



SCCE Compliance & Ethics Institute
Strengthening Culture Through Innovative Training
Chicago
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Why are you here?

*“Every change of mind
is first of all
a change of heart.”*

The 14th Dalai Lama



Why are you here?

1. Nothing else to do in Chicago on a Sunday afternoon
2. Want to make our training more effective
3. Want to be better at integrating our values into training
4. Something else



What is your biggest challenge in upgrading training?

What is your biggest challenge in upgrading training?

1. Leaders don't see the need
2. My boss/others in compliance don't see the need
3. We don't have the budget for it
4. We don't have the people resources to do it



Agenda

1	Introduction, problem, and solution
2	A winning, sustainable culture
3	The Greater Good — MMC's Code of Conduct & communication strategy case study
4	Assessing and improving culture
5	Cultural challenges: Shared commitment & Speaking up
6	Cultural impact
7	Lessons learned, discussion and application

INTRODUCTION, PROBLEM AND SOLUTION

Steve Priest/III (and previously ELG)

- Founded ELG in 1993 (now part of Navex Global), III in 2013
 - Consulted in 51 countries with over 25% of the Fortune 200
 - Trained forty Boards of Directors and senior leadership teams
 - Served as adviser for CEOs, GCs, and Compliance Officers
 - Been relied upon by the Securities and Exchange Commission, the Department of Justice, the Department of Defense (US) and Ministry of Defense (UK) and other government agencies to objectively assess organizational culture and compliance programs

22 years of learning

1. Compliance fails without ethics
 - “Doing the right thing” motivates and optimizes behavior
2. Culture wins
 - When a rule or a policy or a Code conflicts with an organization’s culture, the culture prevails most of the time.
3. Winning, sustainable cultures have integrity at their core
 - And execute it integrated with everything else

“ Definition of culture:

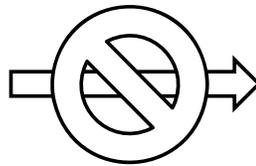
A pattern of shared basic assumptions about how to adapt, survive and thrive.

”

- Steve Priest



Compliance: Tried and Failed



Safety
Profitability
Integrity



A WINNING, SUSTAINABLE CULTURE



One culture, many cultures

- No such thing as an “ethics culture” or “safety culture” or “customer service culture.” One culture, many manifestations.
- Complex organizations have complex cultures—micro cultures by country, site, line of business, profession, legacy company.
- *“Manage the culture or it manages you.”*
--Ed Schein

A healthy culture improves performance

- Profit
- Safety
- Integrity



The Value of Corporate Culture
(2013, U of Chicago)



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A healthy culture is one where

Doing the right thing is the expected practice every day, and actions that depart from the norms – such as retaliation – stands out and is addressed



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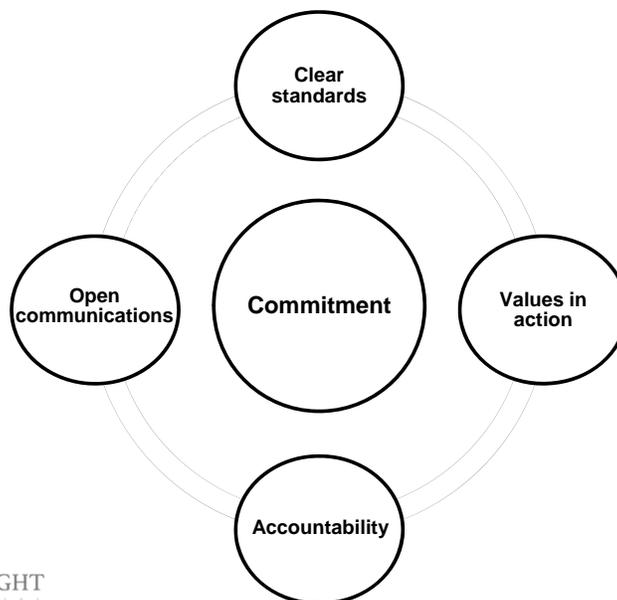
A culture of doing the right thing

Goal for E&C programs:

***Strengthen the culture so
that it stands for integrity —
inside and outside the organization.***



Key attributes of a healthy culture



Commitment

Organizational attributes

- Mission and values reflect true commitment to doing the right thing
- Balanced approach:
 - Performance AND Principles
 - Short term AND Long term
 - Shareholders AND Customers AND Employees
 - Compliance AND Innovation

Leadership attributes

- Personal and professional commitment to mission, values, Code, doing the right thing
- Personal integrity and respect
- Authenticity



Clear standards

Organizational attributes

- Clear, consistent formal communications
 - Mission, vision, values
 - Code of Conduct
 - Policies
 - Communications and Training
- Structures and incentives to align management communications

Leadership attributes

- Talk the Talk—formal and informal, MBWA
- Consistent, clear, honest messages on
 - Personal commitment and the organization's
 - Expectations on performance and ethics/compliance
 - Business plans and performance
 - Evaluation of employee



Values in action

Organizational attributes

- Respect
- Fair process
- Compassion
- Courage
- No conflicts of interest

Leadership attributes

- Walk the Talk



Accountability

Organizational attributes

- Performance and principles built into HR systems
- Fair processes
- Consistent disciplinary approach for all

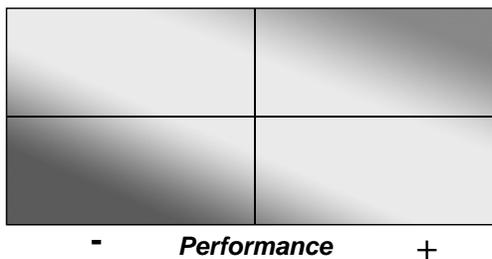
Leadership attributes

- Hold others and themselves accountable
- Vigilance
- Responsiveness

+

Values

-



Open communications

Organizational attributes

- Core practice up, across and down
- Anti-retaliation policies effective
- Alternative reporting channels available and trusted

Leadership attributes

- Be accessible
- Listen with an open mind
- Do not retaliate
- Respond appropriately



A culture of integrity is one where

- Company leadership articulates and embraces responsible conduct.
- Employees know the standards and rules that apply to them in their roles.
- Employees believe that their managers—and senior management—are committed to integrity.
- Employees raise concerns about misconduct because they do not fear retaliation and they believe their concerns will be addressed.
- Employees are held accountable to act consistently with the code and standards, and are disciplined consistently if they fail to do so.
- Suppliers and others who expose the company to risk are held accountable to high ethical standards.
- *Doing the right thing is the expected practice every day, and unethical or non-compliant behavior stands out and is called out.*

THE GREATER GOOD — MMC'S CODE OF CONDUCT & COMMUNICATION STRATEGY - CASE STUDY

Marsh & McLennan Companies

A global professional services firm offering clients advice and solutions in the areas of risk, strategy, and human capital

 **MARSH** a global leader in insurance broking and risk management.

 **GUY CARPENTER** a global leader in insurance broking and risk management.

 **MERCER** a global leader in talent, health, retirement, and investment consulting.

 **OLIVER WYMAN** a global leader in management consulting.

**54,000
Colleagues**

**\$12 billion annual
revenue**

**Clients in over
100 countries**

Context for the New Code

- Findings from focus groups:
 - “Old” code was US-centric, legalistic and not so user-friendly
 - Only available online
 - Greater manager involvement in communication of Code
- Strong operating company brands and a new parent company brand
- New risks; new compliance requirements

Developing *The Greater Good* from the ground up



- 200+ individuals drawn from all Operating Companies, geographies, key functions
- Governance: Steering Committee and Code Working Group
- Ethical Leadership Group, a global leader in shaping relevant codes of conduct, to partner in research and benchmarking



- Benchmarked current code against best practices
- Conducted colleague focus groups in London, NYC and Singapore



- Solicited input from Code Working Group, Compliance Officers, Subject Matter Experts, Executive Officers and Key Functions
- Validated through colleague focus groups in Australia, India, Brazil, Mexico, France, Germany, Canada, and US (Chicago and Hoboken)
- Reviewed by global legal and compliance teams

The Greater Good

Organized around trust

A clear statement of our shared commitment to integrity

Addresses key cultural drivers of risk



Innovative code communication strategy

- Global Town Hall
- All-colleague email
- Posters
- Hard copy distribution (languages)
- Online version
- Film premiere
- Leader's Toolkit
- Certification: Crack the Code!



FACES OF MARSH & McLENNAN COMPANIES

- Risk management as a strategic imperative
- The importance of the work we do
- Individual responsibility for doing it right
- Importance of raising concerns
- Code of Conduct



Weaving the company together...reducing our risk

Board and senior management involvement

Senior Management Commitment

- 100%**
- receive hard copy Code
 - certify to *The Greater Good*
 - see the film, *Faces of Marsh & McLennan Companies*

- 80%**
- attend manager-led training

Board

- Approved Code
- Received Code training
- Risk Committee: oversight, including regular status reports on training goals

ASSESSING AND IMPROVING CULTURE

How Do You Know if Your Culture Is Ethical?

Observable negative actions

- Arrests, cases turned over for prosecution
- Terminations for non-compliance and unethical actions

Reports of unethical actions

- Employee complaints to EEO, other regulatory bodies
- Customer and supplier complaints
- Employee concerns to Ethics Lines, Alert Lines
- Employee concerns to other channels
- Reports from Audit, Security, HR

How Do You Know if Your Culture Is Ethical?

Embedded HR and Audit processes

- 360 degree evaluations
- Exit interviews
- Unwanted attrition
- Audits

Employee perceptions

- Surveys
- Focus groups
- Interviews
- Internet/intranet message boards, discussion groups
- Extending above to clients and suppliers



Assessment Cautionary Notes

- Use for assessing businesses / business leaders, but not right away. Build trust first.
- Do not rely on any one process/measure. Good assessments are mosaics.
- Be careful with surveys—employees tell us that they often do not respond with the whole truth.
- Remember Albert Einstein:

“Not everything that can be counted counts, and not everything that counts can be counted.”



What is your weakest link?

1. Lack of commitment to doing right thing, balanced approach
2. Failure to “talk the talk”—employees don’t understand commitment, standards
3. Failure to “walk the talk”—lack of respect, conflicts of interest
4. Little accountability
5. Culture of blame rather than listen and learn—employees fear retaliation



Jack Welch’s Three Tools

- Police (Audit and, to an extent, Compliance and HR)
- Schools (Training, OD, HR)
- Media (Corporate Communications and many others)



Shaping a Culture

Big change requires partners

- Senior management
- Human Resources
- Legal
- Finance/Audit
- Communications

E&C can nudge the culture

- Training emphasizing key cultural attributes
- Marketing/ communications/Code
- Conspire with HR
 - Performance appraisal
 - Coaching
 - Disciplinary processes



CULTURAL CHALLENGES: SHARED COMMITMENT





The Greater Good — Choose Your Path
Innovative Series Delivered in 16 Languages

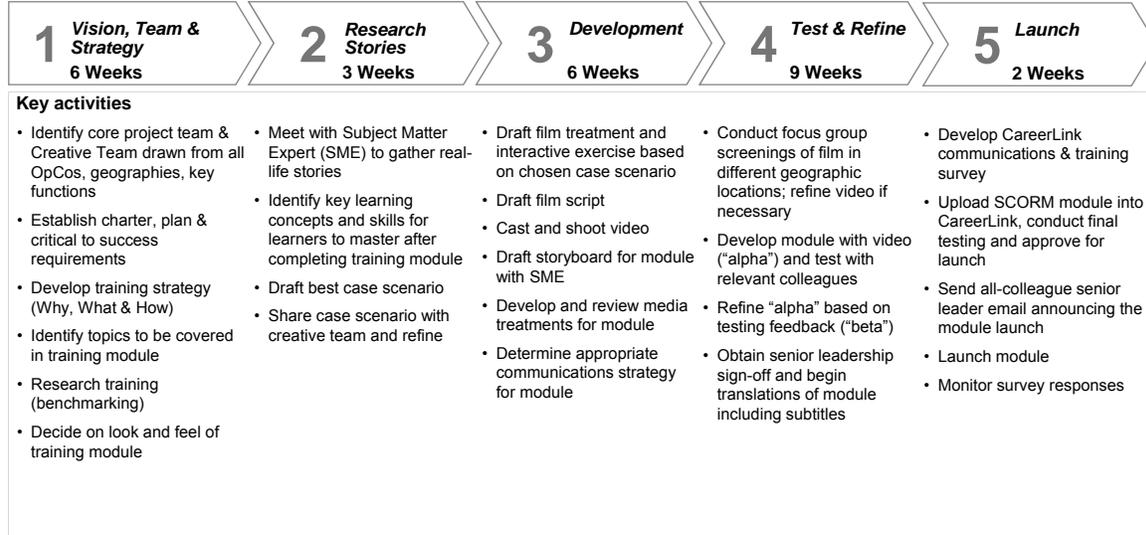
Learning Elements

- 1 A story that illustrates the key risk area
- 2 Presentation through video and text
- 3 Interactive exercises

Dramatizing Seven Risk Areas

1. Anti-corruption
2. Confidentiality
3. Conflicts of Interest
4. Data Protection
5. Respect in the Workplace
6. Use of Email and Social Media
7. Trade Sanctions

Developing *The Greater Good* – Choose Your Path



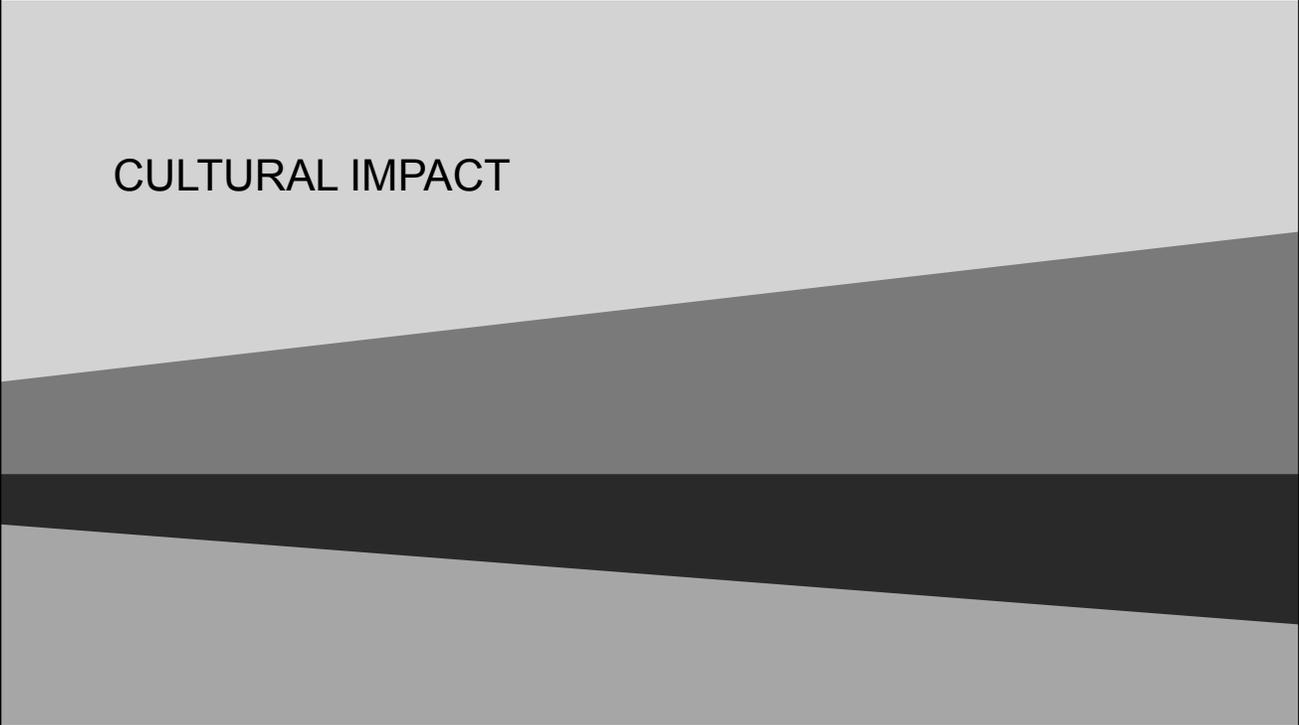
CHOOSE YOUR PATH – “RAHUA CITY BLUES”



Group Exercise: Discussion

If you were making a video for your company, what would it be?

- What would be the issue or topic you would like your video to focus on?
- What would be the title of the video?
- If you could hire celebrities, who would you hire to play the characters? Who would stand for your culture: Good and bad?
- What song or jingle you would want to play in your videos?
- What would you want your colleagues to feel after viewing your film?



CULTURAL IMPACT

Survey Responses

“Firstly congratulations on an engaging module - I love the series and think it has achieved the **remarkable in making people wonder when the next module of Compliance training is coming** - fantastic.”

“Best module so far. Many of the previous online training are useless — so easy to forget. The difference for this one is that it is **real life. So it is immediately absorbed.** Fantastic!”

“A very cleverly thought out and constructed piece of learning, using both video and interaction. It **had the right amount of humour**, but really got the serious message across.”

“Fantastic module — **extremely engaging in an area that is normally difficult to make interesting.**”

Survey Responses

“**Brilliant way to make a potentially boring course very interesting and engaging.** I actually enjoyed taking a break from my daily tasks to complete the training.”

“This is the best way to get educated and one **will never forget.**”

“**Excellent — I am showing my children.**”

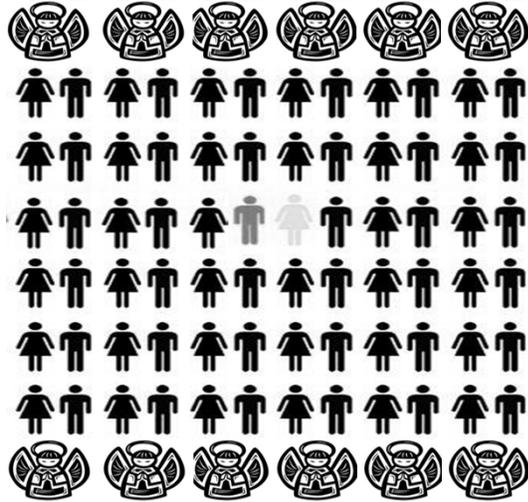
Do you measure the effectiveness of your training?

1. Yes, based on responses given during training (e.g. quizzes)
2. Yes, based on survey/evaluation at end of training
3. Yes, based on survey/evaluation weeks/months after training
4. Yes, based on other indicators (e.g. reports to help line)
5. Most or all of the above
6. No



LESSONS LEARNED, DISCUSSION AND APPLICATION

Target your efforts



And their
supervisors
& managers

