

European Compliance and Legal Conference

Keynote Speaker: Merel van Vroonhoven

Title: **The Importance of Diversity for an Innovative Corporate Culture**

Duration of speech: 20 – 25 minutes

Ladies and gentlemen,

- Thank you for your kind invitation to speak at this conference.
- I have been asked to discuss the importance of diversity and inclusion within an organisation, and it gives me great pleasure to do so. After all, diversity and inclusion within a company are important preconditions for anticipating what lies ahead in our changing society.
- But before I begin, a few remarks on a personal note.
- In addition to being Chair of the AFM's Board of Directors, I am closely involved with the Dutch Autism Association.
- In that capacity, I follow developments in this area as much as I can.
- Last year, for example, I saw the documentary series *Employable Me* on the BBC. It has won awards, and rightly so.
- For those who haven't had a chance to see it, I'll just say briefly: It's about people with disabilities who are hunting for a decent job. Now, every episode is worth watching, but I'll highlight just one of them here:

- It's all about a young man named Ben. He's 27 years old, and has a law degree--but he also has Asperger's syndrome. And just because of that, no law firm wants to take him on.
- Every office looked at his Asperger's. His "other ways of thinking" was not valued.
- And that's a crying shame.
- People who think differently are just so valuable. And Ben is no exception. But diversity is, of course, broader than this. It's also about a healthy equilibrium between young and old in your company, an even balance between men and women, and among people from different backgrounds.
- Diversity brings colour and strength to a company. In fact, we need diversity so we can anticipate the challenges of our time.
- These challenges are large and complex.
- Take Brexit, for instance. Regardless of which scenario emerges from the negotiations, Brexit – and certainly a hard Brexit – will have quite an impact.
- But I am also thinking of a theme such as sustainability. A climate agreement with accompanying targets has been drawn up in Paris. As a society, we have goals to achieve. It's a challenge for every big-name company to invest differently--in a more sustainable way.

- And last but not least, there are the issues raised by increasing digitisation. Is your company capable of dealing safely with the increasing flow of data? Can you use the new technologies to come up with new, friendly ways of serving customers?
- To really play the game well, your company culture has to keep innovating.
- And to do that, there must be room for everyone to learn and develop. A company has to be able to look at challenges with a fresh eye, and without being afraid to make mistakes. In fact, mistakes should be seen as opportunities for learning. And diversity can help prevent mistakes.
- Then, of course, the key question is: Is your organisation up to this?
- Now, just think for a moment before shooting your hand up in the air to say yes. Because an innovative organisation must have a culture that is safe.
- If you really want to change, employees must feel safe enough to experiment and explore.
- And therein lies a challenge that is not to be sneezed at. 'Our' relationship to errors is in fact twofold.
- But not being afraid to make mistakes is part and parcel of innovation.
- A culture that fully accommodates mistakes is relevant for several reasons:

- For example, the AFM survey 'Learning from errors; towards an error management culture' showed that employees who work in such a culture are more inclined to report their own and others' mistakes honestly and responsibly. So this fosters ethical behaviour.
  - Employees also have the courage to give their opinion sooner. This gives them great motivation to put energy into improving the quality of processes and products. And that in turn improves the quality of the services being offered.
  - Finally, such a culture leads to better performance on the part of companies. This is especially true for companies that operate in a dynamic context and sell complex products.
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- All the more reason to make the switch to a culture that fully accommodates mistakes--right? But still, from what I've seen, this doesn't always happen.
  - And I have to be honest: I also struggle with how to deal with mistakes. We live in a society that punishes a regulator if we do something wrong. In the prevailing environment, we are not allowed to make mistakes because we punish others for theirs. This attitude causes us to react frenetically too often. Now, while I am personally convinced that making mistakes is acceptable, and that we must learn from them,
  - the fact is that change simply doesn't happen just like that. Why would we do things differently, the thinking goes, when we've been doing them

this way for years? This is what is known as tunnel-vision syndrome, and it can lead to blind spots in the decision-making process.

- A lack of diversity may be the root cause of this.
- I have no doubt that everyone does their work in good faith, but more diversity and more inclusion will speed up innovation.
- That will create an organisation in which people complement and empower each other.
- Now, this may sound logical, but the fact that we are now talking about the importance of diversity and inclusion suggests that this is no easy task.
- Let me tell you a little story from my own career.
- Before I became Chair of the Board at the AFM, I was Director of the Dutch Railways. We used to organise a lot of meetings to promote diversity and inclusion within the organisation. And we once asked the female directors to take two women from another culture to one of the upcoming meetings. It was pure pandemonium. Why? Because almost nobody knew any women like that. It was right then that it hit me: we were living in our own little bubble, and we had to get out of it.
- - It's high time we took even more steps.

- - It's high time embraced more people who hail from different backgrounds.
- - And it's high time we built on each other's strengths.
- - That's why, at the AFM, we pay a lot of attention to diversity and inclusion
- And so at the AFM you have a Merel, but also a Hanzo, a Gerben, an Ellen, and a Jos, as well as a Hassan and a Nassira-- different people, all hailing from different backgrounds. I have to say in all honesty that we, too, can pay more attention to this and take it more fully into account in our selection procedures.
- And still--if all we ever did was 'think' and 'hope', we'd get nowhere in a hurry. We wouldn't be getting rid of our tunnel vision. What's needed is a change in the way we work.
- And that is happening, too. For instance, no member of the board has their own private office any more. And throughout the organisation, the AFM Way of Working is being rolled out. Based on the Agile method, it has plenty of pluses.
- One of my personal favourites is increasing the efficiency of meetings. That calls for check-in and check-out methods. At check-in, the trick is to create a bit of calm right before the meeting, so those who'll be taking part can give it their full attention. Then, at check out, the focus is on reflection, and on the process, rather than the content once again.

- And here's something else new and different: we've also put together a debate and discussion team to eliminate the blind spots in decision-making.
- The goal of this team is to increase the quality and effectiveness of supervision, put decisions under further critical scrutiny, prevent tunnel vision, and conduct a professional debate that's open and fully transparent.
- I can recommend such a team to any company.
- It will really work as long as you give it the right conditions to flourish and grow. Those who take part--those doing the opposing and those who are being opposed--have to trust each other's intentions.
- The diversity and inclusion within companies is important not only within the AFM. As a supervisory authority, we also pay attention to this when we do the work we do.
- Take assessments of board members, for example. We look not only at whether a board member is competent or reliable. A team that's well put together is easily as important.
- And that goes for our own board of directors, too. We have recently hired new board members--and we took a careful look at them first.

- At the AFM, we strive to prevent tunnel vision through more diversity and inclusion, and to promote a culture that accommodates mistakes. And I hope you will do this too.
- Compliance officers can also play an important role here.
- Perhaps you are still being seen as the one who strictly monitors compliance with the rules. It's time to change that.
- I prefer to see the compliance officer as a change manager rather than just an enforcement officer. You can play a facilitative and empowering role in dialogue that moves things towards an open corporate culture.
- But how?
- The first step is to carry out a cultural analysis that can serve as a baseline measurement. Where does your company stand when it comes to a culture that accommodates mistakes, and what about the way decisions are made?
- The second step is to determine what interventions are needed in the areas of behaviour and culture. Keep in mind the benefits of a culture that accommodates mistakes: it fosters ethical behaviour on the part of employees, raises the quality of services offered, and improves performance within your company.
- But of course you cannot enforce success on your own. You also have to ensure there's adequate support. Your board also has a major role to play



in underscoring the importance of an open and healthy organisational culture, just as the HR department does.

- Ladies and gentlemen, from the fast-paced world of Brexit, sustainability and digitisation, let's go back to Ben for a moment.
- Perhaps you're wondering what happened to him. No, he has not become a compliance officer. That would have made for a perfect end to my speech.
- But Ben's talent was recognised in time.
- With perseverance and a bit of guidance, he managed to land an internship at a large law firm [note: it was Hodge Jones & Allen].
- Ben was on cloud 9--his dream had finally come true.
- And for the office itself, Ben also proved to be an asset.
- With Ben, a person who thinks differently, they scored big: he had top-notch analytical skills and a keen eye for detail--an employee who always gave his opinion honestly.
- A colourful personality that further increased diversity within the company and showed the real power of inclusion. This is a clear case where taking a fresh look meant fostering the culture of accommodating mistakes within the company.

- Ladies and gentlemen, your company needs these different types of thinkers, so it can create just such a culture and anticipate what lies ahead in our changing society.
- Soon, then, you will have an applicant similar to Ben. Look at their strengths instead of their limitations, and see what they can do for your business. You'll be glad you did.

Thanks so much for your kind attention.