SCCE COMPLIANCE & ETHICS FORUM | SEPTEMBER 21, 2018 | WASHINGTON, DC

CAN'T PAPER EVERY BEHAVIOR
MOVING BEYOND POLICY, PUTTING PRINCIPLES INTO ACTION

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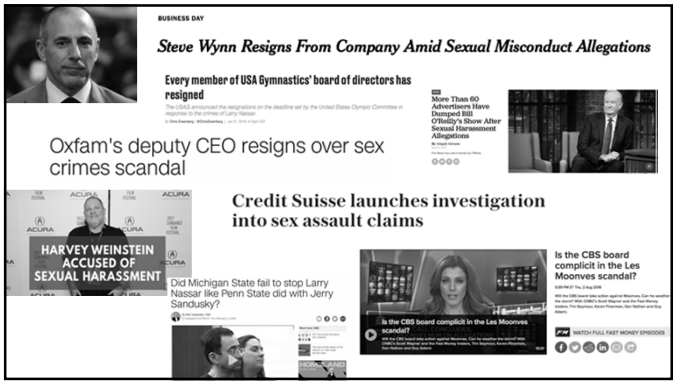

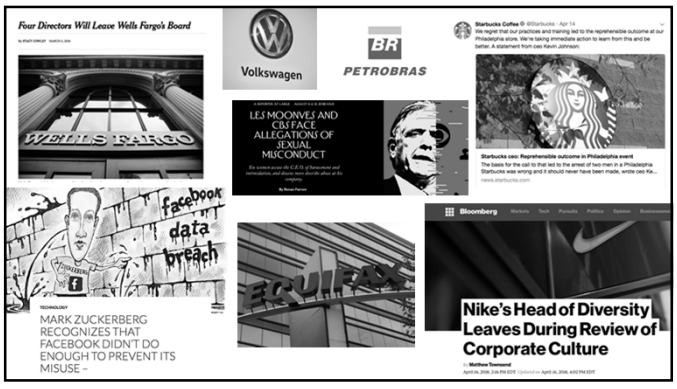

Culture is a Key Driver of Impact

Regulators have long identified culture as a driver of Compliance & Ethics strategy.

"… undertake an appropriate assessment of corporate efforts to create an organizational culture that encourages a commitment to compliance with the law and ethical conduct..."

US Federal Sentencing Guidelines

"Culture needs to be set from the top. Members of the corporation need to know that the corporation is committed to ethical standards… and that executives… are role models for ethical business conduct"

UK Serious Fraud Office

"… A corporation is directed by its management and management is responsible for a corporate culture in which criminal conduct is either discouraged or tacitly encouraged."

The Department of Justice

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Source: Dictionary.com

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The Culture Around Employees Who Observe a Lack of Accountability

Employees who observe a lack of accountability are

- **13x** more likely to make an important decision without thinking about values.
- **11x** more likely to not understand how to apply values into their day-to-day role.
- **10x** more likely to hesitate to speak up when observing or suspecting misconduct.
- **8x** more likely to have a manager who doesn't model values.
- **7x** more likely to report that compromises its mission to achieve short-term results.

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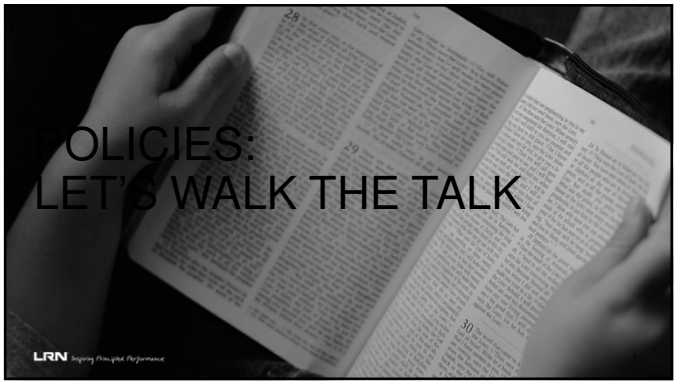
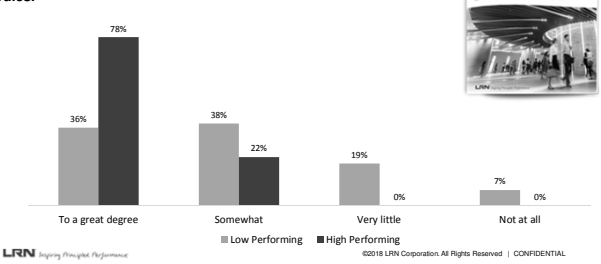


RULES TO VALUES SHIFT:

Over the past five years, my organization's ethics & compliance program and efforts have increasingly focused on values, not just rules.



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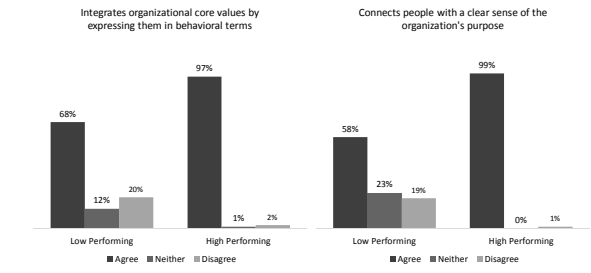
CODE REALIGNMENT: CODE OF RULES TO CODE OF PRINCIPLES

Rate the degree to which your organization's code of conduct meets the following goals:



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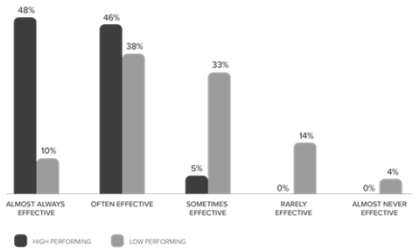
Indicate how you would characterize the effectiveness of your organization's E&C program as a business enabler (e.g., provides advice/counsel, enables better decision-making):



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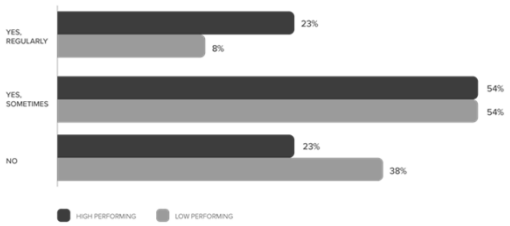
In the past year, did your organization's consideration of E&C risks or factors *substantially modify or lead to the abandonment* of a business initiative?



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The Time For Building Relationships is NOT in the Middle of a Crisis

Setting the tone of a speak-up culture within the company often starts with leaders.

Employees report misdeeds 71% of the time when they believe top management is committed to ethics.

Front-line management are the gatekeepers of culture. They are in the most INFLUENTIAL position to foster an environment for employees to raise concerns and speak out.

- **57% of people will go to their direct supervisor** when they observe misconduct

Do they LISTEN UP?

- **Less than 2%** of managers are formally trained around active listening
- Average manager interrupts employees **within 17 seconds** when someone is speaking.

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Key Takeaways:
COMPLIANCE is an OUTCOME of CULTURE

1. Reach across the aisle: collaborate cross-functionally
2. Build 'Drip' campaigns: increase cadence of communications in short bits
3. Align core messages with corporate values
4. Education should integrate situational awareness & guidelines
5. Simplify policies so they are tangible, actionable
6. Workforce needs simulated practice APPLYING policy
7. Build dialogue into existing meetings, stand-ups
8. Be accessible, it takes courage to speak out
9. Develop front-line leaders to LISTEN, take ACTION
10. Measure accountability across the board