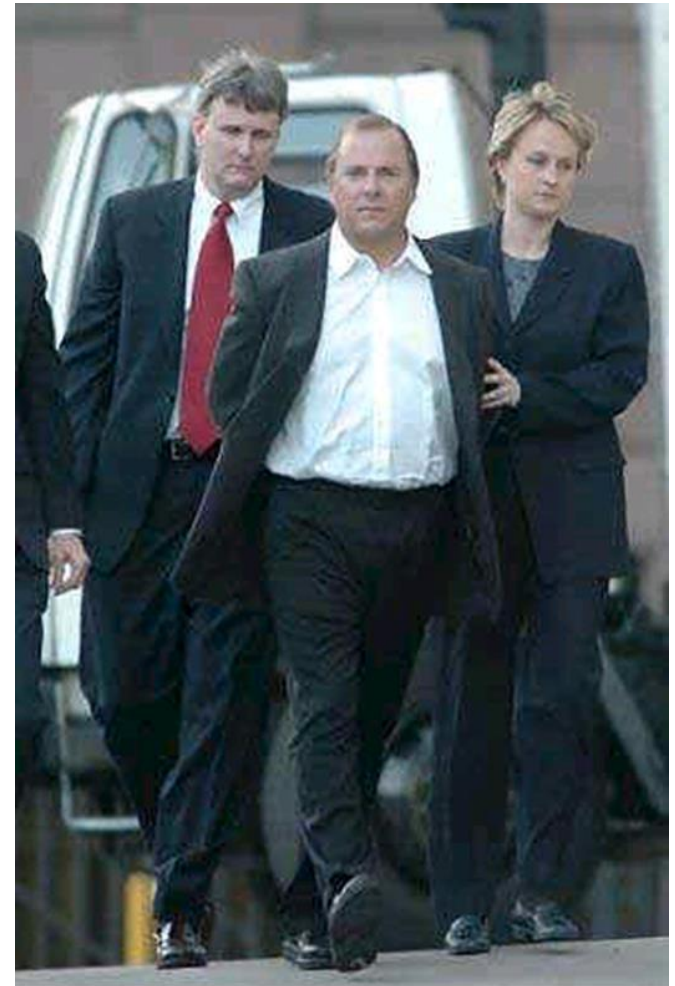


# Compliance

*A value generation perspective*



*Jeffrey Skilling,  
HBS MBA 1979*

# About Nino

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Antonino Vaccaro is a full professor at IESE Business School, the 1<sup>st</sup> business school in FT ranking for executive education. He is responsible of compliance and social innovation courses.

Before joining IESE he was the Executive Director of CEBE at FCEE-UCP (Lisbon) and a Research Fellow at Carnegie Mellon University.

He worked and work on forensic consultancy project with companies such as : *FIAT, Artsana, Volkswagen, Southern Company, Tecnoreef, Alcoa (Defense), the Italian Government, the United Nation (Global Compact), EDP,, The Spanish Minister of Economy, etc.*

Nino works with many **European police forces**, serves as **expert witness** in international litigations and he is a **board member** of African, European and North American firms.

# Overall idea

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Developing and structuring a corporate function that integrates:

- Regulation and “traditional compliance”
- Integrity management/education
- Corporate security both internal & external
- Compliance is everywhere today!

My empirical base: around 50 projects as expert witness, compliance expert, external advisor, etc.

# (Over)-simplified history

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-1977 FCPA: (prompted by more than 400 U.S. companies admitting to paying bribes or making other illegal or questionable payments to foreign governments)

-American business did not make any significant efforts to establish systematic controls until the collective impact of five brutal years of unremitting scandal (1985-1990)

-1990s: transition phase, US commissions mention “ethics” but they don’t really know what they are talking about

-2001: Enron scandal, Sarbanes Oxley & Co...

-2019: Almost 20 years after Sarbanes, we are in a phase of trial and errors, significant cross-national differences, cultural approaches, etc.

# Some data

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**1. Cosmetic**

**2. Reactive/proactive**

Over 95% of the  
firms/corporations

**3. Value generation**

- a) beyond pure compliance
- b) cultural approach,
- c) Internal & external monitoring & forecasting
- d) Integration & coordination

# How can we add value?

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## Two main ways:

1) Cultural work: training, screening, value-driven work, etc.

2) Pro-active control system: identification critical assets (tangible & intangible), forecasting scenarios and related situations, monitoring internal and external activities, identification and prosecution malpractice, etc.

Compliance becomes useful to commercial and operation departments, to HR, to strategy, etc.

# Cultural work

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## Corporate cultural is relevant:

- 1) Do you really know what people perceive in your organization?
- 2) Do you have reliable tool to detect **corporate values** (stated vs. practiced)?
- 3) How do you work on the cultural work necessary to nourish a culture of integrity?

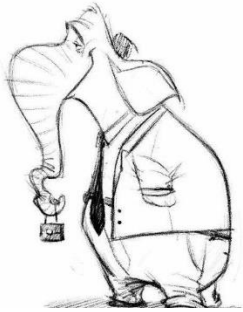
Added value to the HR department...

# Organizational Values Audit Matrix

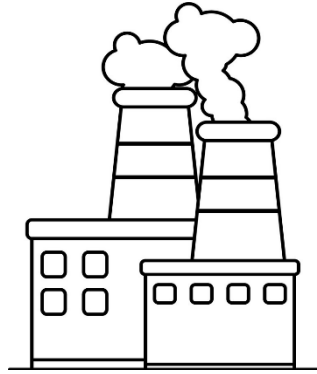
		<i>Practiced Values</i>	
		YES	NO
<i>Formulated Values</i>	YES		
	NO		



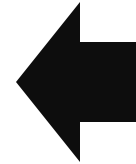
# Entry & exit...



- Profiling
- Motivation



- Values
- Culture
- Int. & ext. processes



- Integrity Screening
- Profiling
- Motivation

# Monitoring our Organization (internally)

- Red Flags
- Risk Maps
- Whistleblowing lines
- Training
- Developing privileged channels
- Critical assets/profiles/situations
- Integration with & control of security departments



Warning signals, hints, indicators of possible fraud!



The existence of a red flag **does not mean that fraud exists**



Extra attention to **exclude or confirm a potential fraudulent activity.**



Some patterns, practices and specific forms of activity are **red flags that could signal irregularities or fraud.**

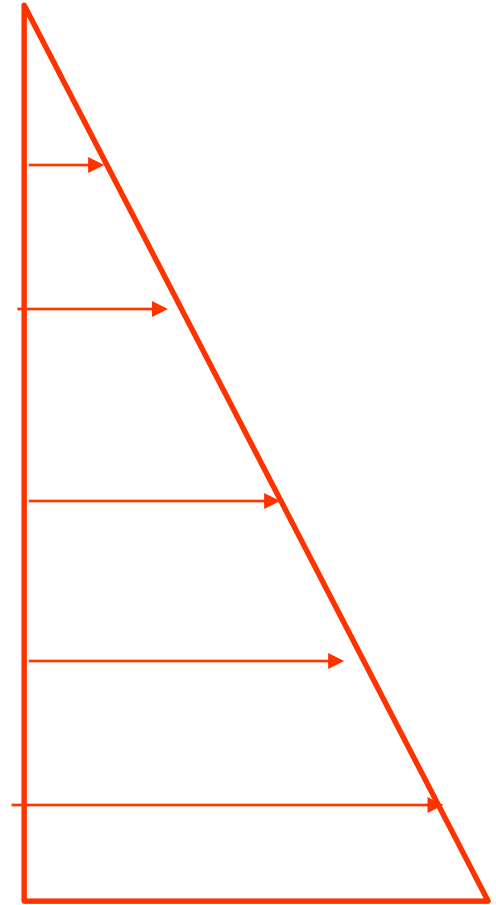
# Monitoring our Organization (externally)

- Critical stakeholders & risks
- Evolution normative scenarios & trends
- Geo-political & tech. scenarios
- Developing inform. channels
- Critical assets & risks
- Integration with police forces
- Interaction with national security agencies, etc.



# Creating Organizational Value

- 1) Human Resources Department:** *understanding & control internal dynamics, profiles, groups, etc.*
- 2) Production Department:** *1) + critical technologies, resources, etc.*
- 3) Logistical Department:** *1+2+ critical areas, etc.*
- 4) Commercial Department:** *1+2+3+ critical socio-economic areas*
- 5) General Direction:** *1+2+3+4+geopolitical/strategic perspectives*





**Thanks !**

