

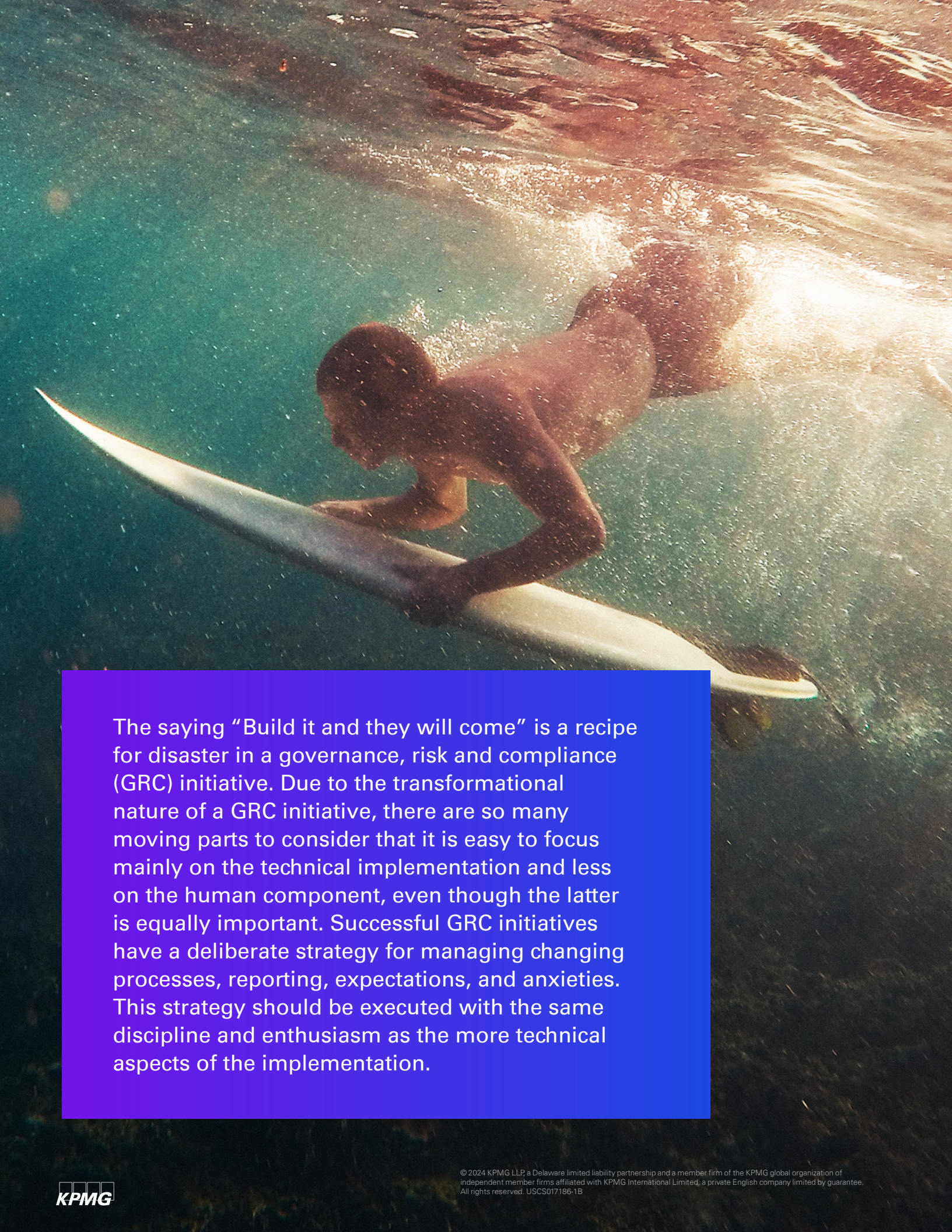


# The vital role of managing change

Optimizing Governance,  
Risk and Compliance Programs



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The saying “Build it and they will come” is a recipe for disaster in a governance, risk and compliance (GRC) initiative. Due to the transformational nature of a GRC initiative, there are so many moving parts to consider that it is easy to focus mainly on the technical implementation and less on the human component, even though the latter is equally important. Successful GRC initiatives have a deliberate strategy for managing changing processes, reporting, expectations, and anxieties. This strategy should be executed with the same discipline and enthusiasm as the more technical aspects of the implementation.



# Managing change

In the first of our three-part series, we provided an overview of the steps needed to make the most of a GRC program. The program starts by formulating a vision, then sets a strategy to fulfill it and draws a roadmap to achieve project goals. Now, in this second report, we discuss the role played by people and processes in attaining project objectives. The third part of the series will consider the technology required for supporting and sustaining a successful GRC program.

How hard is it to begin a new GRC program? Compare it to the implementation of a new enterprise financial planning, budgeting and reporting system, in which, say, five finance groups have to integrate their work onto a common platform. In this case, all of the groups already use accounting standards that conform to generally accepted accounting principles and they share a common terminology. In the contrasting case of a GRC program implementation, there are multiple stakeholders, such as Internal Audit, Risk, Compliance, and customer-facing entities within the business who possess different mandates, processes, taxonomies, rating criteria, and supporting technologies.

Although the stakeholders can often conceptually agree to converge on a GRC platform, there is much anxiety about its impact on their respective functional groups and what the new program may require them to do differently. Careful analysis and consideration must be given when formulating the change management strategy to prepare affected stakeholders, while simultaneously engaging them in project decisions and addressing their concerns.

Such disparate functions are unlikely to share the same terminology, workflow and methods of measurement. Their processes may be dissimilar and possess different levels of standardization and maturity. Each stakeholder group may feel passionate about the particular way it manages risk and may be reluctant to accept the new process. They will need to collaborate on the rationale behind the program and in defining the goals to be achieved. They will also need to agree on a common scope and timeline to make the GRC program work well.

If the organization does not successfully consider and manage all of the stakeholders involved in the new GRC program, it will not be possible to integrate all their processes into a technology-enabled solution. The program may experience costly delays and may ultimately fail to deliver the full benefits to the business.

## Sustainable change and an effective GRC journey

### Essential change management practices

### Benefits

Leadership alignment	»	Consistent messaging and tone from leaders
Clear platform and vision for change	»	Clarity on project rationale, anticipated benefits and objectives; greater project momentum
Active leadership involvement	»	Senior-level role models who support the project
Leader and stakeholder commitment	»	Project seen as high priority; project stays on schedule
Effective communication	»	Clear project awareness and understanding; alignment of individual efforts to organizational expectations
Active stakeholder engagement	»	Broader buy-in and greater realization of GRC benefits
Aligned performance measurements	»	Motivate desired behaviors to sustain change
Timely training and preparation	»	Stakeholders prepared; more seamless implementation

**Affected stakeholders will need to collaborate on the rationale behind the program and in defining the goals to be achieved.**



# Culture and governance

For those implementing a new GRC program, one of the first important steps is to understand the structure and culture of the organization. If it is decentralized, people will be accustomed to working with a high level of autonomy and may resist the notion of process centralization. Decentralized cultures may also lack experience working together across organizational silos.

An important question to consider is “How well have previous transformational programs fared?” If past efforts resulted in pain to the business and failed to achieve their objectives, stakeholders may be somewhat wary about implementing a new GRC program and may not have the appetite for it. The people involved need to have an emotional, as well as intellectual, connection to the initiative. This requires strong leadership who are equipped to explain the value of the program in quantitative and qualitative terms, and to set the tone at the top. This will help all affected stakeholders to understand the impact on them, what will be done to help them prepare, and most importantly, how they can each benefit from the new GRC program.

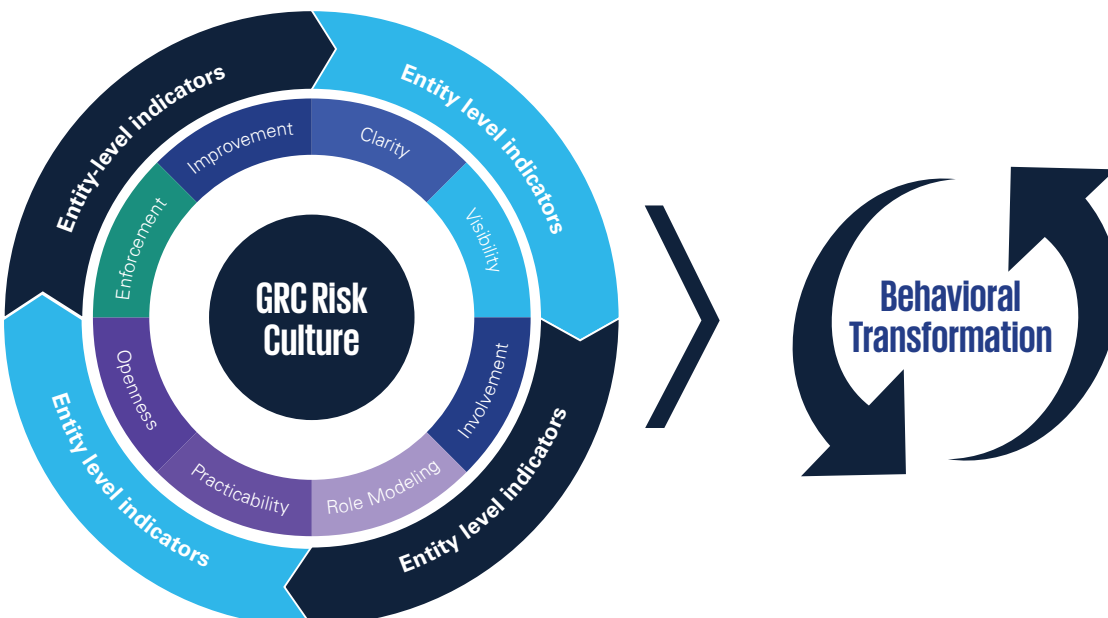
In the previous report, we highlighted the need for a vision of the GRC program that is aligned with the overall objectives of the organization. Key leaders have to agree on the ultimate objectives and what success looks like. Also needed, are a set of principles to help guide project decision making.

Next, there needs to be a strong governance and support structure with clear definitions of roles and responsibilities. We recommend establishing a core committee of senior-level decision makers who can overcome any impasse among affected stakeholders. They will form the foundation of the program and provide each stakeholder group with points of contact that will be available to help users grow accustomed to the new processes and framework of the GRC program. Working groups of technically competent change champions need to be formed within each affected group and assigned the task of socializing the GRC program with their respective functions.

From the outset of the project, the core committee needs to create a communication and stakeholder engagement strategy and plan. This step should be initiated early to help ensure all GRC stakeholder groups have been identified and possess a shared understanding of the GRC program. Effective communication requires a solid knowledge of stakeholder expectations; it is necessary to talk one-on-one with individuals to understand their unique needs and concerns, to separate rumor from fact, and to tailor the messaging to address the needs of each stakeholder group.

Stakeholders must understand how the program is progressing and that it is accorded a high priority by the leadership of the enterprise. An important way to achieve this is through regular progress reports and announcements that celebrate progress. Other update opportunities might include lunch-and-learn sessions for system demonstrations that build stakeholder awareness and understanding.

**Laying the foundation of trust is an integral part of GRC organizational transformation. An effective GRC Risk Culture understands the goal: Transform efficiently to meet business and regulatory demands.**





# Process and maturity

It can be difficult to persuade GRC stakeholders to commit themselves to a transformational project in which all are meant to work toward the same goals. Each stakeholder has a unique perspective on the GRC process. For some, integrating risk and controls across functions will not be challenging; for others, it is a process they address only two or three times a year, when gathering evidence or assisting with the remediation of a deficiency or exception.

In today's changing risk landscape, some business processes will be more established and mature than others. In cases where processes are newer and less standardized, it can be challenging to integrate workflows due to inconsistencies in the underlying processes. It is important for leadership to recognize the maturity of the various risk and control oversight functions and work with the owners to mature their processes with the vision of integrating risk and control information across the organization.

**Each stakeholder has a unique perspective on the GRC process.**



# Adoption by users

User adoption requires significant effort; it is challenging to enthuse people with the idea that they can benefit from a change. But the success of the program depends on the widespread acceptance and use of the new GRC program and its associated processes. It is essential to reduce uncertainty and anxiety, and to address rumors. People may confuse the prospect of convergence with the fear of “consolidation,” which may infer a reduction of head count. Therefore, a trusted change champion is a person who is empowered by the governance and steering committees to coach people as to why the program is being put in place, and how it may affect employees.

The change champion is called upon to provide open communication, encouragement, engage team members, answer questions and concerns, and elevate challenges to the project team in time for them to be dealt with quickly. Such champions identify the benefits for their particular set of users and provide information that helps to tailor the tool to their team’s needs. These individuals provide two-way communication between their team and the steering committee. They often serve the project in other roles, such as user-adoption training, piloting, and specialized on-site support on the day the GRC program is launched.

Aside from the assignment of champions, the project team needs to spend considerable effort in the development of training content for each user group. This is typically delivered in the form of webinars, online knowledge centers with FAQs, demonstrations, quick reference guides, and other forms of communication. Training helps lessen anxiety by acclimating users to the new tool prior to go-live. It also provides an opportunity to re-communicate the rationale and potential benefits associated with the new system.

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# Parting thoughts

User acceptance and adoption of a new GRC program should be considered at the start of the project and not be an afterthought. Many well-intended GRC programs have failed by underestimating the importance of bringing affected user groups along for the entire journey. Careful consideration should be given to stakeholder expectations and there needs to be a specific multi-pronged strategy to manage the change throughout the project and program. Training and good communications are important ways to help people to accept and adopt the changes. Always design and build with the end in mind, while remaining aware of the impact on users' daily activities. Executives should show their support and understanding of the potential changes and frequently explain the strategy, while empowering their GRC champions.

These points highlight the importance of people and processes in a GRC program. In the next and final report of the series, we will examine the equally significant steps of selecting and implementing a GRC technology.



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