

ADVISORY BOARD

Derek Six

BIOGRAPHY

Derek Six, born and raised in northern Germany, attended high-school in Germany and California, US. Working as a paramedic during his “Zivildienst” and following university studies he learned that most of the time the worst decision is to take no decision at all.

Derek studied law at Christian-Albrecht-University in Kiel, Germany, passing first law examination in 1996 followed by his referendar time in Duisburg, Düsseldorf and San Francisco, California. He passed second law examination in 1999.

After a short stop in a law firm specialized on trademark und commercial law in Düsseldorf he started out in the department Legal and Business Development of Deutsche Amphibolin-Werke von Robert Murjahn GmbH & Co KG, now DAW SE, in year 2000.

DAW SE is a family owned, private enterprise with appr. 5.600 employees and a turnover of more than 1,2 billion Euro developing, producing and distributing paints, lacquers, mortars and a wide range of coating systems as well as thermal insulation systems. DAW SE has affiliated companies in most EU and many other countries.

Over the last 16 years Derek was and still is responsible for various legal issues, e.g. IT contracts, national and international commercial contracts, trademark and IP law and administration, corporate law, M&A and many others.

In 2003/2004 Derek successfully participated in a LL.M. oec program at University of Cologne, Germany, focusing on corporate, labour, patent, trademark, insolvency law as well as economic studies.

Since 2011 he is responsible for the implementation and development of the Compliance Management Program of DAW Group, focused on corruption prevention and anti-trust law. Derek is member of BCM, Germany, a union of Inhouse Compliance Managers.

DEREK SIX' BIG FIVE IDEAS ON COMPLIANCE

Compliance Management is usually linked to the core business and aligned central departments of a company. If thoroughly implemented “compliance” needs to be acknowledged in every process of any entity. An almost impossible task if you don't have unlimited resources and still want to make profit as a private company. In addition the various interests of Shareholders, Stakeholders, Management, individual personal interests of involved people and longtime implemented workflows (to name only a few) make it very complex and often political. On the other hand compliance is very easy with the right people in place and a management that has compliance and ethics included in its strategy for the company's business.

Asked to give 5 ideas on Compliance I would like to name

- Strategy
- Common Sense
- Added Value to business processes
- Stringent Control and Sanctions
- Communication (Compliance Managers shouldn't take themselves too serious)

knowing that you need a lot more to make compliance management a success.

I. STRATEGY

It's a common saying that business follows strategy to be successful. And in fact this is true for compliance management as well. The top management of a company needs to have a strategy for their business that includes a strategy for a compliance and ethical approach. An approach that fits the philosophy of the company so it is believable by all stakeholders. Parameters for the strategy can be risk evaluations (although most risk assessments will lead to the same results in my opinion and show that corruption prevention and anti-trust are key issues) and core values and strategic targets of the company to name 2 major aspects. Compliance management needs a strong and stable support as it will most likely come to discussions with managers that might have different priorities on business decisions. Knowing that, having a strategy on the compliance and ethical approach is fundamental and must be backed by the top management (and shareholders).

II. COMMON SENSE

Business is done between people that in general have a common sense well built on their family background, education and many other individual aspects. Common Sense of most people let them know what's wrong or wright – the others must be identified.

That is why in my opinion compliance is common sense based on implemented and communicated rules. Rules may be defined as laws and internal and external directives, principles and guidelines.

Defined as that compliance is part of business and administration management since the beginning of doing business – in many cases not under the name “Compliance” but expressions with similar meaning. This needs to be emphasized because compliance is not a new thing, it was/should have been/is/should be a vital part of business administration in most companies in most parts of the world.

An essential part of compliance management should therefore be to remind and strengthen the common sense of the stakeholders, especially employees and to encourage them to well consider it in the decisions they take in the course of business.

Too simple? Maybe, but it’s like in any sport: the basics must be repeated and trained in order to get ahead and develop additional skills. Strengthen the common sense is such a basic element to ensure successful compliance management.

III. ADDED VALUE TO BUSINESS PROCESSES

Always find a way to add value to the business.

Any compliance approach needs to take a close look at the business processes of an entity or business unit. This integrated compliance with clear and effective business processes will transport and strengthen compliant behavior.

In addition a combination of process evaluation or definition serves several goals for the benefit of the company, e.g:

- Process owner and stakeholders create any modifications to the process themselves: added compliance/controlling elements evolve from “the inside” of the business unit. That way acceptance is higher and it is more likely to act according “own” process and rules.
- Review of processes with process owner and stakeholders should lead to more efficient processes. That way compliance approach adds value to the business processes.

Compliance should be no issue next to but implemented in the business processes and decisions (of any kind and level).

IV. STRINGENT CONTROL AND SANCTIONS

Part of the process integrated approach are defined controlling mechanisms following the responsibilities and competences of involved departments (e.g. Internal Audit, Legal, Controlling, Compliance). Detected misbehaviour or ignorance must be sanctioned – sanctions must be transparent, stringent, appropriate and communicated to the most possible extent.

I am no fan of a “zero tolerance” proclamation as it is almost impossible for company to truly stick to such a rule but I am convinced that if a violation of defined rules is not sanctioned as described above it will lead to less discipline in the respective process by the stakeholders in future.

No control, no sanctions – no discipline, no effective processes: no added value.

Or even more simple: No compliance – no effective business.

V. COMMUNICATION - COMPLIANCE MANAGERS SHOULDN'T TAKE THEMSELVES TOO SERIOUS

Last but not least you need an appropriate communication on compliance issues in the company. This might be the hardest part of all as communication should fit the company culture, identify and reach relevant stakeholders but must not annoy. Less is sometimes more – a true saying on compliance communication I would say. You don't find a culture in every company that deem comics, videos or gaming apps to be appropriate compliance communication tools. Every compliance department must find their own, appropriate way of communication for the benefit of the company.

Being the communicator in their own business Compliance Managers shouldn't take themselves too serious. Compliance should be integral part of business processes and as that it should be self-explaining that we should work on making things and business possible, we should not hinder it if not absolutely necessary.