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Moving from 'hopeful' compliance to real compliance

CASE STUDY

The Challenge

Our client is one of the largest gas and electricity distributors in New Zealand. Their focus is on ensuring they are delivering energy and gas to consumers, making appropriate returns for their stakeholders and to ensuring they continue to safely support their employees, contractors and suppliers.

The big challenge for our client is both the number and demands of their various stakeholders. They have overseas and NZ shareholders to satisfy. They are heavily regulated by the Commerce Commission in NZ. They need to cover all of the rules and regulations that apply in their industry to meet the necessary quality and pricing standards to ensure the power stays on. Therefore, they can't afford to miss a beat when it comes to compliance.



The compliance framework the client was working with historically was overly detailed, very onerous and not particularly user friendly. The framework was unsustainable as its usage met with a lot of resistance from management, staff and contractors. People were no longer following the framework and weren't always signing off appropriately because of the amount of time it took and was preventing them from getting on with the job. As a result, there were instances where the compliance framework was ignored and it fell into disuse.

Nonsuch was brought in after an important issue revealed a complete breakdown in the process. It was discovered that after a number of years of signing off the gas measurement on the network (a requirement by both legislation and regulation), the reality was that they were non-compliant. There was acknowledgement at this point that the compliance framework was broken and needed an overhaul. Nonsuch were engaged to build a team that would tackle and sort out the problems.

Key Objectives

- Review the old approach
- Talk to the teams that do the work
- Build a way forward
- Test this extensively before rolling out
- Take the time to get it right

Some Insights

"We were charged with creating a framework that the teams on the ground could own, see as important and use as a practical tool for managing risks.

We needed a system that could help them focus on the key issues and key components, to ensure the system could tell people what they needed to know and give them comfort that they had considered the key concerns.

Any line manager could come in, know exactly what they needed to sign off, what the obligations were, and then they could focus on the work that needed to be done." - Carl Wallworth

The Nonsuch team was tasked to review the old legal based compliance framework and create a new 'fit for purpose' framework. Something that wasn't complicated to understand therefore making it easy to use and therefore help deliver effective compliance.

The other key challenge that Nonsuch faced was ensuring a cultural change took place where the line managers would lead the usage of the new framework and the management and the board would trust the results and outcomes.

The Solution

The first year of change activity was focused on raising awareness of the issues and creating desire for change in the organisation by running a series of management and staff roadshow events. These workshops utilised Investment Logic Maps to gain a deeper understanding of the views of the entire business. The Investment Logic Map aided in alignment of the needs and views of the line managers with the needs and views of the executives and the board.

These workshops were then followed by a series of further workshops to help promote understanding of additional key obligations and to get sign-off from all layers of those involved at all levels in the organisation.

The first year's change activity had a strong educational focus and the rollout of the compliance framework was on the 'light' end of the compliance spectrum. This got people used to the new process and helped users join the dots between what they were doing back to the original roadshows and workshops.

The second year's change activity was then focused on deepening capability and adding additional necessary components.

The Outcome

The feedback from line management indicated that they felt that the new framework was a good outcome because it supported them throughout the compliance process easily and simply.

They believed it was flexible and easy to engage with. This view as confirmed as regulation and/or legislation has changed, it's been observed that the framework and the system were quickly and easily updated.

The framework continues to give all stakeholders comfort they are doing the right things. Importantly, the Commerce Commission remains happy with the results.

Nonsuch Assurance

At Nonsuch Assurance, we believe that risk and assurance are ways to evolve and succeed, not as deadweight compliance.

Where others may wish to go into defensive positions over threats, we say seek out the risks, manage them better than others and build a reputation of finding success where others fear to tread.

Want to know more?

For more information about this assignment, please contact us



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