

Building a Scalable Compliance Infrastructure

Leveraging A Liaison Network – Additional Reading

**Building the
Business Case**

**Establishing
Structure and
Staffing**

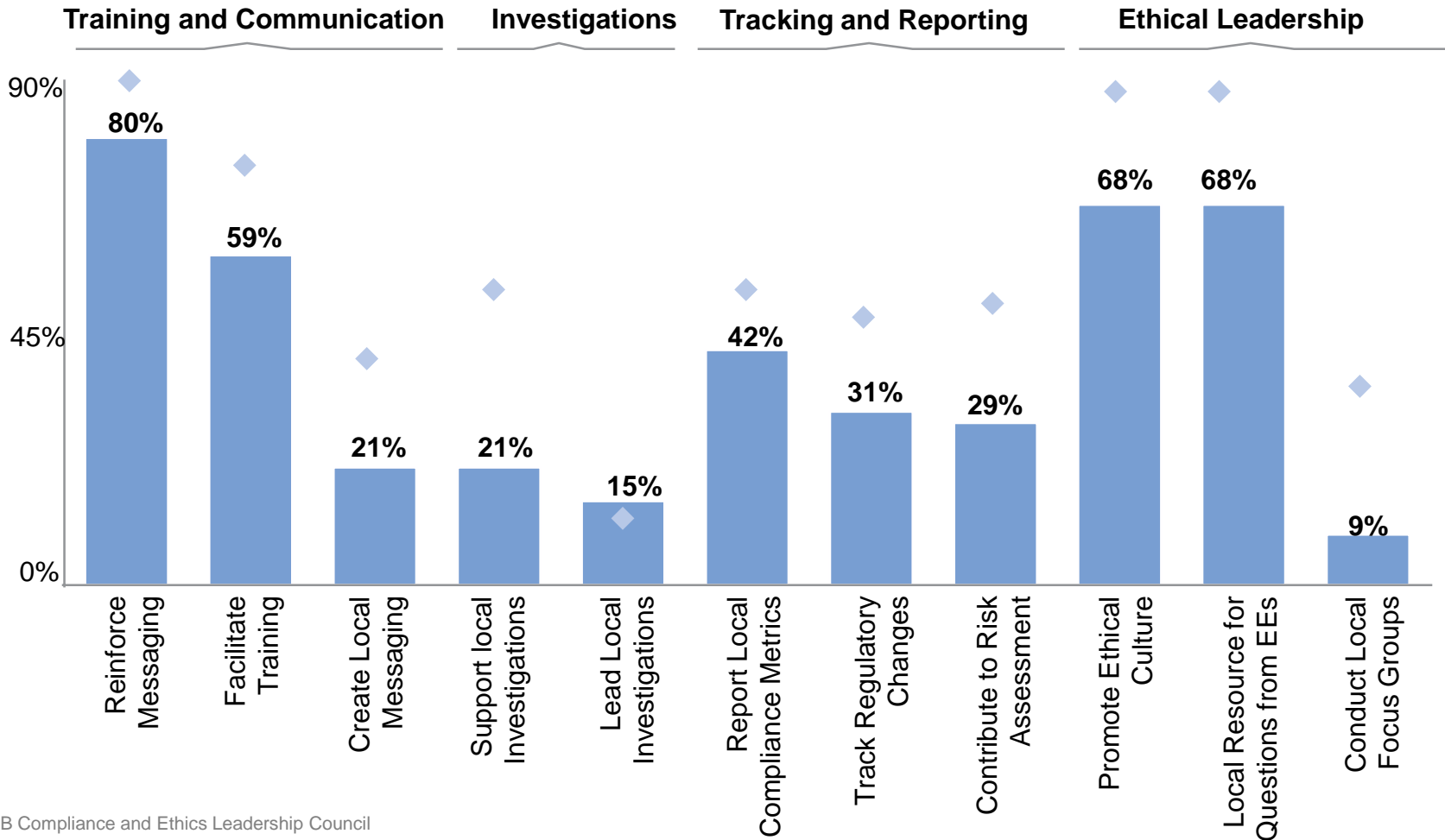
**Optimizing
Liaison
Performance**

- What do we want our liaisons to do?
- How many liaisons do we need?
- Where do we need liaisons?
- How do we select and qualify liaisons?

Determine the Skillset(s) Needed for Liaisons

Differences Between Job Expectations and Actual Liaison Activities
Percentage of Liaison Programs with Activity in Job Description and Liaisons That Do the Activity, 2014

■ Expected of Job
◆ Actual Liaison Activities
n = 34 companies



Example Liaison Attributes Table

Objective	Critical Attributes
Training and Communication	<ul style="list-style-type: none"> • Effective at engaging and communicating to an audience • Respected by peers • Knowledgeable of local customs and/or language
Investigations	<ul style="list-style-type: none"> • Composed in listening to sensitive information • Knowledgeable of relevant regulations and internal policies • Capable of partnering with different internal stakeholders • Trustworthy
Tracking and Reporting	<ul style="list-style-type: none"> • ? • ? • ? • ?
Ethical Leadership	<ul style="list-style-type: none"> • ? • ? • ? • ?
Contact with Compliance Program	<ul style="list-style-type: none"> • ? • ? • ? • ?

Sample Liaison Job Responsibilities: Global Pharmaceutical Company

Responsibilities	Individual Requirements
Provide functional leadership with input for transparency certification & any future certifications	Well respected by management and peers
Assist in developing communications & training materials	Under consideration for development opportunities – currently out of scope
Assist Compliance in “red team” activities	Interested in the Compliance functions
Serve as functional area voice to Compliance to identify specific issues/needs	<ul style="list-style-type: none"> • 2 year opportunity; • 5% time commitment; • Kick-off - late summer, prior to Sales meetings • Training
Support Audit or Monitoring activities/remediation	Understands importance of confidentiality

Considerations for Scoping Liaison Network Size

- Deploy a liaison program size (number of liaisons) that maximizes Compliance's impact per liaison.
- Understaffed liaison programs fail to fully maximize the economies of scale in building and maintaining a liaison program.
- However, overstaffed liaison programs yield indirect costs of disorganization and burden that outweigh the marginal benefits of additional liaisons.
- Consider your company's regulatory intensity and employee size in determining the most efficient liaison program size.

Scale Appropriately to the Organizational Structure

Planned Liaison Network Size = 7

Too High

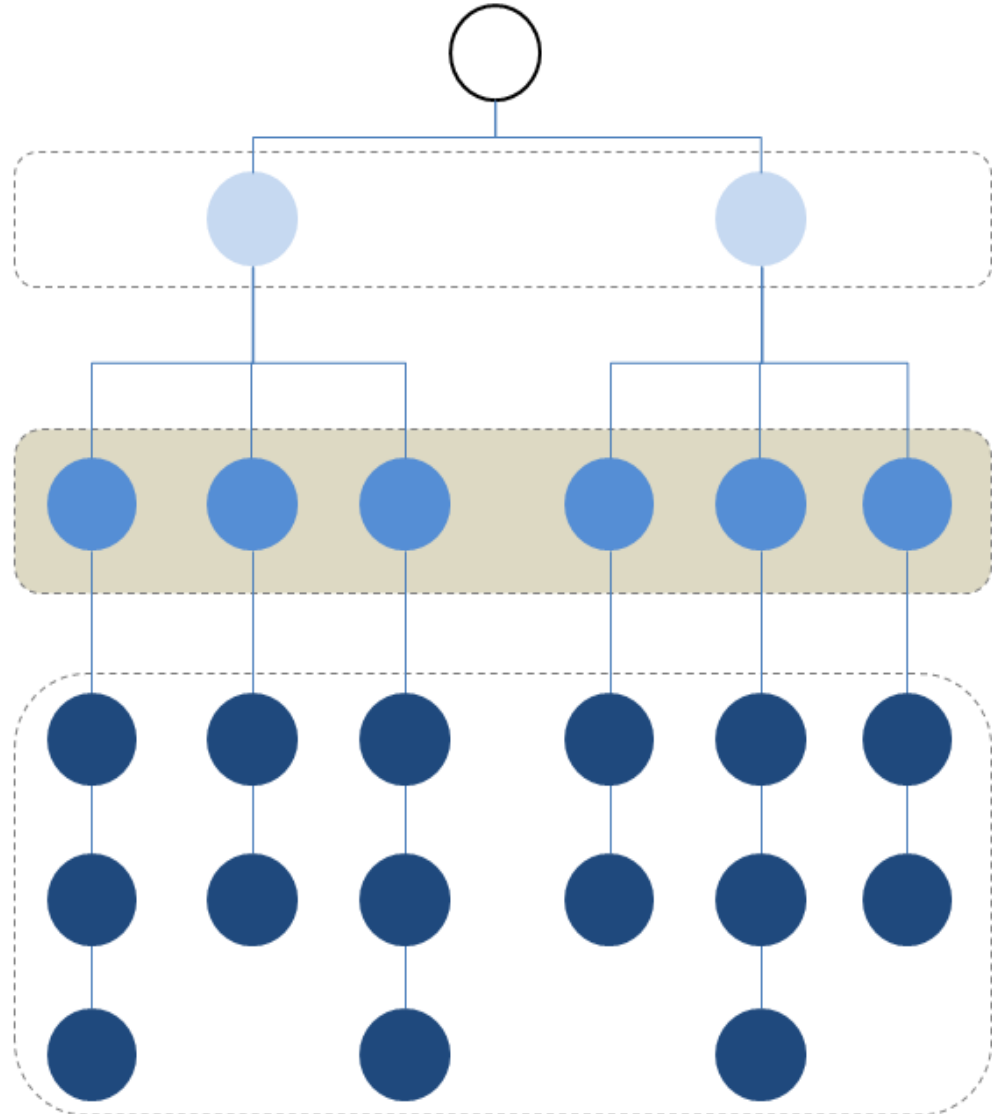
- Too removed from local employees
- Too few divisions make distribution difficult

Good Fit

- Easier to distribute evenly
- Closer to middle and local management and employees

Too Low

- Too removed from middle management
- Difficult to evenly distribute across so many subgroups
- Requires more sophisticated prioritization criteria to distribute liaisons



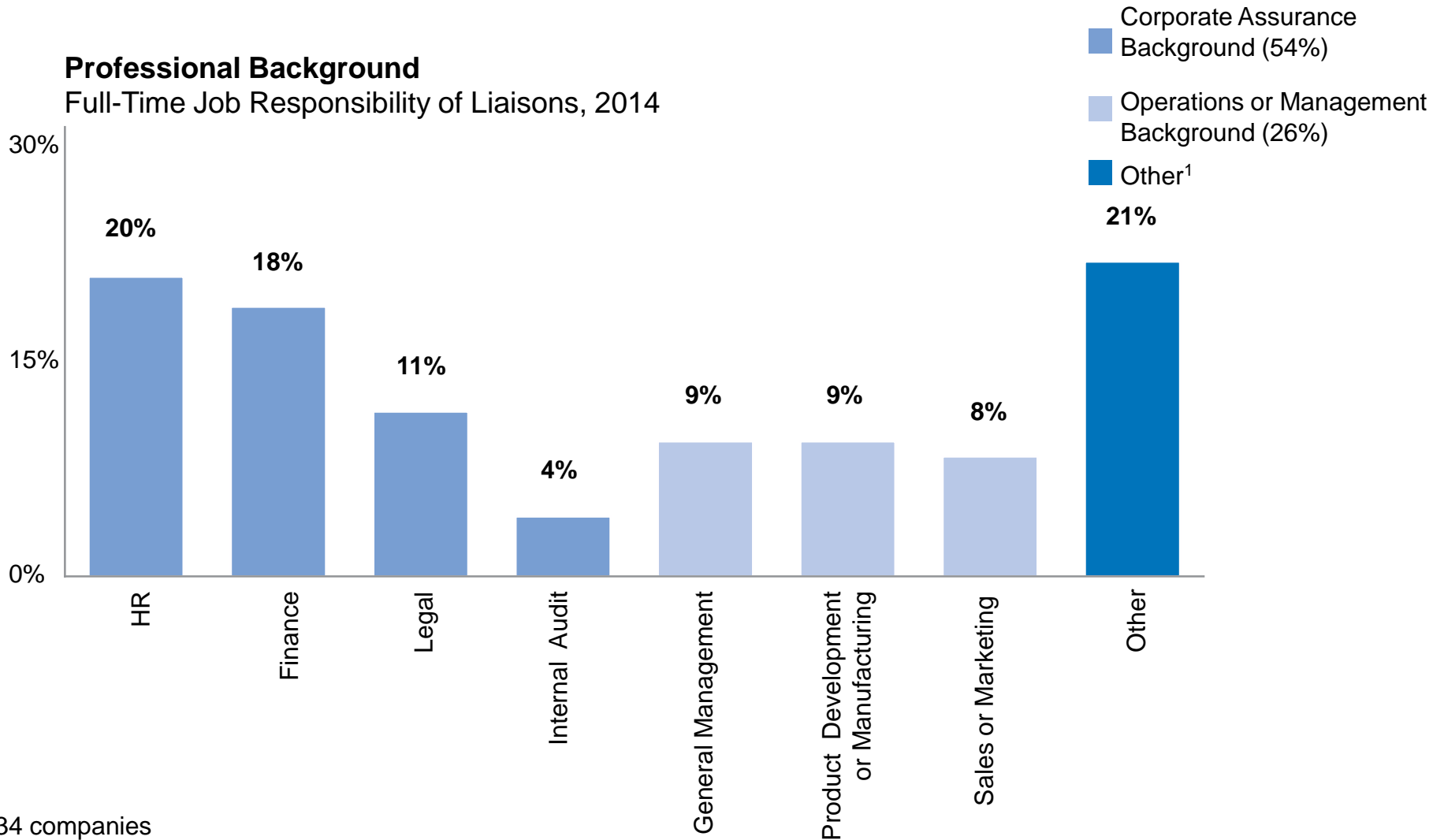
Consider Risk and Size When Prioritizing Liaison Coverage

Risk Profile	High	<p>High Risk, Small Employee Size</p> <p>Consider adding an additional liaison or two to mitigate the high inherent compliance risks.</p>	<p>High Risk; Large Employee Size</p> <p>Seriously consider adding multiple liaisons to mitigate the high inherent compliance risks and increase the impact of compliance in proportion to the employee size.</p>
	Low	<p>Low Risk, Small Employee Size</p> <p>Maintaining one liaison in this division sufficiently increases Compliance's impact and avoids liaison overpopulation.</p>	<p>Low Risk, Large Employee Size</p> <p>Consider adding an additional liaison or two to increase the impact of compliance in proportion to the employee size.</p>
		Small	Large
		Size	

Functional Lines Tend to Serve as Liaisons

Professional Background

Full-Time Job Responsibility of Liaisons, 2014



n = 34 companies

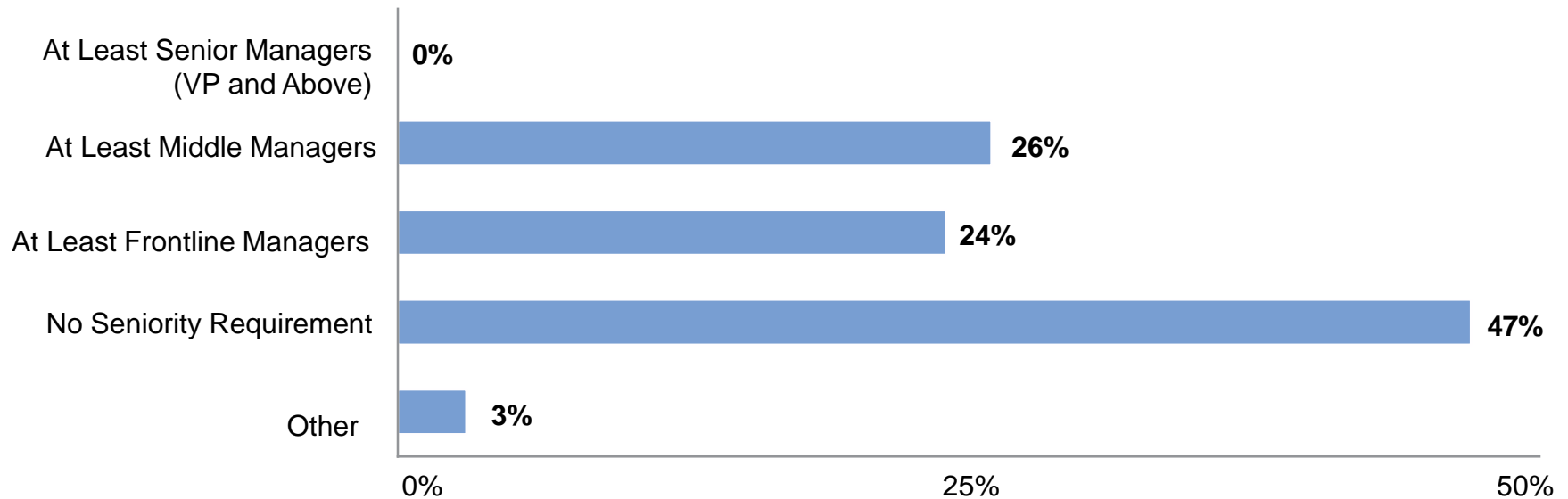
¹Other responses include Procurement, Operations, Quality, Facilities, Security, Public Affairs, Corporate Social Responsibility, ERM, IT, and Supply Chain.

Consider Comparative Advantages of Potential Liaison Groups

Group	Advantages
Legal	<ul style="list-style-type: none"> • Well-connected to compliance program • Knowledgeable of relevant regulations and internal policies • Detail-oriented and thorough
HR	<ul style="list-style-type: none"> • Personable in listening to sensitive information • Aware of proper allegation channels and investigations procedures • Knowledgeable of relevant regulations and internal policies (e.g., employee relations)
Finance	<ul style="list-style-type: none"> • ? • ?
Senior Business Manager	<ul style="list-style-type: none"> • ? • ?
Line Manager	<ul style="list-style-type: none"> • ? • ?

Liaison Seniority

Minimum Requisite Level of Seniority, 2014

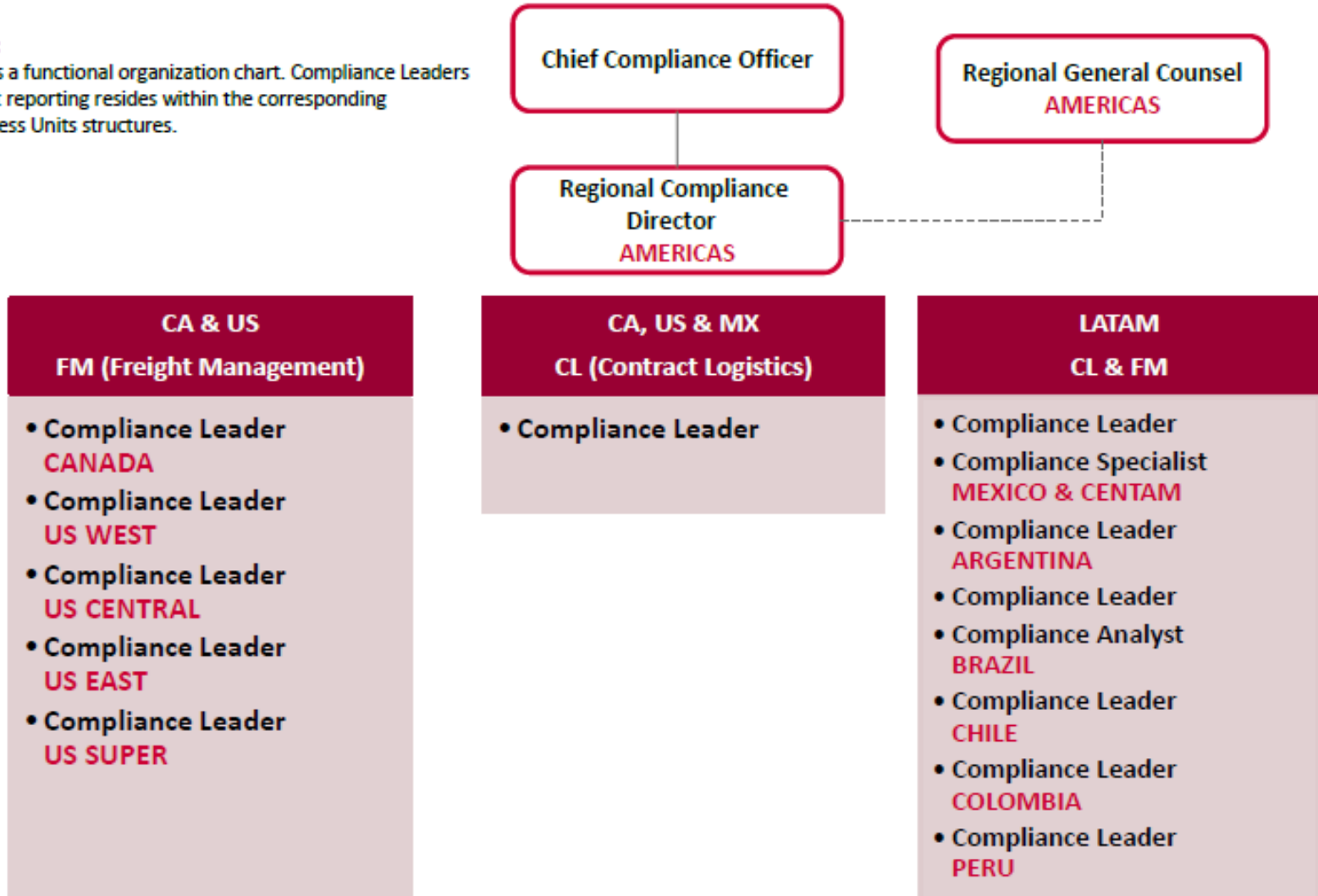


n = 34 companies

Example Liaison Structure: Global Logistics and Supply Chain Company

Note:

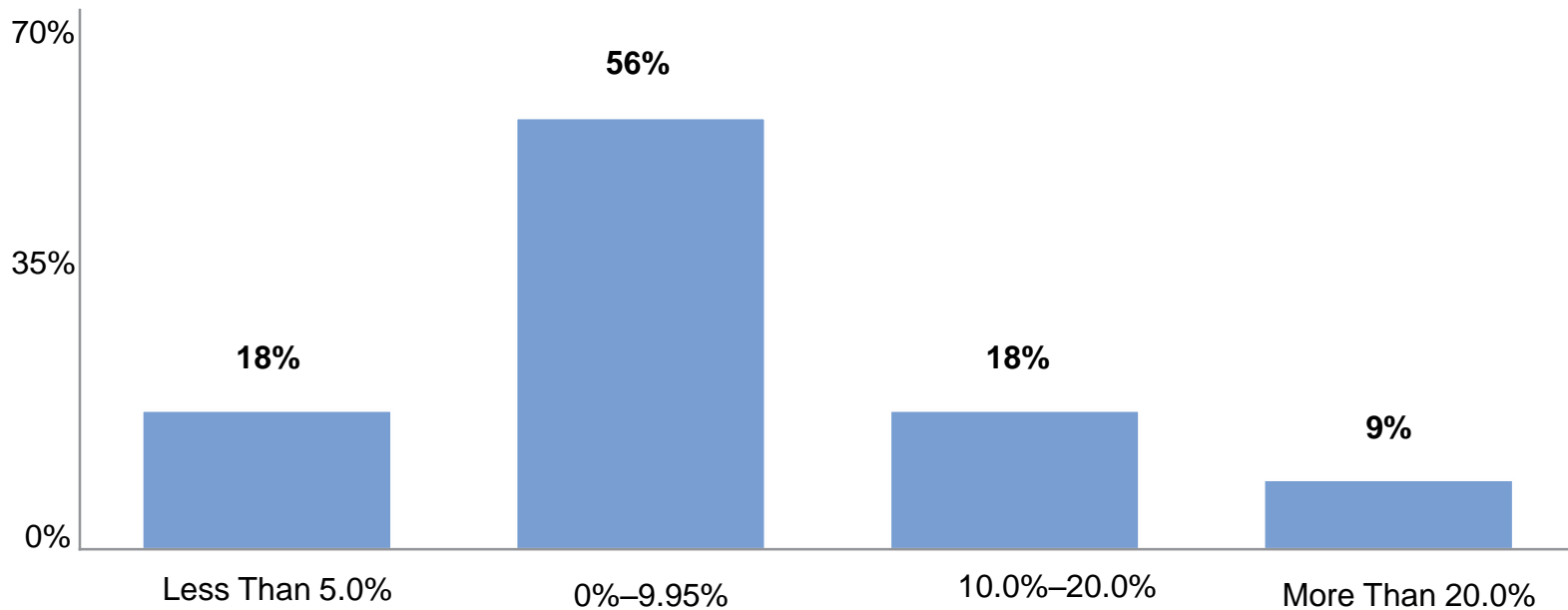
This is a functional organization chart. Compliance Leaders direct reporting resides within the corresponding Business Units structures.



Most Companies Ask for Five Percent of a Liaison's Time

Liaison Time Commitment

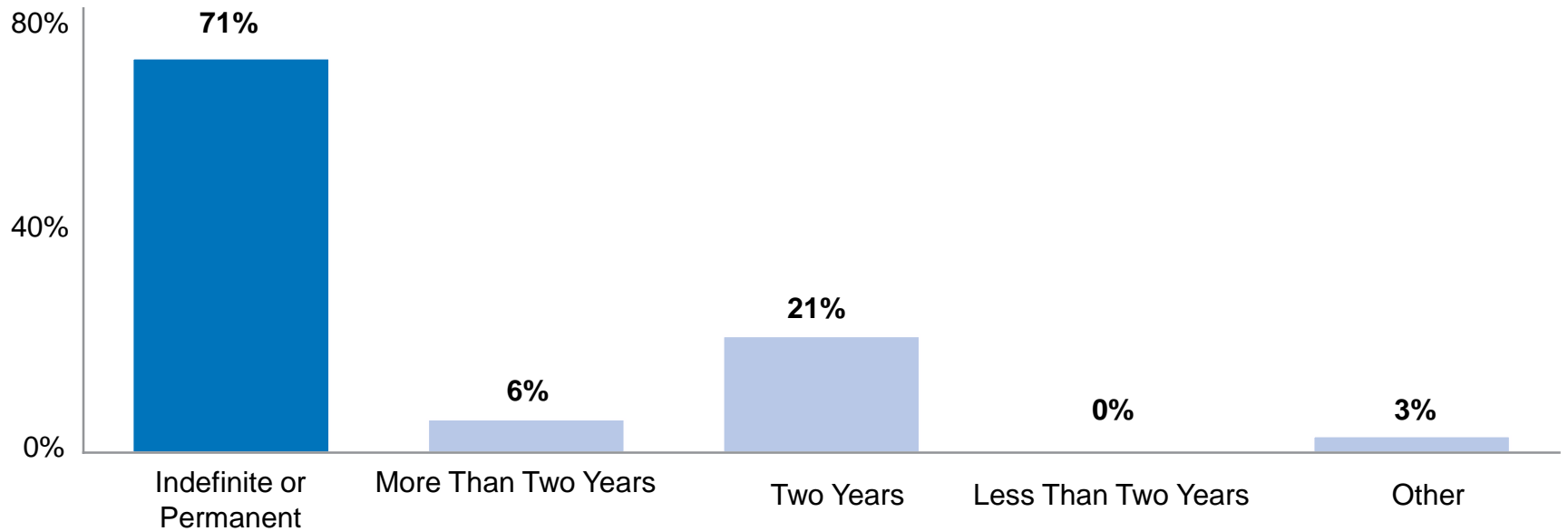
Percentage of Liaisons' Time Dedicated to Compliance and Ethics, 2014



n = 34 companies

Most Companies Do Not Set Limits on Service Periods

Liaison Rotation Length
Percentage of Respondents, 2014

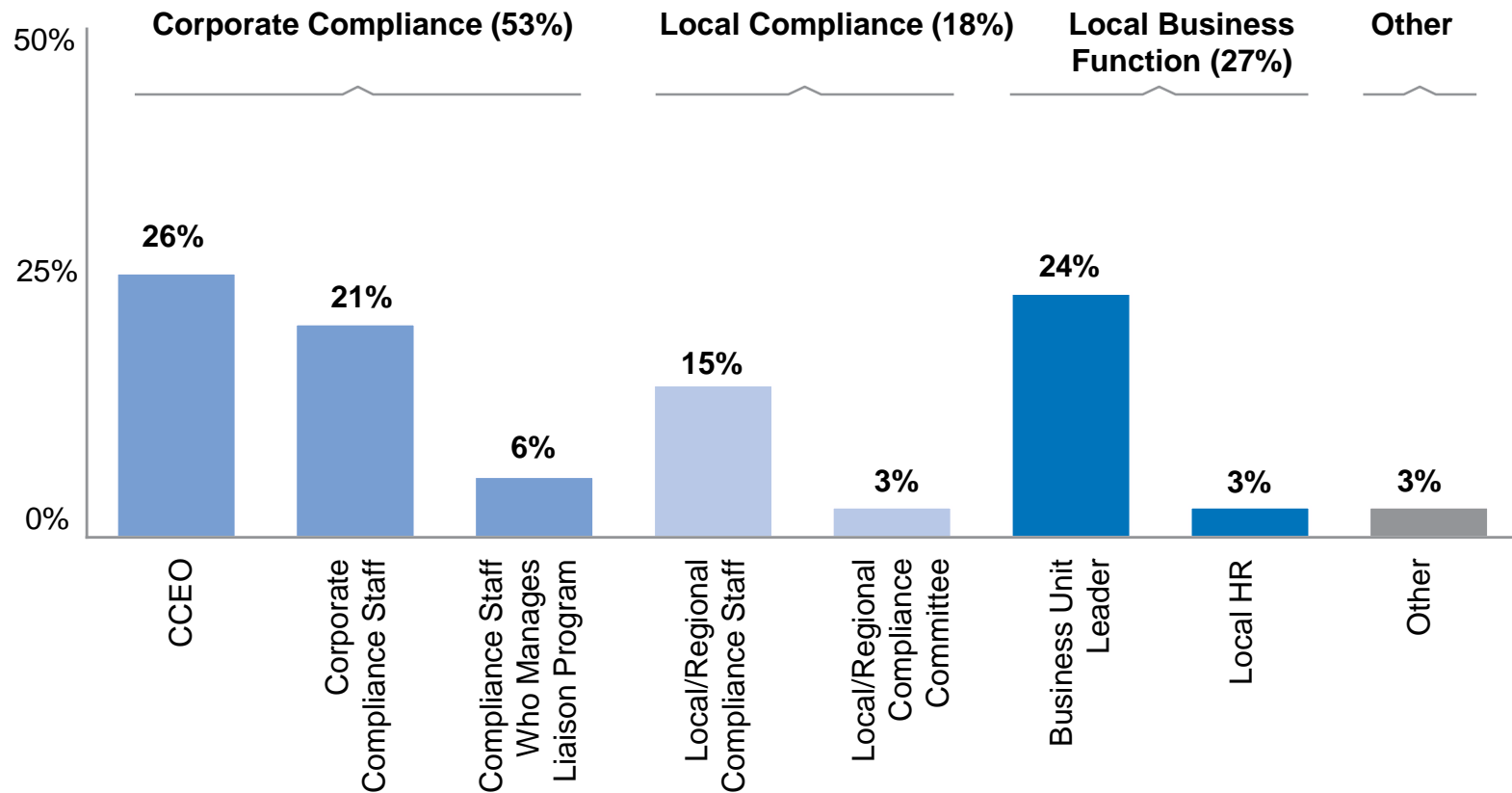


n = 34 companies
Total may not equal 100% due to rounding.

Variation in Liaison Reporting Structure

Liaison Reporting Lines

Percentage of Liaisons with a Dotted Line Reporting Relationship to Different Roles, 2014



n = 34.

Total may not equal 100% due to rounding.

Rely on the Business to Source Good Candidates

- Involve existing liaisons and managers to build early buy-in
- Arm local “nominators” with the following details so that they can make an informed decision:
 - Introduction to the liaison program
 - Job responsibilities of a liaison
 - Critical competencies and attributes required of liaisons
 - Nominator’s role and expectations in selecting a liaison
- To ensure a fair selection process, involve multiple parties within a local site to submit nominations
- Avoid Cronyism: Ask stakeholders to give feedback on all nominations and select those candidates who have the strongest stakeholder agreement

This extract is from CEB Compliance and Ethics Leadership Council research on *Building and Sustaining a Liaison Network*, including:

- Additional Benchmarking Data;
- Liaisons Implementation Toolkit;
- Member webinar series on this topic.

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To learn more about CEB Compliance and Ethics, please visit www.ceburl.com/compliance-ethics