This is a vital aspect, because if it hasn't been properly explained and deployed "in-practice" at all levels, then when it comes to demonstrating that compliance has been achieved and met, those at the top level will be hard pressed to comment and explain the true position with any degree of assurance.

One of the key issues many overlook is the amount of training that is required in this area at the lower levels and we have some practical hands-on experience about how this can be delivered effectively to your teams.

GOOD DOCUMENTATION IS FUNDAMENTAL

To have governance cascaded right through the whole organization at all sites, many often overlook the fact that you probably already have "some of the documentation" to meet "most of what you need".

It's probably not up-to-date and probably a bit out of touch with the current situation, but it can be readily built and presented in a manner that helps you meet compliance goals and keep an eye on the currency of the information so that it keeps step with changes occurring around you.

Further analysis illustrates that some of the fundamental issues that have resulted in "failed business performance" emanate from "out-of-date" or "poorly written" internal policies and procedures, which are used to run and operate the business entity.

Previously the documentation to "run the business" i.e. it's Policies and Procedures was held under the name of the "Quality Management System". We like to call this the Business Management System, as the repository of all the policies, procedures and forms needed to operate the business effectively.

To achieve "good documentation" appoint a "champion" who understands the business imperatives and also understands the need for regulation and compliance. The role of the champion in this area is fundamental to success for your organization!

KEEPING UP WITH CHANGES

Many organizations are struggling to maintain their ISO accreditation due to the rapid changes occurring in their own industry and sector area. Not to be underestimated are the large numbers of external regulation changes that are occurring and published daily through government (federal, state and local) and industry body regulators.

In 2004, to manage the myriads of changes to the documentation, and the documentation itself, contained within the business management system, businesses are discovering that they need a purpose built solution with unrivalled flexibility, which can deliver up-to-date documentation in a controlled format. They also need "procedural" documentation that is easy to read, and can be operated without interpretation.

Changes are coming "thick and fast". Keeping up with them is a MUST if the organization is required to demonstrate that they are compliant. Appoint "a gatekeeper" who can filter what is coming inbound that affects your organization (not every change will) and then work out how you are going to implement the changes needed to stay compliant!

WHO IS AFFECTED BY COMPLIANCE?

It doesn't matter what industry sector you are in the issues of compliance and corporate governance will affect the way you do business and demonstrating that you are compliant through your Business Management System will reduce your risk in a number of areas. Compliance and Governance affects;

<ul style="list-style-type: none">• directors, owners, stakeholders,• managers,• accountants,• lawyers,• computing professionals,• medical profession,• banking,	<ul style="list-style-type: none">• financial services,• manufacturing,• government sectors,• small business owners,• health and aged care bodies,• local government associations,• not for profit organizations, etc
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THE CHALLENGE!

Our challenge to you is to take a good look at what you are doing in terms of compliance and governance and if you find that you are needing some assistance in cascading the impact through the organization at the lower levels we can show you some techniques that have proven effective in other organizations already to helping them demonstrate that they are meeting compliance requirements. If you are interested contact Rob Harmer at the address below for a confidential discussion on how we can help you simplify the delivery of key messages to staff in this area.

Good Luck! No, that's not correct, its really only through good planning, identifying what is relevant and filtering out what really needs to be done to keep you up-to-date, then implementing the changes, deploying them and making sure staff fully understand what is expected as a result of these new requirements. Organizations that adopt this approach will survive and have a competitive advantage over others who keep following sloppy work practices!

About The Author

Rob Harmer is the Principal Consultant for Rob Harmer Consulting Services Pty Ltd. He comes with hands-on experience in delivering training on Company Compliance cascaded down through the organization. Previously a Senior Executive Manager, with significant experience and achievements in all aspects of business management, process mapping, capability development, risk management, staff development and writing responses to complex bids and tenders. Champion for relevant business management skill development, delivery, training and mentoring. Experience has been direct from operational, corporate and service sector environments within the defense, manufacturing, management accounting, technology and consulting sectors.

Rob has expertise in developing strategic plans and leading business improvement projects as well as creating and conducting training programs for staff. Significant contributions made to organizational and cultural change, business improvement, capability development and balanced scorecard, resulting in verifiable gains in business process improvements leading to tangible cost savings. Project management roles in systems implementation and process re-engineering in range of senior executive positions, using adaptive techniques to leverage best practice into and across the organization. Experienced in enhancement and improvement of Quality Management Systems to exceed the stringent requirements of the international ISO9001 Quality Assurance Standards.

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