
THE COMPLIANCE EFFECTIVENESS WORKBOOK

How to demonstrate the value of intangibles in your compliance program

How Do I Prove My Ethics & Compliance Program Is Effective?

Proving the effectiveness of your compliance program is achieved through a blend of art and science. The science of program effectiveness is what we usually associate with demonstrating value. This includes statistical and other hard data – the benchmarks, attestations, surveys, HR statistics and audit results – needed for objective analysis. What the raw data doesn't tell us is what it all means – the *why* behind the *what*.

Proving the effectiveness of your compliance program needs to objectively show not only that it is working; it must also explain why and shed light on what could be working better. Without understanding why your program is effective, it is impossible to understand how to continue that performance as well as to improve upon it. Uncovering the *why* is the art of proving program effectiveness.

Tell Your Effectiveness Story

Although raw data may be very helpful to you and your team, the larger audience of your compliance program needs an intuitive packaging of your findings to understand its value. This packaging is the story of effectiveness for your work. To tell this story, you need to be keenly attuned to the more abstract impact of your program. This includes employee attitudes, off-the-cuff remarks and general sentiment and trust that permeates the organization. These abstract observations represent the cultural manifestations of your hard data. And when art and science are paired together to tell your story of effectiveness, you have proof that is both meaningful as well as actionable.

“The most successful compliance officers I know are the ones who can effectively apply intuition, experience and good judgement to a set of data points to determine and communicate effectiveness.”

-Carrie Penman

*Chief Compliance Officer, SVP Advisory Services,
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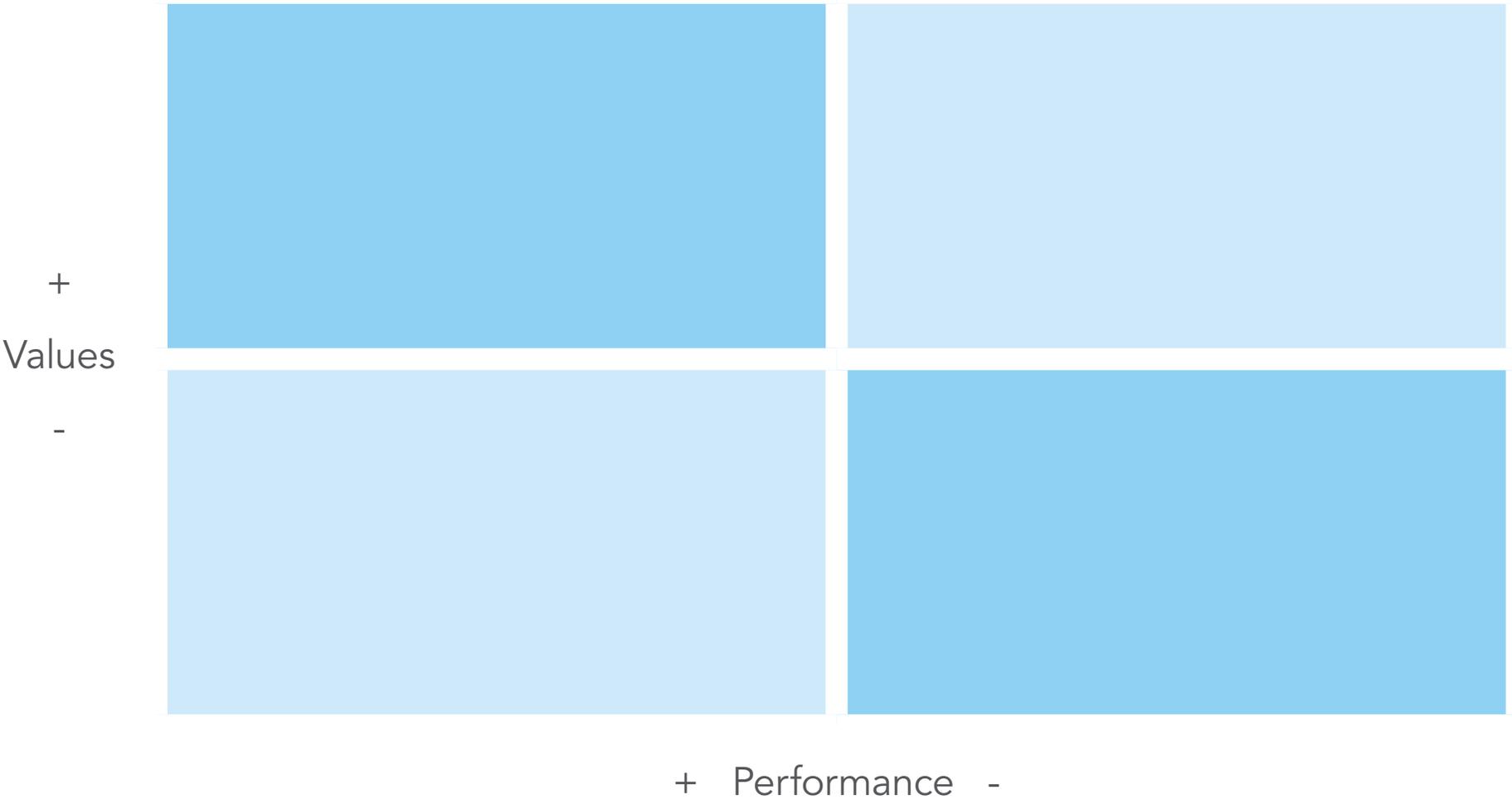
Building Blocks Of an Effectiveness Story

Just as there is a number of hard data points we collect to prove effectiveness objectively, there are credible and actionable – and potentially subjective – points that also shape the story. Below are the building blocks for your compliance narrative.

Management willingness to allow the E&C Office to present at department meetings	"Grapevine" or "water cooler" conversations	Location of the E&C office (with leadership or in the "back 40"?)
Intuition and gut reactions (yours and among employees generally)	Elevator behaviors	Interactions with the board of directors
Management response to issues raised or audit findings	Management attitude toward program objectives	Outside-the-box insights
"Flavor" of the calls or interactions with reporters	Narrow focus on legal compliance rather than a broader definition that includes organizational culture and values	Off-hand remarks by employees or leaders
Priorities of the organization	Employee perception of raising an issue and fear of retaliation	Pressures to violate Code of Conduct to meet business objectives

How Do Values & Performance Match Up?

Which behaviors are reinforced at your organization – those that align with your company's values or those that solely contribute to business revenue? Consider this question through the perspective of what happens to top performers. In which quadrant do the most successful individuals in your company fall? In companies that have strong cultures and tested stories of effectiveness, top performers fall in the upper-right.



Identifying Red Flags

As you evaluate the objective data of your program, be aware of cultural red flags that can undermine your program's effectiveness.

Folklore

Are there perpetuated customs or attitudes that contradict the ethical culture your organization works to propagate?

Leadership's "Unavailability"

Does senior management have a reputation of being too busy or always talking about their "open-door" policy rather than ever practicing it?

Safety Not a Priority

Is the physical safety of employees a secondary concern to company productivity and performance?

Poor Attendance

Do employees "check out" when it comes to participating in job related events that are not mandatory?

Perception of High Performers

Is there a perception that those who "bring in the money" are held to different standards than the average employee?

"Not everything that counts can be counted, and not everything that can be counted counts."

-Albert Einstein

Presenting Your Effectiveness Story

After you craft the narrative that tells your compliance program's story of effectiveness, it is time to prepare for sharing that story with key stakeholders. When presenting your findings to your larger audience, which should include your board, CEO and senior management, take the time to make it compelling. Without proper presentation, the effectiveness you spent so much effort proving may still be lost in translation.

Your presentation should:

- » **Follow an executive summary.** Key findings of your assessment should be highlighted clearly before diving deeper into more granule details.
- » **Be consistent.** The look, feel, format and data used for reports should be consistent so your audience can easily make connections between your data points.
- » **Be strategic.** The report should support the current approach or explain gaps in the compliance program's and company's strategy.
- » **Provide context.** Avoid supplying data with no context for its inclusion. Seize the opportunity to explain how KPIs are being reflected in the data.
- » **Drive toward outcomes.** It is helpful to your board, CEO and senior management to understand how your compliance program assessment ties into program goals and outcomes and ultimately to the organization's goals.
- » **Include only the most relevant data.** Do not desensitize your audience with an overwhelming amount of data. Keep them engaged by only focusing on the information most crucial to them.

Sample Content

Consider, for example, in the ethics hotline/helpline section including a statement such as:

"While our current percentage of anonymous calls is 33 percent, the goal is to reduce the percentage to less than 25 percent, which represents the industry median for our peer group. Anonymous calls are more difficult to properly and completely investigate. By using more awareness and anti-retaliation training, we hope to empower employees to be more comfortable identifying themselves when they call.

Note: Certain countries in the EU limit our ability to collect identifying information. Those calls have been removed from the overall percentage calculations for the purpose of this report."

“Metrics speak for themselves. Culture does not.
That is where compliance professionals come in
to make sense of it all.”

-Mary Bennett

President, Right Compliance Consulting, LLC

Now learn about the science of proving program effectiveness.

 [Download the Definitive Guide to Compliance Program Assessment](#)

ABOUT NAVEX GLOBAL

NAVEX Global's comprehensive suite of ethics and compliance software, content and services helps organizations protect their people, reputation and bottom line. Trusted by 95 of the FORTUNE 100 and more than 13,000 customers, our solutions are informed by the largest ethics and compliance community in the world.

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