



The retail industry is changing, so retailers seek to maximize their efforts to meet the demands of a new breed of customer. With that, there are remarkable possibilities for growth. But, it also introduces a number of compliance risks that may impact your strategy, brand reputation, and the loyalty of your customers.

### **The pitfalls of operating in today's regulatory and compliance environment**

The truth is, many companies don't examine the pitfalls of operating in today's regulatory and compliance environment until it's too late. Have you?

From sourcing products from a sanctioned country, to a tainted food outbreak, there are countless perils that can come crashing down when we least expect it. So when something *does* happen, don't find yourself uttering those five words: "How did we miss this?"

Your reputation rests on the shoulders of your compliance management program. Because, getting caught up in the aftermath of an overlooked regulation can lead to a wide range of complications. A violation could be as small as a locked door to a fire exit, or as serious as your supplier not giving you the whole truth.

You can't afford to ignore an industry immersed in compliance risk and let anything slip through the cracks. We need to design strategies that enable the aggregation and sensing of internal and external compliance risks to thrive in this new reality and create competitive advantage in the Retail consumer products industry.

### **The cost of compliance**

The cost of compliance is always increasing. Compliance risk assessments, management plans, and talent all require resources...and that's when things go right.

But when they go wrong, that cost is even higher. Fines, penalties, and litigation costs may add up to staggering amounts, and the reputational damage that extends from a compliance failure can drive further costs through impacts to share price, analyst opinions, and customer sentiment.

If companies were simply prepared with a strong compliance management program, these additional costs could be avoided.

### **The numbers**

Let's look at the numbers. On average, the cost of non-compliance is 2.65 times the cost of compliance. Ultimately, preparation and prevention are far less costly than regret.<sup>1</sup>

If we establish an organization-wide risk management process and create multiple layers of defense, we can protect our businesses and learn from each other. Let's remember this isn't just about protecting our reputations and our shareholders' interests. We're also protecting the conditions and jobs for real people.

### **How Deloitte can help**

At Deloitte Advisory we're prepared for what's around the corner. And, we are here to help. What got you to where you are won't get you to where you want to go; let Deloitte Advisory equip you with the strategy and technology to guard your business and thrive in today's volatile markets.

<sup>1</sup>*The True Cost of Compliance Benchmark Study of Multinational Organizations*, Ponemon Institute January 2011, p.8.

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