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RISK CHANGES THE DATA GOVERNANCE GAME

August 13, 2019 By Julie Talbot-Hubbard

The speed of change is so quick that it is easy to forget that modern, mainstream technologies and business practices are often still relatively young. For example, that smartphone in your pocket didn’t exist 12 years ago. Neither did the widespread term that has become common in the boardroom and vital to modern businesses: data governance.

Data governance refers to the set of people, processes, and technologies required to ensure that data is managed as a corporate asset. The standard methodology of data governance involves making sure a company’s data is always available, secured, and providing value to the business throughout its lifecycle.

The initial business cases for adopting data governance as a standard operational protocol included a growing information overload problem, and the realization that there was both opportunity and risk involved with the exponential growth in data volume available to companies. With the adoption of the internet and other technology, suddenly there was the opportunity to derive valuable business intelligence from this data, and the risk of potential legal exposure stemming from unmanaged, undiscovered data falling into the wrong hands.

Around 2005, in the earliest days of data governance, the term was defined as “data in databases that we control.” This definition has changed wildly in the intervening years, thanks to the proliferation of smart phones, cloud computing, and the Internet of Things, as well as the need to be able to manage unstructured data—another term for information that is not held in databases. It has further evolved thanks to new definitions proposed by standard-setting organizations that recognized the increased value of data sets. All of these factors have made data governance more difficult because of the increased volume and variety of data, and the velocity at which data is generated, stored, and mined for insight.

New, strict privacy regulations such as the European General Data Protection Regulation (GDPR) and California’s Consumer Protection Act, paired with the ever-expanding and complex threat landscape, make meeting the goals of data governance more difficult than ever for those charged with the task.

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A New Force Driving Data Governance

Data governance evolved over time into a set of competencies, as can be seen by the Data Management Association's functional data governance framework. Successfully implementing these functions would give organizations the ability to effectively manage the data deluge that companies have come to expect and to derive powerful new competitive advantages through the use of business intelligence (BI) and analytics.

Today, however, the objective of data governance is changing once again, as enterprise security risk becomes a tier-1 board concern and data security and compliance emerge as two of the greatest sources of this risk for companies.

This introduces two problems:

- Data risk has traditionally been the purview of legal departments, and their primary set of controls for mitigating that risk fall under the umbrella of data lifecycle management. Today's most pressing data risks fall outside that competency. Data breaches are commanding headlines, and regulations with biting enforcement teeth continue to emerge. Those changes have led regulators and the public to look to the board and other senior executives to answer for a company's mismanagement of data.
- Most organizations' approach to managing data access is woefully insufficient. Identity and access management (IAM) programs are often administered at the project level, rather than the enterprise level, leaving large volumes of data without sufficient access controls. This lack of control opens a veritable Pandora's box of security and compliance risks. It is impossible to build walls around data any more. It is possible, however, to govern who has access to that data, and this is a competency boards must insist that their enterprises master if they want to conduct sound oversight of the related risks.

Overcoming these problems requires a change in mindset. "Classic" data governance has opened up a world of opportunity for businesses to benefit from BI, artificial intelligence (AI), and digital transformation. However, none of these modern advancements will deliver the anticipated benefits if implementing them opens up the enterprise to excessive risk.

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Moving to Risk-Centric Data Governance

To reap the benefits of BI, AI, and digital transformation, organizations today must embrace a new model of risk-centric data governance, and the board can help those leading the data governance function by pressing for change. This is how organizations can overcome the two challenges articulated above:

- Data governance can no longer be dominated by legal departments. This function should be driven by a committee or council of management and key business leaders that includes stakeholders from across the organization (in human resources, in information technology, in legal, the chief information security officer, executive leadership, and so on). This will ensure that data governance programs effectively meet the complex needs of the business today, while also "future-proofing" the program from falling out of step with evolving business requirements as time goes on. A chosen leader of this council can then report to the board on progress, challenges, and emerging risks identified by the group.
- IAM programs must become strategic enablers for the entire business. As mentioned earlier, IAM has historically been implemented at the project level, with specific applications and business units. This has to change. Just as many companies rely on enterprise resource planning systems to run their businesses, they should rely on IAM systems as the heart of enterprise data governance. Doing so will provide assurance that only the right people access the right data for the right purposes. This is the single most important control companies can implement to reduce enterprise risk from data breaches and compliance violations. Without effective IAM, digital transformation efforts will result in massive new vulnerabilities that can potentially cripple a business. The board should ask about the organization's IAM practices, and insist that management strengthen its use of IAM tools as a first line of risk mitigation.

Data is the currency of business today. It is also the greatest source of risk. By ensuring that the data governance leaders at your company adopt a risk-centric approach to data governance, companies can reap the full rewards of next-generation data initiatives without unintentionally introducing massive new sources of risk.

Ref:
https://blog.nacdonline.org/posts/data-governance-risk

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NACD CHAPTER LEADERS DISCUSS TOP ISSUES SHAPING PROGRAMMING

August 23, 2019 By Kimberly Simpson

At conference tables in more than 20 cities across the country, the volunteer leaders of NACD's chapters have been sitting together to discuss the topics of greatest import in today's boardrooms. Out of those conversations will spring more than 300 NACD chapter programs in the 2019-2020 program season, during which NACD members and guests will hear from high-level peers and experts in panel discussions, keynote presentations, roundtable discussions, and the like.

I recently asked five NACD chapter leaders for a sneak peek of the top issues facing directors now and in the coming quarters, according to their local discussions. These themes will be reflected in the new program season, and are discussed below.

1. Innovation and change.

How do you reinvent the wheel? This is a question on the mind of NACD New England chapter program committee Chair Ellen Richstone, who is currently a director of Superior Industries International, one of the largest aluminum alloy wheel manufacturers. She also serves on the boards of eMagin Corp. and Orion Energy Systems, and has served on corporate boards across eight different industries since 2003.

"Directors need to focus on innovation," she said. "Regardless of industry, the world is changing, accelerated by technology, geopolitical factors, and economics." Richstone gives an example from automotive supply, which is not thought of as a high-tech environment. "Just think of a wheel," she said. "Many years ago, the wheel was a standard product. Now, we must be concerned with material sciences and design. Consumers are looking for choice, and the company must think about making these products stronger and lighter to increase fuel efficiency and reduce environmental impacts, while reducing costs overall. We also have to ask if we have the right talent capital to get the job done, and whether we have the right culture to attract and keep the right talent."

Richstone looks forward to an upcoming chapter program showcasing New England-based companies whose products are changing the world, to be held in October, along with a variety of programs that will touch on the area of innovation and change.

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2. Sustainability and purpose.

Anna Catalano, co-chair of the program committee at NACD Texas TriCities chapter, agreed that innovation and disruption should be at the top of each director's list. That said, a closely related topic that should also capture the attention of directors is the evolving importance of sustainability and purpose.

"There is a growing sentiment that business takes from people," stressed Catalano. One of the companies she serves, Kraton Corp., has been proactive rather than reactive. "We have changed the name of the nominating and governance committee to the nominating, governance, and sustainability committee. We are discussing what we stand for, and how we are going to market," she shared. Kraton, a publicly traded chemical company, has also published a sustainability report, a step forward for the industry. NACD Texas TriCities will offer programs on this and other leading topics in Houston, Austin, and San Antonio this season.

3. The global economy.

The thread of the global economy weaves through the various issues facing directors, so much so that no company can ignore it, according to Elizabeth Camp, program co-chair for the NACD Atlanta chapter.

"I sit on the boards of Genuine Parts Co., a global public company, and Synovus [Financial Corp.], a public regional bank with community banking roots. The former has a nimble supply chain, but must manage price risk. The latter has exposure to global companies and must manage the business accordingly." So, she added, "The community is now the world. No matter the industry, you have to consider the global slowdown and tariffs." Rooted in factors ranging from the global economy, to forces of disruption and change, NACD Atlanta's program year will have the theme of "the future of boards" and kicks off in September with a program featuring Benjamin Pring, director of the Center for the Future of Work at Cognizant and recognized expert on leading-edge technology and its intersection with business and society.

4. Macro-level risk management.

Tom Leppert, the former CEO of large companies in five different industries and former mayor of the city of Dallas, is the program co-chair for the NACD North Texas chapter. He wraps many of these topics together under the notion of macro-level risk management.

"We are good at micro risk analysis," he said, "but we are less skilled in managing existential and macro risks.

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We aren't used to dealing with them because they often had a low probability of happening, although the impact when occurring is enormous. And that probability is increasing." Leppert currently chairs the boards of building company Austin Industries and dynamic glass manufacturer View. "I spend more than 50 percent of my time on these types of discussions. The board as a whole spends less than that, but still a significant percentage of time looking at macro risks."

According to Leppert, the board's role is to ensure that there is a process in place to address these forms of risk and that management has created relevant policies—with appropriate board oversight—to handle the risks. This encompasses reputational risk, both for the company and for the individual director. "I bring a public sensitivity to my work, having been a mayor and having worked at the White House," he said. "But every one of us, whether in management or on the board, is a news article away from being a public figure." Leppert expects that macro-risk management will be explored in several of the upcoming NACD North Texas programs, held in both in Dallas and Ft. Worth.

5. Defending capitalism.

NACD Pacific Southwest chapter President Larry Taylor is focused on risk management of another kind: the role of corporate directors in our capitalist society. "We should be asking whether directors have a responsibility to protect the long-term viability of the corporations on whose boards they serve as directors," he opined. "We must face the need to protect the capitalist system in which their corporate entities exist, operate, and earn profits because capitalism and the private sector are under fierce attack."

According to Taylor, educating employees—particularly younger employees—about the role of the corporation in society can help them to be better informed in their own "employee activism," making them able to defend capitalism externally as company ambassadors. Taylor believes that societal risk belongs in the risk management process, and he specifically believes that the risk to capitalism should be on the board agenda. Taylor will lead a panel on this topic at the NACD Pacific Southwest/USC Marshall Corporate Directors Symposium on November 14. The chapter will offer programs in Los Angeles, Phoenix, La

Ref. https://blog.nacdonline.org/posts/nacd-chapter-leaders-discuss-top-issues-shaping-programming

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ขอความร่วมมือบริษัทจดทะเบียนในการแยกประธานกรรมการและกรรมการผู้จัดการออกจากกัน

ธนาคารโลกได้ทำการประเมิน Doing Businessเพื่อจัดอันดับความยากง่ายในการเข้าไปประกอบธุรกิจในประเทศต่างๆทั่วโลกโดยศึกษาเกี่ยวกับขั้นตอนและระยะเวลาการให้บริการ การอำนวยความสะดวก ต้นทุนค่าใช้จ่ายและกฎหมาย กฎระเบียบต่างๆของรัฐว่ามีส่วนสนับสนุนหรือเป็นอุปสรรคต่อการดำเนินธุรกิจอย่างไร โดยมีตัวชี้วัดในการศึกษา 10 ด้าน ครอบคลุมพื้นฐานของวงจรธุรกิจ ตั้งแต่การเริ่มต้นจัดตั้งธุรกิจจนถึงการปิดกิจการ ทั้งนี้ รายงาน The Ease of Doing Business ฉบับล่าสุด คือ Doing Business 2019 ที่ World Bank เผยแพร่เมื่อวันที่ 31 ตุลาคม 2561 ประเทศไทยอยู่ในอันดับที่ 27 จาก 190 ประเทศทั่วโลก จัดเป็นอันดับที่ 3 ของอาเซียน รองจากสิงคโปร์ (อันดับที่ 2) และมาเลเซีย (อันดับที่15) ตัวชี้วัดประการหนึ่งได้แก่ การคุ้มครองผู้ลงทุนเสียงข้างน้อย (Minority Protecting Investors) โดยหนึ่งในหัวข้อที่ธนาคารโลกใช้เป็นปัจจัยในการประเมินคือการแยกประธานกรรมการและกรรมการผู้จัดการใหญ่ออกจากกัน

การแยกประธานกรรมการและกรรมการผู้จัดจัดการออกจากกันถือเป็นแนวปฏิบัติที่ดีในการกำกับดแล กิจการของไทยซึ่งอยู่ใน หลักปฏิบัติตามหลักการกำกับดแลกิจการที่ดีสำหรับบริษัทจดทะเบียนปี 2560 (“CG CODE”) และในระดับสากล ตามหลักของ G20/OECD ในเรื่องความรับผิดชอบของคณะกรรมการ ซึ่งหลายประเทศที่มีระบบคณะกรรมการจะแยกบทบาทของประธานกรรมการและกรรมการผู้จัดการใหญ่ออกจากกัน

ทั้งนี้ ก.ล.ต. จึงขอความร่วมมือบริษัทจดทะเบียนที่ยังไม่ได้แยกประธานกรรมการและกรรมการผู้จัดการออกจากกัน พิจารณาความเป็นไปได้ในการปฏิบัติตาม เรื่องดังกล่าว แต่หากบริษัทจดทะเบียน ใดยังมีความจำเป็นต้องให้ประธานกรรมการและกรรมการผู้จัดการใหญ่ เป็นคนเดียวกัน บริษัทอาจพิจารณาเพิ่มกลไกการถ่วงดุลอำนาจระหว่างคณะกรรมการและฝ่าย จัดการ โดยการเพิ่มสัดส่วนกรรมการอิสระให้มากกว่ากึ่งหนึ่งหรือ แต่งตั้งกรรมการอิสระคนหนึ่งร่วมพิจารณากำหนดวาระการประชุมคณะกรรมการ

Ref: กลต.จท-3(ว) 18-2562 เรื่องขอความร่วมมือบริษัทจดทะเบียนในการแยกประธานและกรรมการผู้จัดการใหญ่ออกจากกัน