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Managing Compliance at a Compliance Company

By Ben DiPietro



Carrie Penman, chief compliance officer, Navex Global.

Navex Global

Carrie Penman, chief compliance officer at Navex Global, which helps companies manage their ethics and compliance programs, talks about the particular challenges that come with overseeing compliance at a company that provides ethics and compliance services.

Does being an ethics and compliance company raise the bar for your own ethics and compliance program?

Ms. Penman: It does raise the bar. I do believe we are held to a higher standard because we are an ethics and compliance business. With regard to our employees, I think I have a really nice opportunity because all of our employees are ethics and compliance professionals so they are much more attuned to the issues. I think that makes my job a whole lot easier because I have an entire team devoted to ethics and compliance in some shape or form.

How does having knowledge of what is happening in compliance and what your client

companies are doing shape the way you approach compliance?

Ms. Penman: It is really helpful in both directions. I also run the advisory services practice of Navex so I have an opportunity to learn from being on the receiving end of requirements that come from our client companies to us. For example, code certification and training requirements—you realize when companies are providing requirements to their third parties that you really have to think about what you're asking. As an example, many of our clients ask us to sign or certify to their code of conduct or their policies and procedures, and it's not possible for us to train our employees on 8,000 client codes and policies so it is critical we have a state-of-the-art program we can show to our clients to meet their expectations. Also, it allows me to give good guidance to our clients on some of the potential impacts they may not have thought about with regard to third parties that work with them.

Do companies in similar industries face similar challenges, or are the issues more generic than that?

Ms. Penman: I think an industry's risk profile derives a lot from the approach and cost of their programs, as well as geography and how well they drive their risk profile. I think the common denominator is people, and when you're dealing with people in any organization I think you are going to face many of the same challenges—namely that people need to know and understand what is expected of them and know leadership will support them in making the right decision and raising issues. It's important to focus on culture, with a strong understanding of risk areas so clients can structure their programs. What is needed across all industries is an understanding of culture and creating a culture that will support good ethics and compliance.

How much resistance do you face as a company that is coming into an organization's culture and offering advice and services?

Ms. Penman: If we are asked to come in then the leadership has already made the decision that they want to know our advice and want to understand best practices, so that helps a lot. We also find when we do interviews and focus groups that—and I found this in my own experience—99.9% of employees want to come to work and do the right thing. So what an organization needs is to ensure they're creating a culture and environment where employees can come to work and know they can achieve goals and objectives the right way. That's why the focus is on culture.

What trends do you see in how companies are approaching their compliance?

Ms. Penman: A trend that concerns me is the positioning of the ethics and compliance function. In 1994 when I first started as a compliance officer at Westinghouse I reported to the chairman and CEO. I had a relationship with the general counsel but my reporting relationship was to the CEO and it was a standalone function. Now I'm seeing organizations that believe the role of the ethics and compliance professional is to put processes in place and walk through the

framework of best practices and say 'Yes we have this' or 'No we don't.' It's becoming more of a project management role as opposed to truly impacting the risk process, which I think is where we need to be.

What issues do you see bubbling up that may not be center-of-mind yet with companies?

Ms. Penman: One particular area I am passionate about is understanding how and why employees raise issues. I don't know if organizations really have a good handle on how to react and respond to the various whistleblower bounties, or the role of compliance officers in raising issues externally, or just the whole management of the whistleblower approach. There is a lot of conversation about whistleblowers—that's the word everybody uses to describe employees who raise issues and it's a word I dislike vehemently. I prefer to refer to our internal employees as reporters. We train them that it's our expectation that if they see something wrong they will raise the issue. What worries me is we put a label on people that has a negative connotation. That is something industries and companies can do a better job of—how to define, manage and respect those employees who have come to them with an issue.

Where do you report within Navex's corporate structure? What is the compliance budget?

Ms. Penman: I report directly to the CEO and also as needed to the board. In terms of resources, I work very closely with human resources and the legal department and we team or partner a lot. I also have full access to all of Navex's software and services. I use the hotline system, our web reporting system. We use our policy management system to manage all our policies, we use our online training as a big part of our training. These are services I don't have to pay for.

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