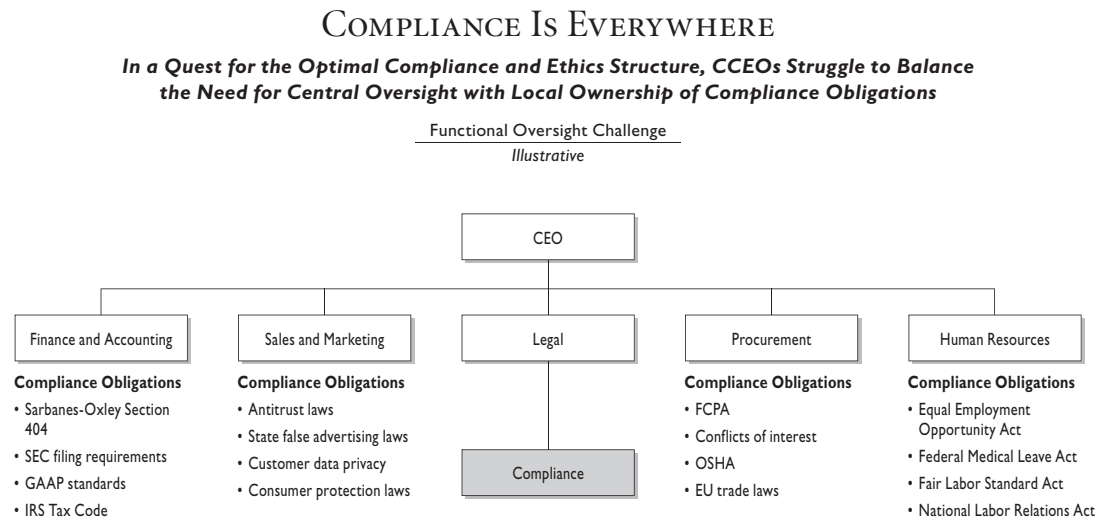


Building the Optimal Organizational Structure

The Challenge

As many companies have made significant investments in compliance and ethics over the past few years, they struggle to design the appropriate governance structure. Uncertain about striking the right balance between exercising central oversight and embedding compliance into the business, CCEOs consider a variety of functional models yet find it difficult to determine effectiveness.

Figure 1:
Compliance Is Everywhere



The Root Cause

Corporate compliance and ethics is a relatively new function for a majority of companies, spurred by recent governance failures and subsequent reforms. However, regulatory guidance about the design and location of compliance and ethics functions remains ambiguous while CCEOs are unsure what compliance and ethics structure can best govern the widely varying compliance obligations the company is subject to.

The Conventional Wisdom

Companies typically organize the compliance and ethics function to best fit in with the existing corporate architecture. For example, the majority of compliance departments begin within the legal function and stay there, yet, these models are often designed without a clear understanding of the trade-offs between imposing central oversight and embedding compliance and ethics in the business.



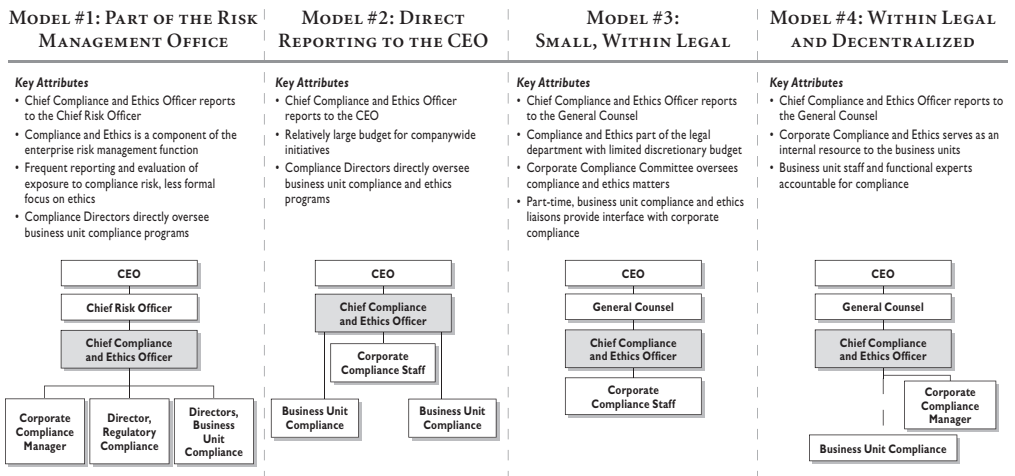
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Key Insight

While the configuration of compliance and ethics functions certainly differs based on regulatory intensity and geographic reach of the business, the leading compliance and ethics structures share a number of key attributes, including: 1) a direct reporting line to the board of directors to improve transparency into key risks and to garner resources, and 2) a model in which corporate compliance and ethics supports operations but ultimate ownership for compliance and ethics excellence is in the hands of the business.

Case in Point:
Emerging Organizational Models

EMERGING ORGANIZATIONAL MODELS FOR COMPLIANCE AND ETHICS FUNCTIONS



How the Compliance and Ethics Leadership Council Is Helping Members Improve Their Functional Management

Upcoming Events—Peer-to-Peer Networking	Tailored Support	From Our Archives
<p>Key Findings from State of the Function, 2008 Benchmarking</p> <p>Teleconference—Highlights from benchmarking analysis in areas, such as compliance spending and staffing, case volume, and reporting trends 18 June 2008</p>	<p>Benchmarking your structure, spending, and staffing against peers</p>	<p>Compendium of emerging organizational structures</p>
	<p>Conference calls to discuss organizational design questions and offer guidance</p>	<p>State of the function benchmarking data from 2006</p>
		<p>Decision-support briefs on designing ethics programs</p>

