
Risk and Compliance System Dynamics

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Project: New Risk Id/Compliance System and Procedures Implementation

A new compliance system and policy is to be put in place to increase non-compliant event identification and resolution

Noncompliant events increase risk

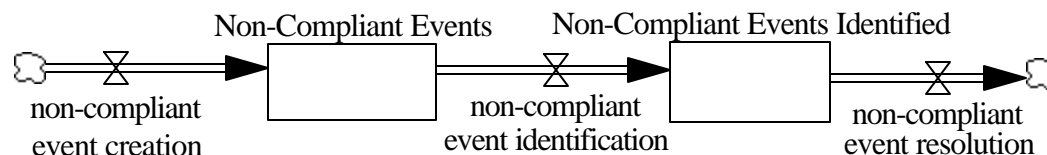
There is a concern that the system will not be used to its full capacity and effectiveness

Users could “game” the system.

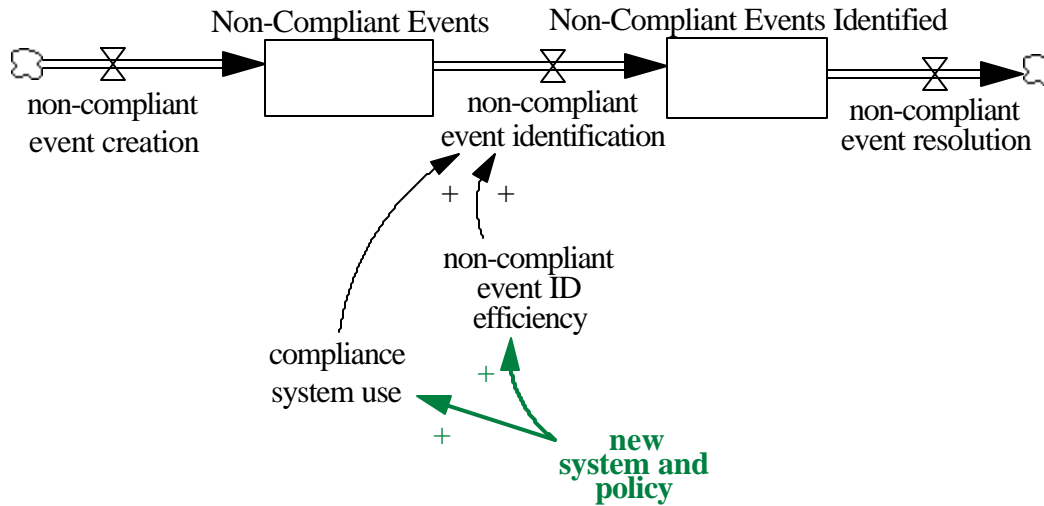
Company-wide implications of the compliance system rollout include:

- IT and technical obstacles to success
- Increased pressure on human resources
- Leadership challenges to upper level management
- Potential short-term effects on customer trust

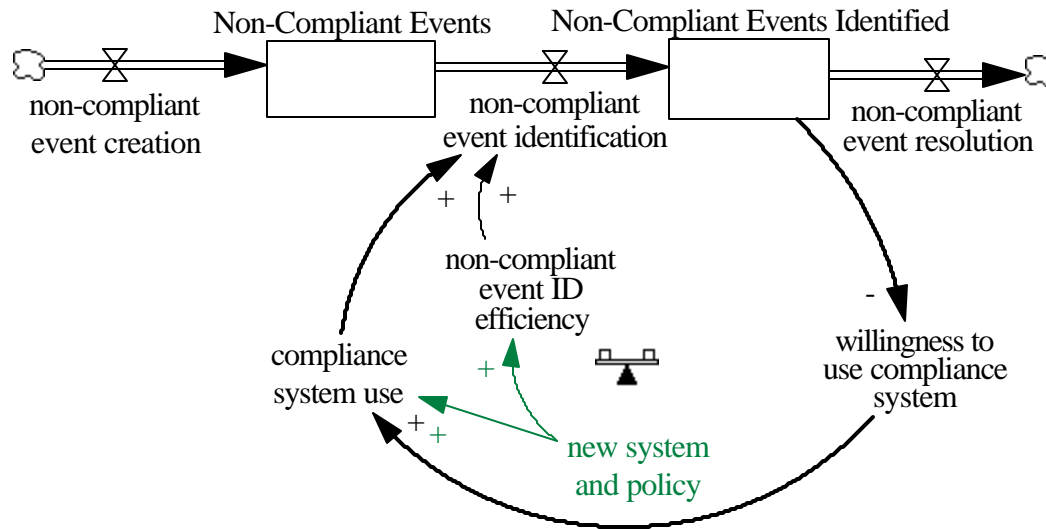
Our major assumption is that the system will have to be used by staff who might otherwise be spend more time selling and meeting sales quotas.



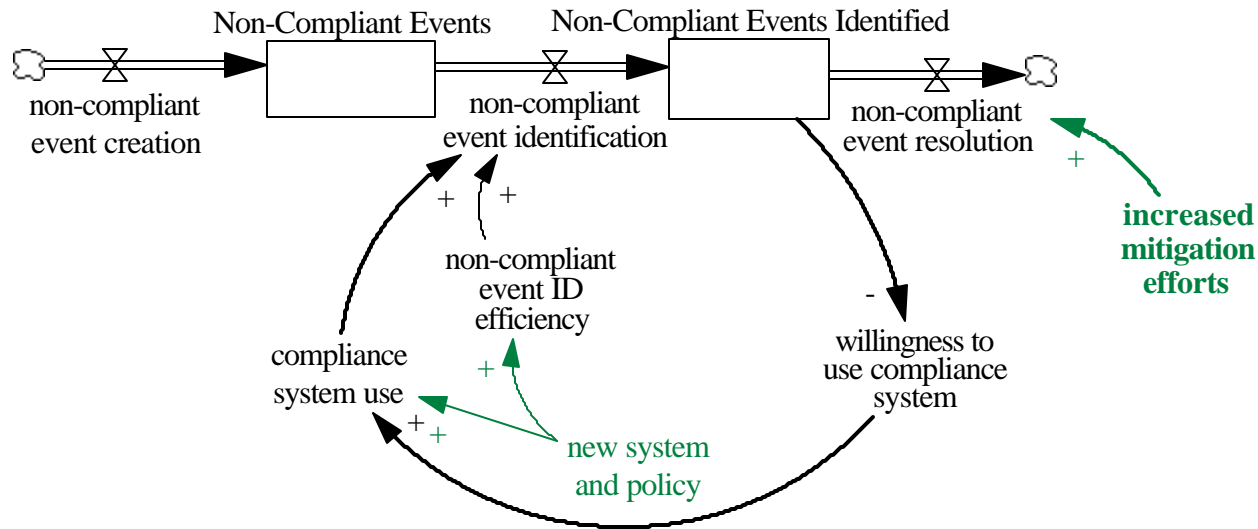
A new compliance system & policy are aimed at increasing non-compliance event identification



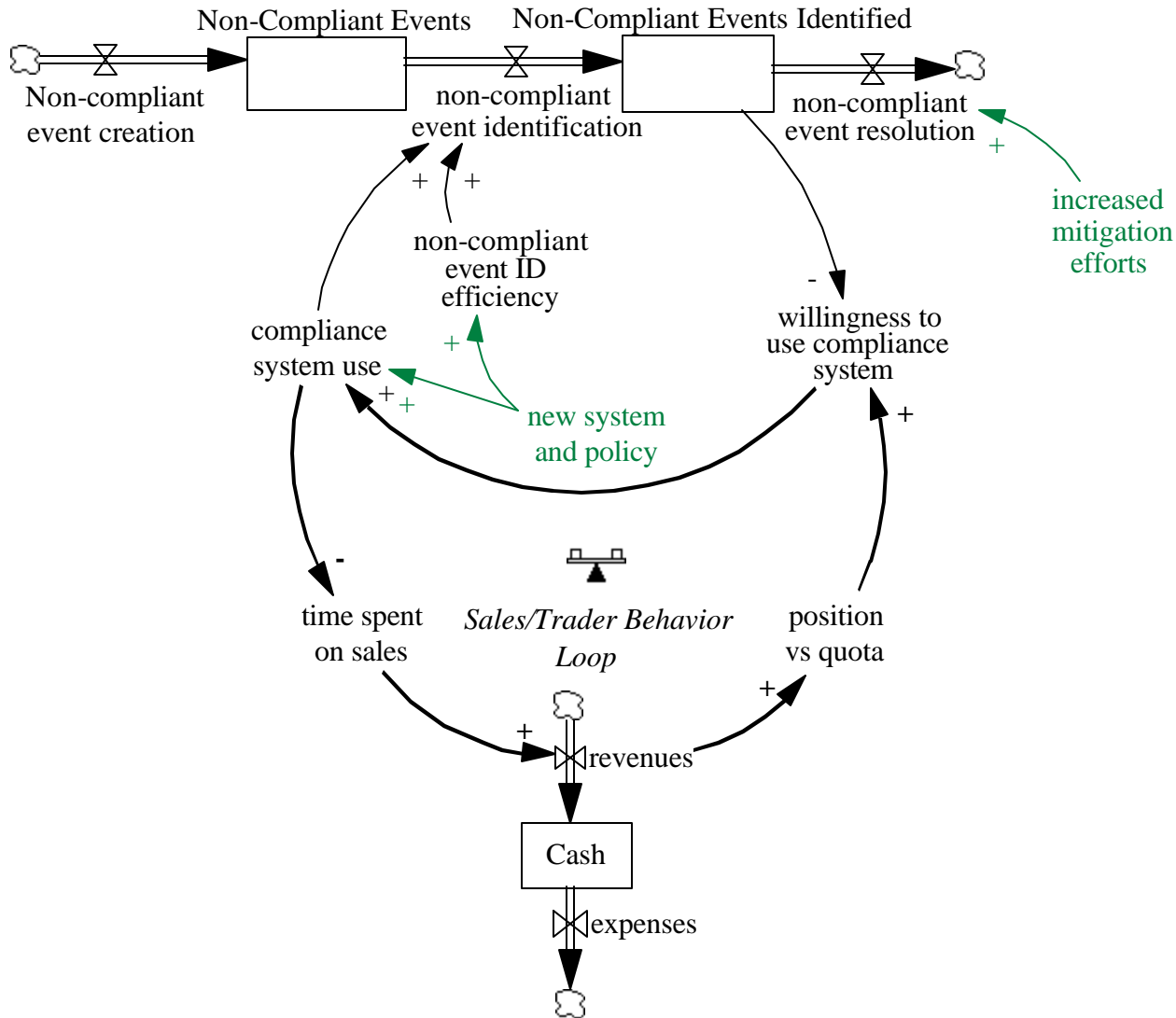
Effectiveness of the new system is balanced by mitigation backlogs decreasing the willingness to use system



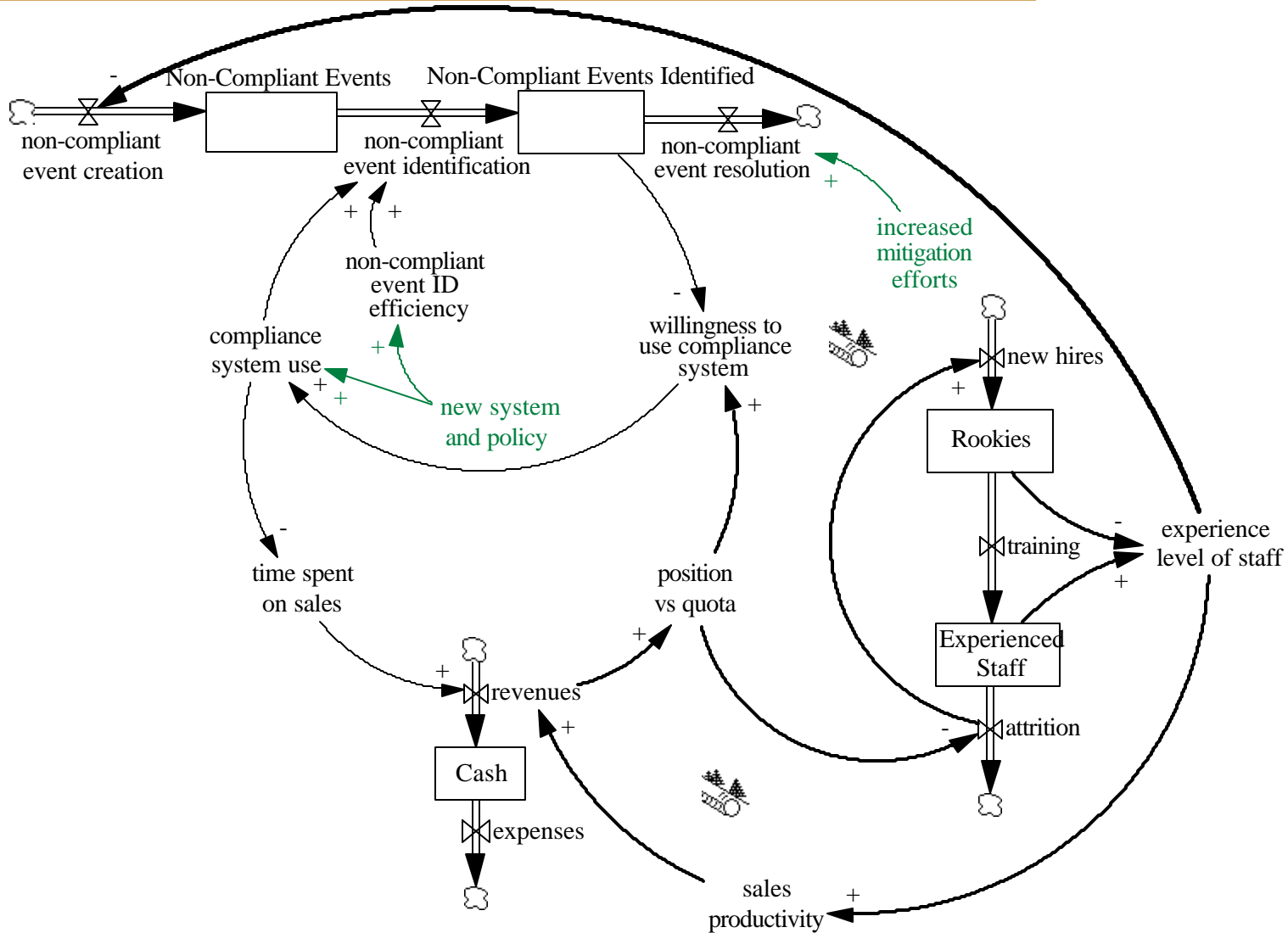
Increased mitigation efforts work the same loop in the opposite direction



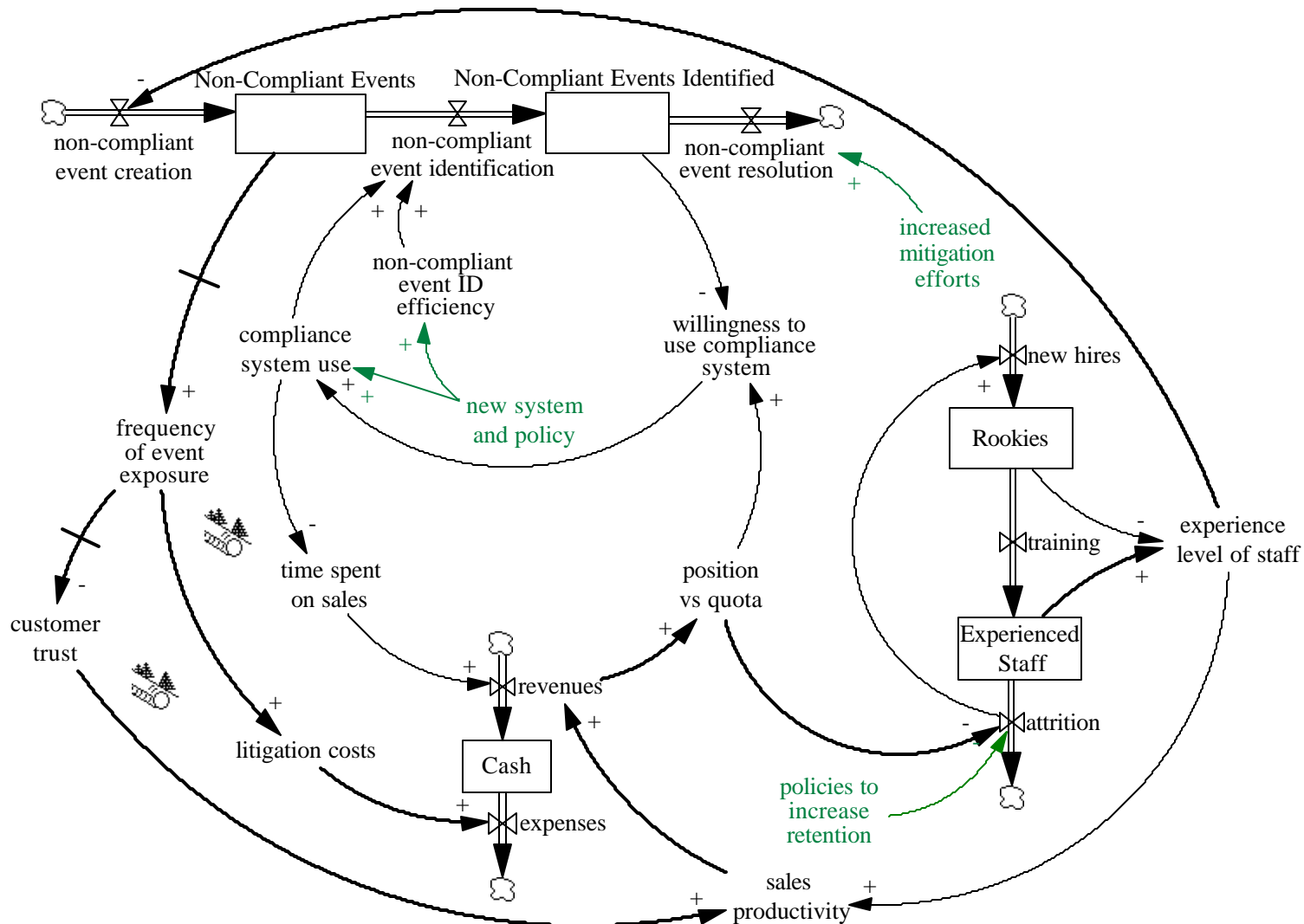
Willingness to use the system decreases as the position vs quota drops (with less sales), again balancing the new system's effectiveness



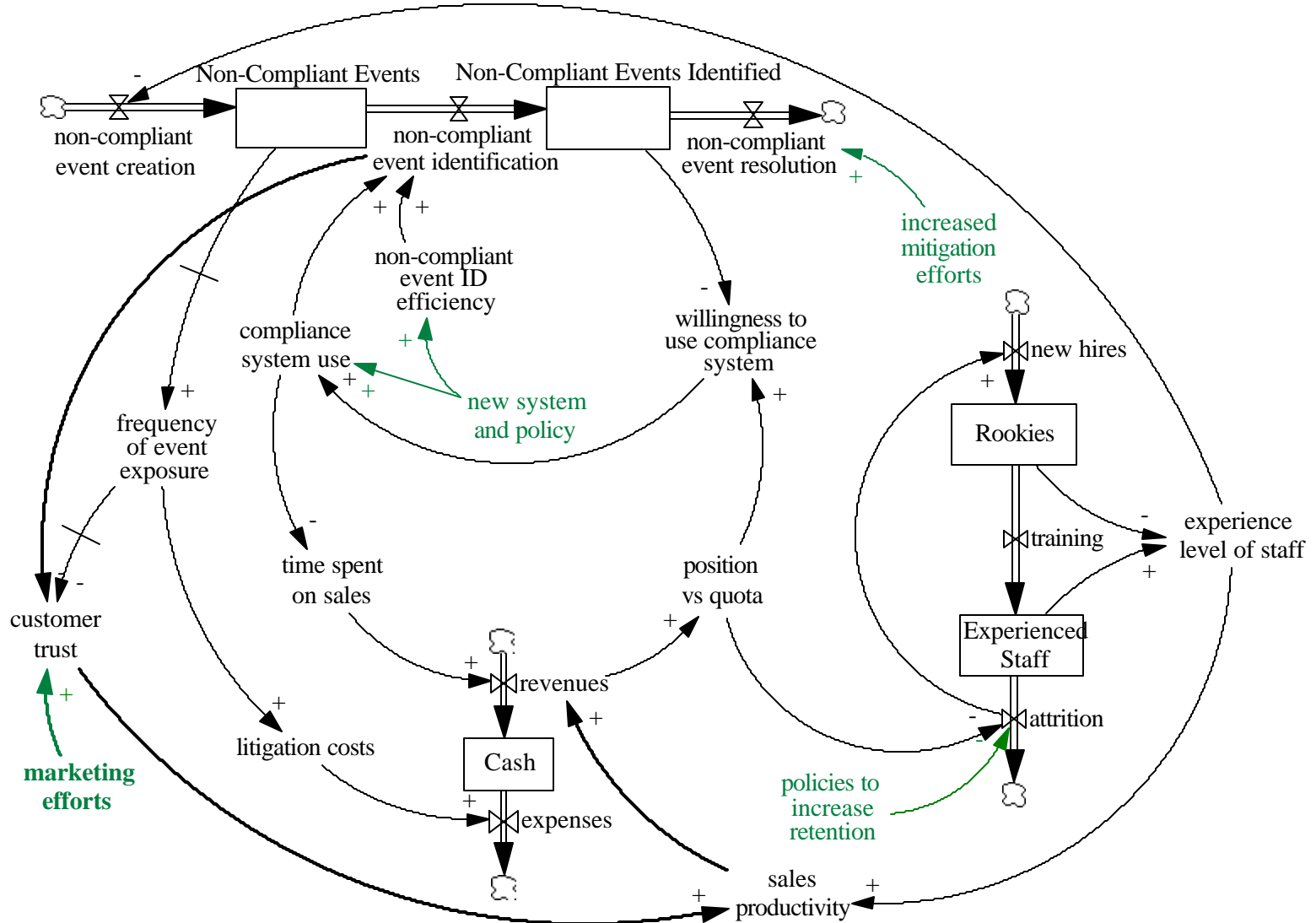
Without efforts to increase retention, increased attrition may have the most damaging of all unintended consequences: non-compliant event creation



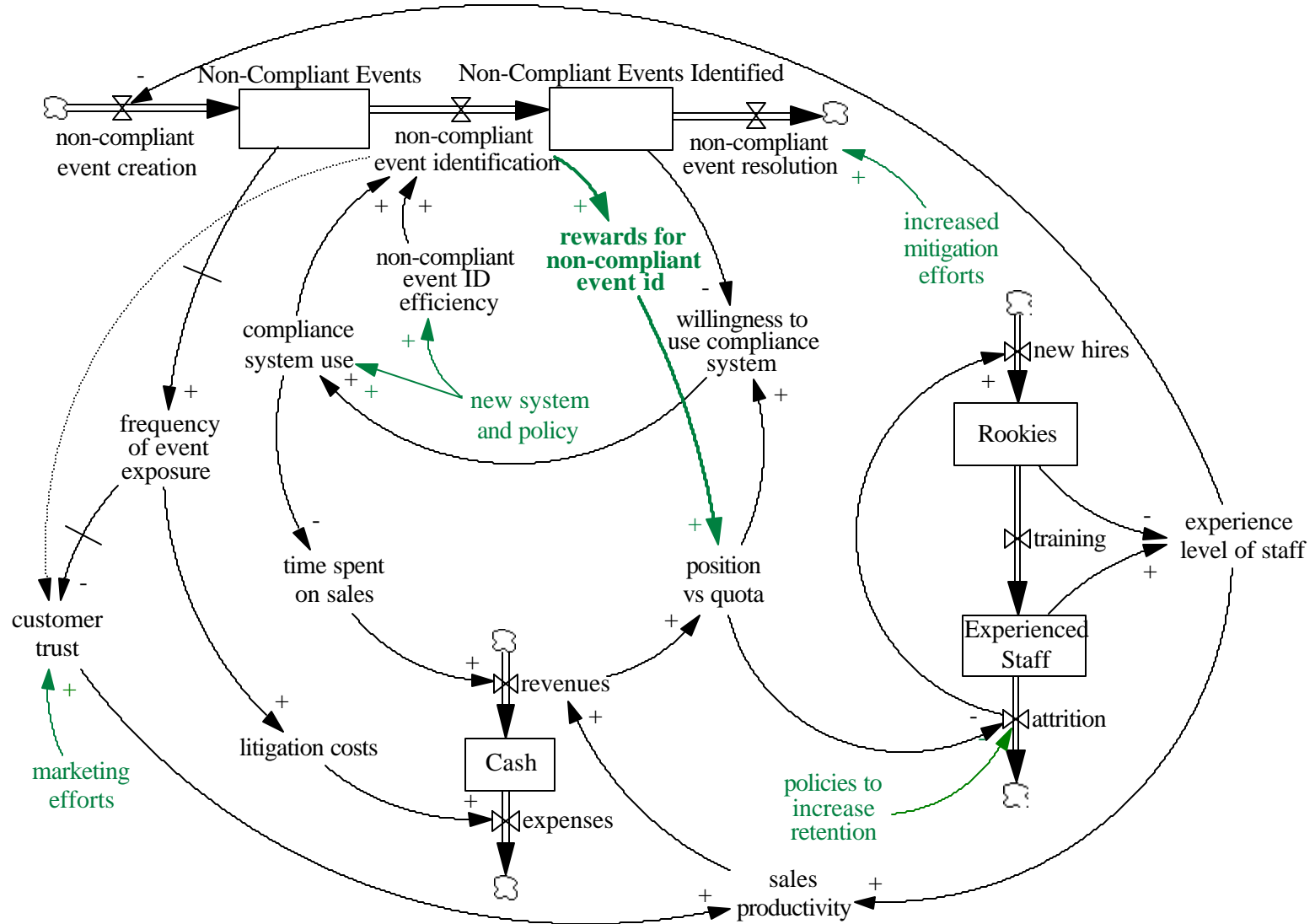
If the new compliance system and policy do increase non-compliant events, customer trust will decrease and litigation costs will increase over time



Customer trust can also be hurt in the short term as non-compliance events are identified. This should be the focus of a marketing campaign.



Rewarding sales staff for non-compliant event identification is another policy to consider, but would rewarding “whistle-blowing” have other feedbacks?



The logo graphic consists of two curved lines arching over the text. The lower line is black and the upper line is gold.

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