

Surviving COMPLIANCE Job Switches

BY CHRISTOPHER T. SPELLMAN, CRCM

MOST OF US HAVE GREAT EMPLOYERS and can't think of any reason to ever leave—but sometimes circumstances change, whether through a merger, a family move, or even a downsizing. Regardless of the reason, probability dictates that most of us will be the new guy sometime in the next few years. A Bureau of Labor Statistics news release published in August 2006 examined the number of jobs that people born in the years 1957 to 1964 held from ages 18 to 40. These younger baby boomers held an average of 10.5 jobs; on average, men held 10.7 jobs, women held 10.3, with both holding more jobs in their late teens and early 20s than in their mid-30s. Twenty-one percent of those studied held 15 or more jobs, while 15 percent held zero to four jobs.¹

New kid on the block, new guy, rookie, fresh meat, newbie, low man on the totem pole: We've all heard those phrases, which are kinda cute, but when it's being applied to you, it's not exactly fun. Everyone has experienced being new, whether it was when you moved in the fifth grade or when you went away to college. Remember how you felt—anxious, nervous, uncertain? Chances are good that during your banking career you will experience those feelings again. In today's world of mergers, acquisitions, and right-sizing, the days of farewell parties where a retiree received a gold watch for 50 years of service are gone. The premise of this article is to provide you some tips for surviving that feeling of being alone on an island with a team that you don't know and that doesn't know you.



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Before Day 1

While you were interviewing, perhaps you learned some vital information that will provide a basis for your first few weeks. Most notably, what are the circumstances surrounding the position you're filling? Is it a new position or are you replacing someone? If the latter, why did they leave? What is the status of the bank's current compliance and risk management program? Are there any regulatory citations that need to be fixed? What is their due date? How much authority will you have to add or change vendors and personnel?

The answers to these questions will help you determine your focus for the first few days or weeks of your new job. If you're entering an organization that has compliance problems, obviously your focus will be on addressing those issues very quickly. Your priorities will be different than if the bank received an outstanding rating at its last compliance review. Not only will your priorities be different, but the resources you will have access to will also be greater. If you're going into a program with problems, addressing and fixing issues as soon as possible is the goal, so make sure you have the ability to add staff and vendors quickly to meet deadlines.

As a new member of management, you have instant credibility and influence—for a short time. You need to be prepared to implement your biggest issue within the first 90 days. Based on the information you have gathered during the interview process, start listing the items you want to address quickly. Don't wait until you start; make a list now and refine it after you start. You will have a honeymoon period to act and correct problems, but this honeymoon is typically short.

First 20 Days

Your first day, head swimming, you finally finish completing health forms, designating beneficiaries, and selecting mutual funds—so where do you start? The first step has to be gathering assets (information) and creating an inventory of what you have and what you don't. As you gather, remember: You're creating that first impression, so be yourself—personable, accessible, and serious.

Gather every piece of policy, report, training presentation, or procedure relating to compliance. After you have them, review them. Look at the findings in past federal and state examinations, internal audits, and monitoring reports to determine whether there are any trends or consistent patterns. Determine corrective action that has (or hasn't) been implemented. Make a spreadsheet or database categorizing each finding, the related corrective action, and its resolution. With this information you'll be able to complete your own independent risk assessment of the financial institution. After you're finished, compare your assessment to the bank's. Is it the same? While you're compiling this information, determine the best way to implement corrective actions, whether it is new policies, procedures, or staff.

As you're gathering information, get accustomed to hearing, "We've always done it that way" and "(insert previous compliance officer's name here) said it was OK to do it that way." These phrases must be some of nature's defense mechanisms; they are the typical responses for any question you ask that begins with "why." Be prepared and change your tactics to ask more "how" and "what" questions. For instance, rather than, "Why do you provide that disclosure at signing?" how about, "What disclosures do you provide at signing?"

Not only will you need to conduct a thorough analysis of the bank's current strengths and weaknesses, but you will also need to include

an evaluation of your staff. Obtain and review past performance evaluations for your new associates. As the new manager you'll need to emphasize your goals, systems, and methods immediately. As you prepare for your first meeting with staff, remember that they'll have expectations and some trepidation about their new boss. Prepare well for this first meeting and be prepared to discuss changes or anticipated changes. Anticipate that some staff may be scared to ask questions, so follow up the group meeting with individual meetings. These informal meetings can be used to address specific concerns or questions you have concerning the associates' performance reviews and to further emphasize your expectations and future plans. Expect some turnover, but have a plan in place to hire as many great people as you can as quickly as you can. Have a list of former associates that you have worked with, or have a staffing model in place that will allow you to get your people hired quickly.

Meet and greet: Start building rapport with key managers and staff within the organization. Visit as many business leaders as you can to get the "lay of the land." Structure each meeting so you can learn important information about the organization. A general list of questions and topics could include the following:

- Who owns compliance risk?
- What are your expectations of the compliance department in terms of time frames and deadlines?
- With what current projects do you need assistance?
- What training style works best for the business unit, e.g., Web-delivered, classroom?
- Determine whether the manager likes information presented via e-mail, face-to-face meetings, or through memos.
- State what you need from the business unit—your expectations and deadlines.
- Discuss outstanding issues from previous compliance-related examinations or audits.
- Discuss upcoming regulatory changes that may affect the business unit, including examination regulatory focus and other hot topics.

Physical Inventory

Remember to sign up for all those free resources—listervs, daily e-mail messages, newsletters, and publications—that you are accustomed to. Determine and review all of your new employer's paid subscriptions and publications, find out how they are distributed, and get yourself on the list for the publications you need. If there are any information gaps in your new program, now is the time to fill them.

Find an ally or develop an alliance. As a new manager or associate, you will need to find a peer or mentor within the organization. You'll need someone who can teach you the specific intricacies of your new employer—things not covered during new employee orientation. What is the corporate culture? Centralized/decentralized processes? What is the risk appetite of the organization—aggressive, conservative? What does the organization chart look like? Along those lines, this person may be able to provide information relating to key leaders that you didn't pick up on in your initial meeting with the business manager.

During this initial period, make sure you arrive early and leave late. The quiet time before everyone else gets there allows you a chance to set the agenda for the day and outline your priorities, and gives you time to achieve a goal or a task. After everyone's gone, remind yourself of the positive points of the day and strategize on ways to improve

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tomorrow. Being alone also allows you to wander around and check for policy exceptions in the areas of security, privacy, and information security. How you handle any exceptions depends largely on the scale of the issue. Never turn a small item into a “gotcha.” Your long-term success is dependent on your ability to implement change among associates. Just as you remember a trip to the principal’s office when you were a kid, your peers will remember a trip to the CEO’s office over a compliance issue.

Days 20 to 45

If you have free access to directors, management, and regulators, take advantage! Check in as often as you can, especially if you are correcting errors noted in a previous examination. While written reports and e-mail are great tools for communicating facts, face time and personal conversations carry much more weight in developing relationships. It is vital to your long-term development to make sure senior management, directors, and regulators recognize your face.

Win challenges: Expect tests from your associates. Some of these will involve legitimate questions concerning procedures, policies, or forms. Some of the questions may be testing you to see whether you know the answer or testing your breadth of knowledge. Make sure that you are 100 percent correct on all answers you give early in your tenure. There is nothing worse than losing your credibility with bank staff by providing an incorrect answer. If you don’t know the answer, then it is appropriate to say, “I don’t know, let me find out and I’ll get back to you.” Do your research and respond accordingly. You have only one chance to make a first impression, so it is imperative that you come off authoritatively. If you have access to your legal department, include them on interpretive issues. At this point, you’ll also have to know the risk tolerance of your employer. If the culture is very conservative and you have a more liberal interpretation, be prepared to present both sides of the issue. Being able to articulate multiple positions on a regulatory interpretation may provide a better solution and implementation method. As we all know, there is a lot of gray in compliance.

During this time frame, you will have identified processes that need to be changed. You will also need to determine a way to prioritize and implement these changes. If there is no regulatory impetus for making a change, alterations to current policies and procedures will not occur overnight. While you may know

what needs to change, implementing the change can be hard. Determine which managers need to be included in the process; develop the new procedure; involve staff in the process so that you don’t become the owner of the change; and develop or assist with training. Develop a risk rating for changes and share that with the managers. Present a case for implementing the change, including any cost savings. Business line managers are more likely to embrace a change if they are involved in the process rather than the change being handed down from a dictator.

If you’re entering a position that has been vacant for a long period, a consultant or internal auditor may have taken temporary possession of the bank’s compliance program. It’s vital to have conversations with these groups so you can clearly communicate to them that you’re now the leader of the compliance program. Not only will these dialogues clearly delineate ownership of the program, they will also begin the process of developing long-term partnerships between the groups. If there are other individuals that have acted as temporary compliance officers, thank them for their service and effort and restore the accountability for the compliance program to the appropriate person.

Don’t forget to take inventory of yourself. What gaps exist in your capabilities or training? Regardless of your previous employer, you probably didn’t attend every conference, meeting, seminar, or telephone briefing that you wanted. Take this period of being new to assess yourself. Where do you need to improve? Is it learning a new function within compliance, e.g., lending or AML? Do you need a professional designation? Are you now a manager of several individuals? Not only are compliance-related courses important, but don’t forget to consider classes on supervisory subjects such as performance reviews, disciplinary actions, and motivating staff. You are a leader; seek out ways to improve personally.

This article outlined some of the challenges you will face during the transition to a new job. To conclude, I’d like to add that the stress of a new job also affects your family. Depending on the circumstances of your job change, your family may have already been directly impacted. In the case of downsizing or a merger, your new job may be seen as a great opportunity with little or no discussion about any possible negative consequences. If, however, your job change was a step up or a professional “opportunity of a lifetime,” consider that not everyone in your

family may have the same enthusiasm. Not only is change hard to implement at work, change can also be hard on family members, especially if a move is warranted. You'll be at work for long periods and your family will be adjusting to a new city, a new school, etc. Most kids will want to know how it directly impacts them and their lives. If the new job doesn't involve a move or doesn't limit their text message output, they'll be fine, but still have a family discussion. Outline the positives of the change along with the negatives. Make sure everyone in the family is on board and is at least open to the opportunities to come.

With hope, you will never have to use the information presented here. But just like Boy Scouts, compliance officers are always prepared for survival no matter the surroundings. **BC**

ABOUT THE AUTHOR

Christopher T. Spellman, CRCM, serves as senior vice president and compliance officer for Morrill & Janes Bank, which was the first chartered state bank in Kansas. The \$420 million bank has six locations in Northeast Kansas and one in Missouri. Mr. Spellman is responsible for developing and administering the bank's compliance and risk management programs and policies, including activities within the trust division. He joined Morrill & Janes Bank in April 2007.

Prior to Morrill & Janes, Mr. Spellman was vice president, internal

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Mr. Spellman is an active participant in the American Bankers Association (ABA). He serves as vice chairman of the ABA's Compliance Executive Committee and as a member of the Institute of Certified Bankers Certified Regulatory Compliance Manager board. He has served on the ABA's Regulatory Compliance Conference Advisory Committee and is a frequent speaker at the ABA's Regulatory Compliance Conference and ABA/ABA Anti-Money Laundering Conference. He has also served as an instructor for all of the ABA's Managing Suspicious Activity Risk and Reporting Workshops. He is a Certified Regulatory Compliance Manager (CRCM) through the ABA's Institute of Certified Bankers and is a graduate of William Jewell College in Liberty, Missouri. Reach him by telephone at (913) 384-8117 or via e-mail at cspellman@mjbtrc.com.

Endnotes

¹The title of the report is "Number of Jobs Held, Labor Market Activity, and Earnings Growth among the Youngest Baby Boomers: Results from a Longitudinal Survey." The report is available at www.bls.gov/news.release/pdf/nlsoy.pdf. For additional statistics on the number of jobs held, see the tables at www.bls.gov/nls/y79r21jobsbyedu.pdf.

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