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Insider's Perspective

J. J. Keller: Regulatory/Compliance by the Book

by

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On Jan. 14, 2001, in the waning days of the Clinton administration, the Occupational Safety and Health Administration's (OSHA) ergonomics program standard went into effect. Regulatory/compliance publishers savored the prospect of a new regulation that affected almost every industry. Based on the new rule, J. J. Keller & Associates, Inc. (www.jjkeller.com) had a new manual and training kit to sell and new chapters to add in two best-selling manuals.

But political tides would soon prove Yogi Berra right: "It ain't over till it's over."

Gaining control of the White House as well as Congress on Jan. 20, 2001, Republican lawmakers chose to make ergonomics an example of their determination to reduce regulatory impact on business. On March 20, 2001, President Bush signed a resolution of disapproval (the first successful use of the Congressional Review Act of 1996) rescinding the ergonomics standard.

At J. J. Keller, we scrambled to retool and reposition affected products as "best practice." Ergonomics had been demoted from "must do" to "should do" and was not as easy to sell. The experience is an example of why regulatory/compliance publishers can't rely on regulatory activity to fuel growth.

At OSHA, the regulatory lull has continued, with the agency taking a business partnership approach. Fortunately for regulatory/compliance publishers, other federal and state agencies have been active during the past 7 years in our other major markets (human resources, heavy-duty trucking, and hazardous materials).

Where's the Need?

Regulations have the reputation of being arcane, convoluted, and boring. So how could anyone derive a

sense of need from this most bureaucratic of content? The answer is risk. By not understanding which regulations apply to his or her company and how to comply with them, a person in a position of responsibility risks fines, court penalties, lawsuits, business shutdowns, and all the bad press that goes along with a spectacular accident or lawsuit.

Consider the case of a Texas City, Texas, oil refinery where a 2005 explosion killed 15 workers and injured

more than 170 others. If approved by a federal judge, a plea deal will result in a \$50 million fine (the largest ever for violating the Clean Air Act) and a felony conviction with 3 years' probation. The company has spent more than \$1.6 billion to settle civil claims.

Many more examples from other regulatory fields are less vivid but damaging nonetheless.

In a broad view of "compliance," staying in line with nonfinancial regulatory requirements also could affect corporate compliance under Sarbanes-Oxley. In that context, compliance means senior managers at public companies must report events, risks, and other issues that can significantly influence profitability. Processes must be in place to ensure such issues are monitored and that this information moves up to top executives. In examples like the Texas refinery, that would include compliance with regulations where failure to comply could damage financial performance or even halt company operations.



Webb Shaw

Competitive Collage

Regulatory content's imperative nature attracts a large number of competitive publishers. Even in regulatory climates that discourage new growth, organizations still must comply with existing requirements.

Oddly enough, the government itself is one of our biggest competitors. Federal and state agencies have steadily improved their online presence. As agency websites become more comprehensive and user-friendly, publishers must convince customers that we add value worth paying for.

Among for-profit competitors, regulatory publishing is fragmented. Many publishers may be able to say that no one competes on all fronts. We all specialize in different sets of regulations or different verticals; some may be broader, while others go deeper, offering more products, tools, and support. Audiences vary with some publishers' customers using compliance content in their daily work, while other publishers target the legal profession.

Despite the need to comply with regulations, many regulatory products can be treated as commodities (think reprints), and there's always the risk of a regulatory lull. So publishers are constantly seeking ways to differentiate with "how-to" and best practice content; online services; overall customer service; training and other products related to compliance; and value-adds such as access to SMEs.

Future Tense

Most traditional regulatory publishers like J. J. Keller have made the transition from exclusively atom-based products (print/video/CD-ROM) to online offerings for compliance information, interactive training, and print on demand.

Other trends as these publishers rush to add value and to keep pace with customers' ever-changing needs and tastes include the following:

- There's a shift from off-the-shelf software to software as a service (SaaS), leading to enhancements, such as online access to SMEs or FAQs, links to full-text regulations, and workflow tools.
- Products and services that customers use in their leisure time, such as video on demand, ebooks, Blu-ray and HD DVD, raise expectations for workplace products.
- Risk management and mitigation play an increasingly

important role at all levels within our customers' organizations.

- The increasing demand for instant information drives the need for availability via wireless/mobile and other distribution channels.
- Customers want the ability to customize content (print, online, and video).

Another somewhat counterintuitive "trend" among regulatory publishers: The report of print publications' death was an exaggeration (paraphrasing Mark Twain). Most regulatory publishers continue to offer new print products and subscriptions as well as old standbys. At J. J.

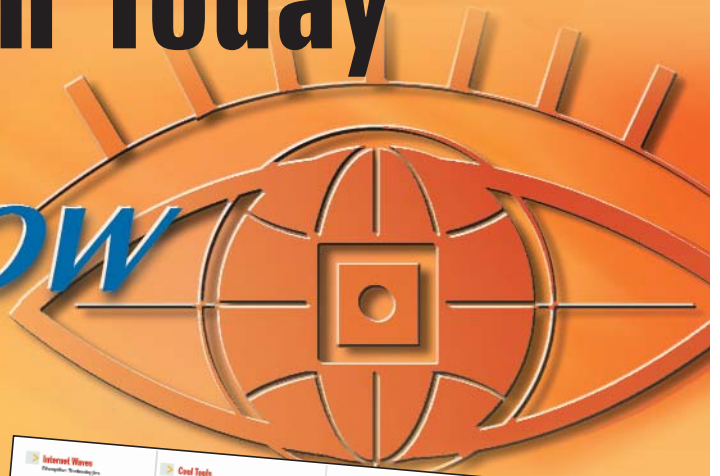
Keller, print revenue has grown since our first internet service, KellerOnline, debuted in 2001.

There is room in regulatory/compliance publishing for remarkable variety in coverage, markets, formats, and distribution channels. That trend won't change. If anything, it is likely to accelerate.

Webb Shaw is director of editorial resources at J. J. Keller & Associates, Inc., the leading North American provider of regulatory, compliance, and risk-management information in human resources, workplace safety, transportation, and hazmat.

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