

**CASE STUDY**

HOW ONE WHISTLEBLOWER SHIFTED  
A TRADITIONAL UTILITY COMPANY'S  
ETHICS & COMPLIANCE PROGRAM AND  
CORPORATE CULTURE



## COMPANY PROFILE



TYPE OF COMPANY: PUBLIC

SECTOR: ENERGY

SIZE: 8,000 EMPLOYEES

HEADQUARTERS: JACKSON, MICHIGAN

## PARTNER INFORMATION

CMS Energy, through its principal subsidiary, Consumers Energy Company, one of the nation's largest combination electric and gas utilities and Michigan's largest, serving 6.7 million of the state's 10 million residents. Through another subsidiary, CMS Enterprises Company, CMS Energy is also engaged in independent power generation in several states.

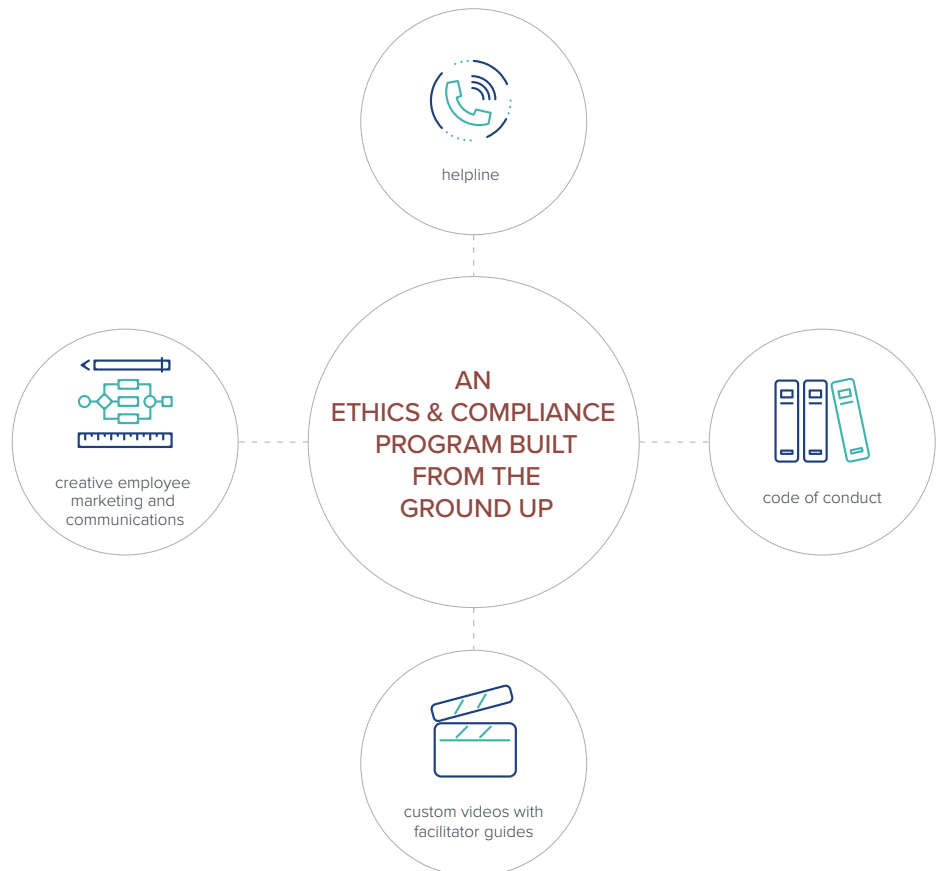
## BUSINESS CHALLENGE

To implement a values-based approach to ethics and compliance with a custom learning strategy across multiple risk areas.

## SOLUTION DEPLOYED

*“There was a lot of activity and conversation around business integrity and ethics, and leadership changes followed, creating opportunity for the new leaders to set the tone and lead by example.”*

—CHRISTINA DUVALL,  
DIRECTOR OF  
COMPLIANCE,  
CONSUMERS ENERGY



In 2004, Christina Duvall thought she was leaving the company. With no chief compliance officer, compliance program or even a reporting hotline in place, she had bravely reported an embezzlement scheme involving two levels of management that she had uncovered while working in the IT department. Although leaders were terminated at the end of the investigation, Duvall resigned, no longer wanting to be a part of the organization.

But that changed when CMS Energy's newly named, first-ever chief compliance officer asked her to work with him for a year to build an effective values-based compliance program, one with the right processes in place so that no other employees would have to endure what she did.

"Our first step was to create a helpline and make employees aware of where to go for ethics and compliance answers, then we announced the appointment of our first chief compliance officer," Duvall explains. The second step was revising CMS's code of conduct to address business practices, including the rules around trading company stock. "There was a lot of activity and conversation around business integrity and ethics, and leadership changes followed, which created opportunities for the new leaders to set the proper tone and lead by example," she recalls.

## **ESTABLISHING A CODE OF CONDUCT**

At that time, CMS did have some training programs in place with LRN, but without a code of conduct or any leadership directive regarding on ethics and compliance, the company was caught up in a round of trading scandals. "From an integrity standpoint, we were dealing with significant issues around certain business practices," Duvall recalls. "As a result, a lot of the initial actions of the newly formed compliance department revolved around cleaning that up."

Taking a new approach, the company now saw its code of conduct as much more than a legal document. "The code creates a standard; we call it 'the backbone' of acceptable behavior, as it sets the expectation when employees put themselves out there as ambassadors," Duvall says. "You have to give them something tangible. Ethics means something different to everyone, and everyone has a different threshold of right and wrong."

The code of conduct includes a set of guiding principles, not simply listing them but also explaining what they really mean and the behaviors associated with each principle. It also shows employees talking about what each principle means to them, using authentic images of employees to illustrate this. "Many cautioned us against doing that, but we decided we trust our employees and believe in them enough to take the risk," Duvall says.

In 2010, CMS completely repurposed its code and renamed it "The Company We Keep." The "w" in we is intentionally capitalized to set the expectation that every employee is accountable. "You're always the product of your last decision, but it's those decisions you're making on behalf of our organization that either protect it—or create a tremendous amount of risk," says Duvall.

## **REBRANDING THE TRAINING PROGRAM STRATEGY**

CMS Energy shifted its training program strategy from lengthy hours of off-the-shelf training each year to a twice-annual program in which employees have six months to complete their training. This addresses the fact that their many in-field employees no longer have to be pulled out of the field for training. "We tried to reduce the human struggle associated with compliance," Duvall says. "Giving employees ample time allows them to work training into their schedules without feeling stressed." Duvall and her team also rebranded the training program to "Right Way Interactive," focusing it on real lessons from the organization itself.

## **STARTING A DIALOGUE: TONE IN THE MIDDLE**

LRN developed a series of experiential toolkits designed for CMS leaders to facilitate dialogue around their six guiding principles, bringing the code of conduct to life in crisp, scenario-based dilemmas. Each toolkit comprised ethical dilemmas presented in an episodic storyline, so learners could authentically connect with the characters and the tensions and pressures of their roles. Short videos that examine the various risks are played, followed by manager-facilitated conversations with employees to talk through the risks presented. "Employees love it," she Duvall says, "and it allows us to focus on policy compliance and behavioral risks that we see through our misconduct patterns as well. I keep thinking that it's going to get old, but we continue to get positive feedback."





LRN developed facilitator guides outlining how to lead the workshops, including summaries of the recommended approach back to the code of conduct. Activities that promote analysis, critical thinking, and evaluation strategies are integrated to enhance team collaboration, peer-to-peer participation, and authentic simulation of active learning in context.

To prepare leaders for their new compliance communication roles in which they'd have to cover what are sometimes difficult topics, LRN facilitated multiple "train the trainer" sessions across the state. LRN helped the managers roleplay with the scenarios they would have to share and potential reactions to which they might need to respond.

The videos that LRN created for CMS are complex, with multiple risks embedded in one primary scenario. For example, one video tackles workplace safety and shows a natural work environment with some obvious and some not-so-obvious violations. About three minutes in, the trainers stop the video and test employees on what they saw, teaching them to notice risks in different ways. "We call it our 'Reality TV Moment.' Employees love to watch the drama unfold," says Duvall, who notes that CMS's risk reporting rate has increased.

## CREATING A MARKETING AND COMMUNICATION PROGRAM

To reinforce an ethical culture, CMS began a communication effort structured around its guiding principles, tying everything back to a stated standard from the code. Under Duvall, CMS also changed the communication strategy from "push," as in here is your annual required training on a topic, to "pull," where employees are drawn in, enticed to participate in a manner that resonates. The communications program includes a monthly email to leaders; a quarterly electronic newsletter for employees; a Sharepoint portal called "Real Time Right Way," where behavioral incidents from that week are published; an Intranet site; and digital signage everywhere for publishing unexpected or humorously titled "listicles"—the four items for the employee to focus on that week. These quick snippets of information on company policies creatively draw employees in, such as "Four Policies You Should Know in the Case of a Zombie Apocalypse," which Duvall notes was one of her all-time favorites. On average, a little more than half of the company's 8,000 employees click on the listicles.

The compliance team also hosts road shows where they meet with employees as a group and tailor the conversations to their specific needs, reinforcing the friendly and approachable nature of compliance. "We don't want to be kept at arm's length," says Duvall. "We're people too and can talk about whatever issues with which employees might be identifying."

Traditional posters and signage are part of CMS' marketing effort, and this year an anti-retaliation mascot named Anonymoose was introduced. As Duvall explains, born through a typo in an investigation report, "we decided to bring him to life opening day" via a character complete with a costume, location appearances, and a slogan: Hey, no moose hunting. Retaliation is not supported here! The mascot now attends the company's annual ethics awards event. "Employees really like him," she says. "Now when he pops up, employees want their picture taken with him!"

## THE JOURNEY OF COMPLIANCE

While that first compliance officer has long since left the company, Duvall's intention to spend just one more year of service has turned into 14 years. She is now part of a team of five, including the chief compliance officer, who are responsible for oversight of all regulations and ethical culture. Her colleagues are certainly grateful that she cared deeply enough to come back. The team enjoys collaborating on "something that is really engaging and meaningful for employees," she says. "It's not just doing investigations or working on regulatory compliance program maturity scales. Compliance can be fun."



### ABOUT LRN

LRN offers education, tools, and advisory services to help organizations develop values-based cultures and leadership, strengthen ethics and compliance efforts, and inspire principled performance. Founded in 1994, LRN is a global company that has educated more than 20 million employees and has worked with more than 700 companies in 100 countries worldwide.

LRN's work is grounded in HOW®, a philosophical framework for individual and organizational behavior in a world that is increasingly complex and interdependent.

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