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

London | Los Angeles | Atlanta
### The DOJ’s View

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

### Good Metrics Have the Following Attributes

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

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

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

<table>
<thead>
<tr>
<th>Metric</th>
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</tr>
</thead>
<tbody>
<tr>
<td>By-country or by-business unit analysis of the number of questions answered incorrectly after training</td>
<td>Measures effectiveness of training; gaps in knowledge of risks or processes; tracking of trends</td>
</tr>
<tr>
<td>Number of days it takes for managers to complete the training once it is assigned</td>
<td></td>
</tr>
<tr>
<td>Percentage by-country or by-business unit that did not complete the training in the allotted time</td>
<td></td>
</tr>
</tbody>
</table>

### Monitoring and Auditing

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

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<tr>
<td>Percentage of company-wide communications by management including a compliance message</td>
<td>Tracks senior management’s commitment to compliance</td>
</tr>
<tr>
<td>Number of employee visits to the intranet site or blog reading compliance-team’s messages</td>
<td></td>
</tr>
<tr>
<td>Number of comments made on compliance-related messages by management</td>
<td>Shows employee engagement with the messaging sent by senior management</td>
</tr>
</tbody>
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### Third-Party Due Diligence

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</tr>
</thead>
<tbody>
<tr>
<td>Average number of days it takes a third-party to complete the due diligence questionnaire</td>
<td>Indicates how engaged the third-parties are with due diligence</td>
</tr>
<tr>
<td>Number of third-parties denied by-country or by-business unit after due diligence is complete</td>
<td>Tells us how carefully the business is pre-vetting third-parties</td>
</tr>
<tr>
<td>Number of third-parties ranked as high-risk or very high-risk by-country or by-business unit</td>
<td></td>
</tr>
</tbody>
</table>
### Risk Assessment

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Number of risks assessed on a by-country or by-business-unit basis</td>
<td></td>
</tr>
<tr>
<td>Number of risks correctly identified by the business during risk assessment information gathering</td>
<td>Shows comprehension and ownership of risk by the business</td>
</tr>
<tr>
<td>Number of third-parties ranked as high-risk or very high-risk by-country or by-business unit</td>
<td>Shows progress of initiatives to mitigate risk</td>
</tr>
</tbody>
</table>

### Governance

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</tr>
</thead>
<tbody>
<tr>
<td>Number of sessions with senior management in which questions were asked</td>
<td>Shows engagement with the program</td>
</tr>
<tr>
<td>Number of minutes allocated to compliance-related topics and training of board members</td>
<td>Shows engagement with the board</td>
</tr>
<tr>
<td>Percentage of managers who came to the Compliance Day event</td>
<td></td>
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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 What?
• 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
Tie Metrics Back to Business Initiatives

Use Metrics to Support Requests for More Resources
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 Metrics that Matter
- On ComplianceKristy.com
- Email me at DianaTrevley@SparkCompliance.com

Thank You! Keep In Touch!

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