

E&C EFFECTIVENESS REPORT

# A 7-STEP GUIDE:

HOW TO  
OPERATIONALIZE  
ETHICS & COMPLIANCE  
TRAINING INTO  
YOUR BUSINESS



# AMONG THE BIGGEST CHALLENGES FOR ETHICS AND COMPLIANCE (E&C) PROFESSIONALS IS TRAINING EMPLOYEES TO DO THE RIGHT THING.

The overall premise of the Department of Justice's (DOJ) February 2017 Evaluation of Corporate Compliance Programs is that training must be embedded in – and reflect the realities of – business operations. Training must be:

- Risk-based and tailored to the employees' jobs,
- Offered in a form that is most appropriate for and accessible to employees (based on their job, language, and risk profile),
- Encompass senior management communication to employees of the company's position on misconduct and unethical behavior, and
- Include measurement of the training's effectiveness.

So how do the best companies ensure that their E&C training and communications efforts result in elevated and improved ethical workplace behavior?

To understand what constitutes an effective E&C program, LRN's [2018 Ethics & Compliance Program Effectiveness Report](#) analyzed:

1. The DOJ criteria,
2. Company progress toward meeting them, and
3. The impact of respondents' ethics programs on behavior.



## WHAT THE DEPARTMENT OF JUSTICE DID — AND WHY IT MATTERS

In February 2017, the U.S. Department of Justice changed the game for E&C professionals. Specifically, the Fraud Section of the DOJ's Criminal Division issued an eight-page memorandum to illustrate the type of questions that the Division asks when evaluating a corporate compliance program. The scope and focus of these questions make clear that it's no longer about what your program IS, but rather what your program DOES.

## E&C TRAINING AND COMMUNICATIONS BEST PRACTICES

At the center of the most effective programs were training and communication. Training and communication initiatives embedded in the business function are crucial to fostering ethical, values-based behavior. The good news is most training programs – 89% – communicate organizational values as well as rules, according to LRN’s report.

The majority of E&C training programs also employ a number of “best practices” identified by the DOJ criteria. These include:

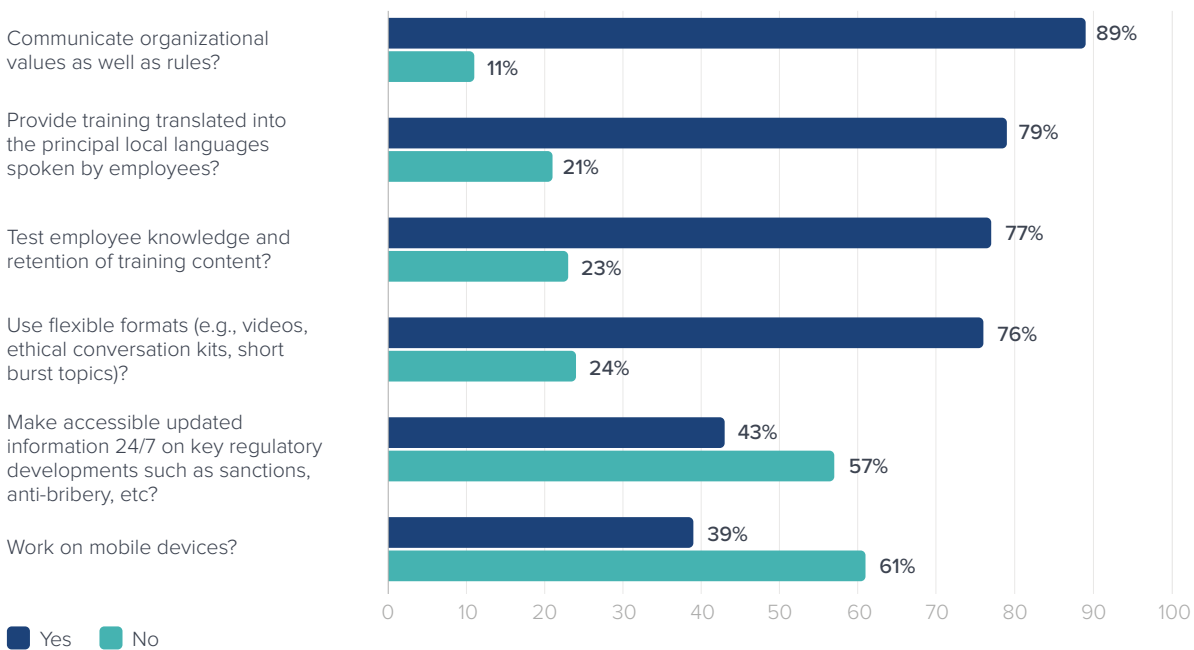
1. Translating training into local languages spoken by employees to ensure understanding,
2. Testing employee knowledge and retention of training content, and
3. Using a variety of training formats to reach employees on particular risks (e.g. videos, conversations, short burst topics).

LRN found that high-performing programs are more likely to employ these practices, making them more effective at promoting ethical behavior among their employees while fostering better decision-making for the business.

But there is still room to improve. Less than 40% of E&C programs offer training on mobile devices, hindering employees from easy and timely access to training or resources. With a growing number of organizations operating in a global regulatory environment and an increasingly on-the-go workforce, such a shortfall represents a significant opportunity for E&C functions to make their training programs not only operational, but robust, relevant, and accessible.

**FIG. A**

### DOES YOUR ORGANIZATION’S ETHICS & COMPLIANCE TRAINING PROGRAM:



LRN’s analysis of E&C training programs against DOJ criteria.

## THE ROLE OF MIDDLE MANAGERS IN THE COMMUNICATIONS FLOW

LRN's 2018 Program Effectiveness Report also highlighted four key ways in which middle managers can strengthen and encourage the flow of communications about E&C issues raised by their teams:

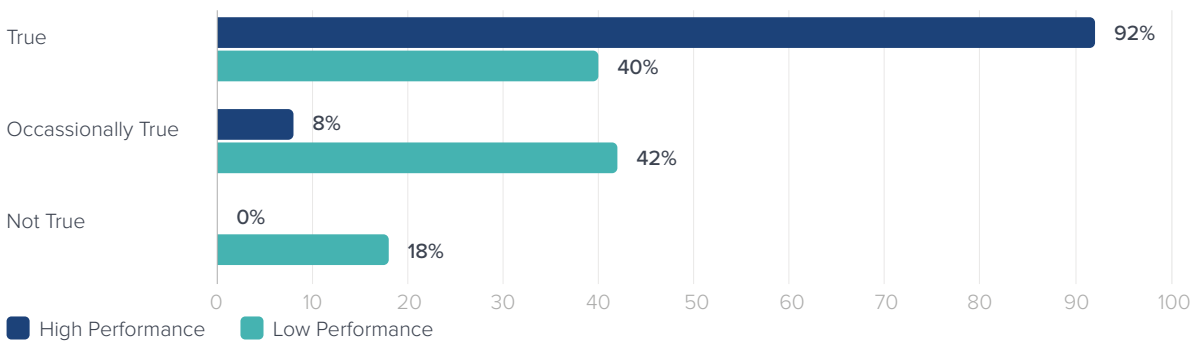


1. Initiating an open discussion of ethical issues in meetings or in employee forums, Fig. B,
2. Taking ethical issues into account when reviewing or promoting their employees,
3. Dealing effectively with E&C concerns raised by their teams, Fig. D, and
4. Taking responsibility and action for compliance failures, Fig. E.

LRN found a marked gap in the frequency with which these actions occur between high- and low-performing programs. Middle managers who encourage the flow of communication about ethical issues and listen to concerns raised by their teams are an effective first line of defense in preventing problems from arising. This process also facilitates business leaders owning compliance.

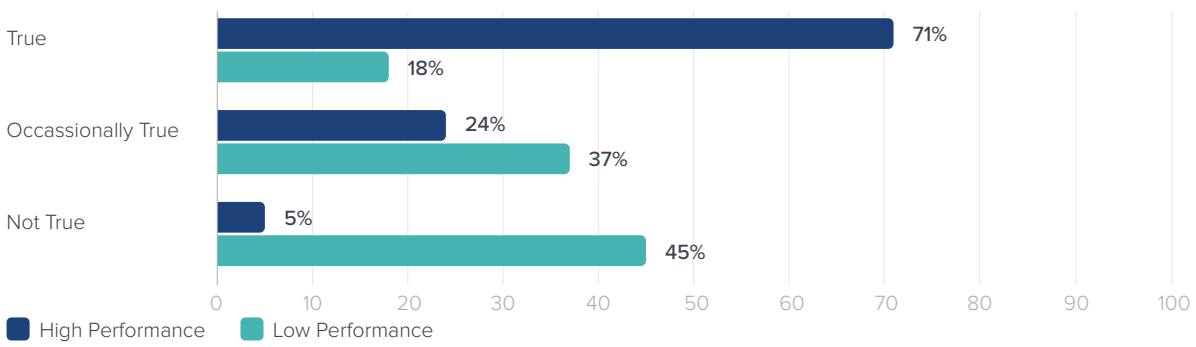
**FIG. B**

### MIDDLE MANAGERS DEAL EFFECTIVELY WITH E&C CONCERNS RAISED BY THEIR TEAMS



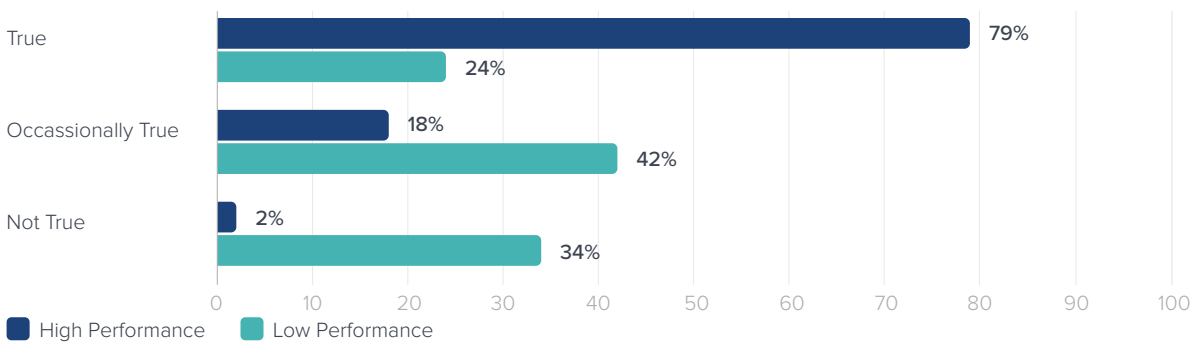
**FIG. C**

**MIDDLE MANAGERS INITIATE OPEN DISCUSSIONS OF ETHICAL ISSUES IN MEETINGS OR EMPLOYEE FORUMS**



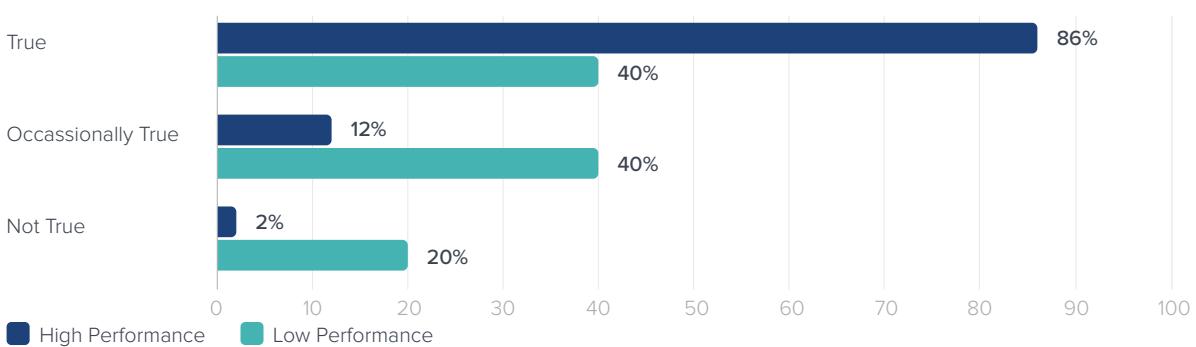
**FIG. D**

**MIDDLE MANAGERS TAKE ETHICAL ISSUES INTO ACCOUNT WHEN REVIEWING OR PROMOTING THEIR EMPLOYEES**



**FIG. E**

**MIDDLE MANAGERS TAKE RESPONSIBILITY AND ACTION FOR COMPLIANCE FAILURES**



# HOW TO OPERATIONALIZE COMPLIANCE TRAINING AND COMMUNICATIONS: A 7-STEP ROADMAP

Where do we go from here? LRN has identified a number of steps organizations can take to ensure their E&C training fosters ethical, values-based behavior and aligns with the DOJ's compliance criteria:

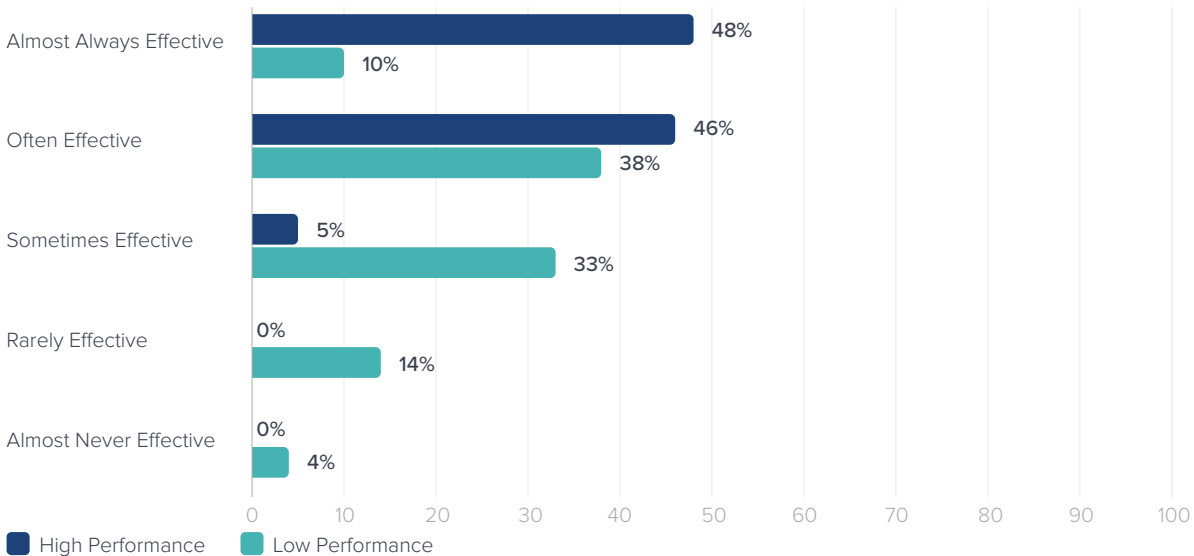
- 1. Undertake comprehensive, ongoing risk identification** to identify the types of activities that create high risk. The objective is to tailor training to the specific risks as well as your organization's industry, culture and values.
- 2. Establish a commitment to E&C training at the highest levels of the organization.** Senior level buy-in is essential to successful integration of ongoing training initiatives within the organization.
- 3. Identify employees/business areas connected with or engaged in specific high-risk activities** to tailor training and communications appropriately to their needs.
- 4. Use clear, engaging, ongoing communications to relevant employees** to raise risk awareness and keep employees interested. A multi-touch and multi-channel approach is the most effective.
- 5. Use an engaging mix of training strategies to embed principles.** Mixing up training modes — such as town hall meetings, business unit small groups, online learning modules, video podcasts, case stories, and gaming tools — engages employees and helps them remember compliance advice.
- 6. Continuously reinforce training initiatives.** Business unit managers help reduce risk and promote a culture of accountability and responsibility by regularly reinforcing corporate compliance initiatives with their teams so that it remains top of mind.
- 7. Effectively measure training and communications efforts** to ensure compliance and understanding. Set goals for training completions and hold managers accountable for meeting them. Solicit feedback regarding training initiatives to improve future programs.

## IN SUMMARY: HIGH PERFORMING E&C PROGRAMS ARE EMBEDDED IN BUSINESS OPERATIONS

The overall premise of the 2017 DOJ criteria is that E&C programs must be embedded in business operations, rather than confined to the Legal or Compliance team. LRN's 2018 Program Effectiveness Report found that high-performing programs successfully met this criteria.

**FIG. F**

INDICATE HOW YOU WOULD CHARACTERIZE THE EFFECTIVENESS OF YOUR ORGANIZATION'S E&C PROGRAM AS A BUSINESS ENABLER (PROVIDES ADVICE/COUNSEL, ENABLES BETTER DECISION-MAKING):



To learn about more specific and actionable insights on E&C program effectiveness, access the [2018 Program Effectiveness Report here](#).

Interested in how your organization can embed E&C training and communications into your business operations? Please [contact us](#) for more information.

LET US SHOW YOU **HOW**

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