Metrics that Matter

Gathering the Right Information to
Improve Your Compliance Program

Agenda

- Creating and gathering metrics that matter
- Common challenges
- Evaluating and leveraging your metrics

Diana Trevley, J.D., CCEP-I

- Chief of Global Services
  - Specializing in the evaluation and optimization of compliance programs
  - Anti-bribery and data protection expert
- Formerly at Gibson, Dunn & Crutcher

London | Los Angeles | Atlanta


What's measured improves.

Peter F. Drucker

The DOJ's View

What Most Companies Measure	What the DOJ Is Likely to Ask for During an Investigation
Percentage of employees that completed the training	How has the company measured the effectiveness of the training?
Number of reports to the hotline, the type of report, and whether it was substantiated	How has the company collected, analyzed, and used information from its reporting mechanisms?

Good Metrics Have the Following Attributes

- Easily Comprehensible
- Connected to a Goal
- Obtainable
- Repeatable Over Time

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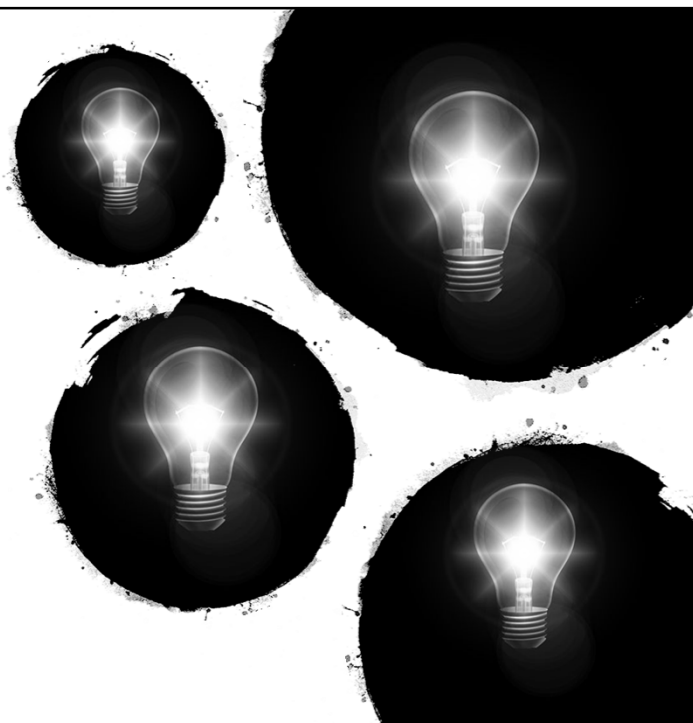
95% of Employees Completed Training

What you *really* want to know:

- Did everyone comprehend the rules?
- Did managers take it seriously?
- Did everyone learn the processes necessary to comply?
- Does the culture support an ethical environment?

So What?

From Simple to Next-Level Metrics

- Next-Level Metrics answer the following questions:
  - Is my program *effective?*
  - Does my program *add value?*
  - Is my program *improving?*

Defining Your Next-Level Metrics

ONE SIZE DOES NOT FIT ALL

- Consider
  - The simple metrics you are already gathering
  - Your company's risk profile
  - Your program's maturity
  - Your resources

Defining Your Next-Level Metrics

- Define the Metric
- Apply the *So What?* Test
- Define *how* the information will be gathered

Gathering Information

- Software
- Interviews
- Questionnaires
- Surveys
- Focus groups
- Observations

- Reviewing records
- Intranet and email statistics
- Testing knowledge
- Testing key controls
- Ad hoc feedback

Remember to Keep Track of Your Metrics

- Metrics being collected
- Objective or key performance indicator
- Responsible team member
- Frequency
- How you are collecting the data
- Date you began tracking the metric

Getting Specific with Examples

Metric	So What?
Number of people that accessed each compliance-related policy on the intranet	Shows interest in/awareness of the policies and procedures
Number of times internal audit checks confirmed compliance with procedures	Evidence that the procedures are being followed
By-country or by-business unit analysis of number of times internal audit found non-compliance with procedures	

Policies and Procedures

Training

Metric	So What?
By-country or by-business unit analysis of the number of questions answered incorrectly after training	Measures effectiveness of training; gaps in knowledge of risks or processes; tracking of trends
Number of days it takes for managers to complete the training once it is assigned	
Percentage by-country or by-business unit that did not complete the training in the allotted time	

Monitoring and Auditing

Metric	So What?
Number and type of disciplinary actions enforced by country or business-unit	Provides information about consistency of disciplinary measures; shows trends in misconduct
Number of reports by root-cause analysis of reported incidents (*e.g.,* intentional, misunderstanding, etc.)	Allows comprehension of root cause and tracking of systemic problems
Number and percentage of whistle-blowers or complainants who report retaliation at or before 30-day period	

Messaging

Metric	So What?
Percentage of company-wide communications by management including a compliance message	Tracks senior management's commitment to compliance
Number of employee visits to the intranet site or blog reading compliance-team's messages	
Number of comments made on compliance-related messages by management	Shows employee engagement with the messaging sent by senior management

Third-Party Due Diligence

Metric	So What?
Average number of days it takes a third-party to complete the due diligence questionnaire	Indicates how engaged the third-parties are with due diligence
Number of third-parties denied by-country or by-business unit after due diligence is complete	Tells us how carefully the business is pre-vetting third-parties
Number of third-parties ranked as high-risk or very high-risk by-country or by-business unit	

Risk Assessment

Metric	So What?
Number of risks assessed on a by-country or by-business-unit basis	
Number of risks correctly identified by the business during risk assessment information gathering	Shows comprehension and ownership of risk by the business
Number of third-parties ranked as high-risk or very high-risk by-country or by-business unit	Shows progress of initiatives to mitigate risk

Governance

Metric	So What?
Number of sessions with senior management in which questions were asked	Shows engagement with the program
Number of minutes allocated to compliance-related topics and training of board members	Shows engagement with the board
Percentage of managers who came to the Compliance Day event	

Common Challenges
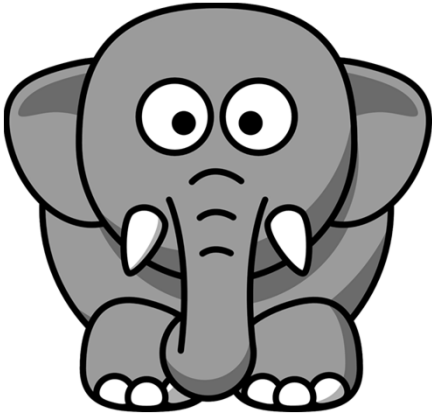

Problem

I don't know where to start!

Solution

Focus on your greatest risk or your strongest metric

You don't have to eat the whole elephant at once

Start small and over time work your way to more sophisticated metrics.

Spark Compliance does not condone the actual eating of elephants under any circumstances, even for gathering metrics that matter.

Problem

I don't have the budget!

Solution

- Use all available resources
- Join forces with other functions

Problem

I don't want to gather/report my metrics – they will make me look bad!

Solution

- It's a continuous improvement game
- Share a high-level analysis of the results

Analyzing Your Metrics

Metrics are for doing, not for starting.
Never measure just because you can.

Measure to learn. Measure to fix.
- Stijn Debrouwere

Periodic Review

- Schedule the time
- Review all data together
- Ask
  - What trends are you seeing?
  - What more do you want to know?
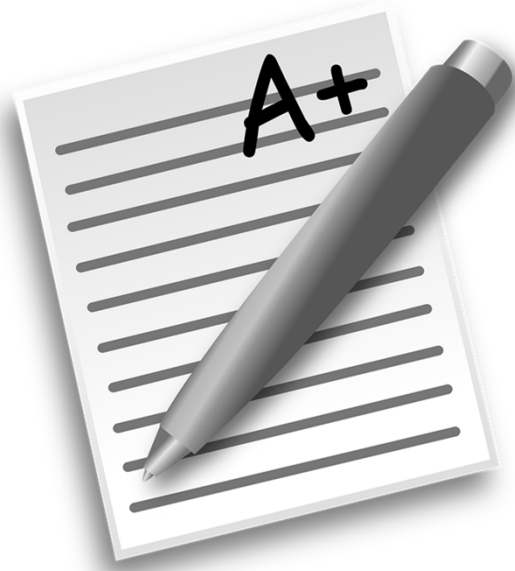 - What can be improved?

But Analyzing Metrics Isn't All Fun and Games

- Confirmation bias
- Flawed data
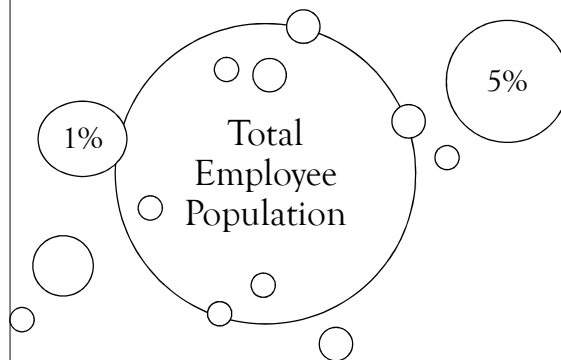- Failed *So Whats?*
- Unknown root causes

The Good News?!!

- A for Effort
- This is an art, not a science
- Metrics, like the compliance program they track, improve over time.

Leveraging Your Metrics

Let Graphics Tell the Story

1%

5%

Total
Employee
Population

Tie Metrics
Back to
Business
Initiatives

Use Metrics to
Support Requests for
More Resources

COMPLIANCE
OFFICER
— BECAUSE —
Superhero
ISN'T AN OFFICIAL
JOB TITLE

And finally....

Use metrics to showcase
your value to the company

Interested in Learning More?

- ✓ Sign Up to receive Spark Compliance's Ongoing Blog Series on <u>Metrics that Matter</u>
  - ➢ On ComplianceKristy.com
  - ➢ Email me at DianaTrevley@SparkCompliance.com

Thank You! Keep In Touch!

Diana Trevley

DianaTrevley@SparkCompliance.com

www.SparkCompliance.com

London | Los Angeles | Atlanta

Thank You!