

Organizational Integrity

Shorts



Edition 1.6

Measuring the Efficacy of Your Ethics & Compliance Program

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Good morning, and welcome back. This is the sixth edition of *OIG Shorts*, a publication of Sheppard Mullin's Organizational Integrity Group. Previously, we discussed several practical approaches to creating a more effective Ethics & Compliance (E&C) program, including ensuring the program is reality-based, not letting the program becoming a check-the-box exercise, and integrating the program holistically into various components of the organization. Today, we focus on the importance of measuring the efficacy of the program. We touched on this briefly in Edition 1.1, but it's a topic that is deserving of greater attention.

Famed management consultant Peter Drucker memorably said "you can't manage what you don't measure." The concept is second nature to most organizations when it comes to *business* decisions. Sales teams measure revenue with fanatical discipline. Finance Departments live on a daily diet of data. E&C professionals, however, operate in a very different world; one in which meaningful efficacy data are elusive. Consequently, industry actually has very little understanding of what works and what doesn't when it comes to E&C programs. Sure, we know what we need to do to check off boxes. But we know very little about whether our programs are driving the behavior we are seeking to drive.

It doesn't have to be that way. There are ways (imperfect though they may be) to evaluate the efficacy of our E&C programs. Here are a few suggestions:

1. Incorporate a survey following trainings to test whether critical information is being absorbed by attendees.
2. Circulate an additional survey 3 and/or 6 months after training to see what information is being retained.
3. Tweet (or email or text or Snap . . .) periodic "test" questions to employees over time to further assess retention.
4. Track and analyze hotline complaints relating to specific compliance areas (understanding that a jump in complaints following a training likely is not a sign your compliance program is ineffective).
5. Track compliance activities against instances of relevant reported misconduct and mistakes.



6. Conduct meaningful post-mortem reviews following problems.
7. Meet with individuals or focus groups to evaluate compliance program awareness and commitment.
8. Track attendance at training events.
9. Conduct and evaluate meaningful exit interviews that include E&C-related questions. (Departing employees sometimes are more candid about problems than current employees).
10. If you are a federal contractor subject to federal audit, track and measure those audit findings against your E&C initiatives.
11. Measure “hits” on your online policies, procedures, and other compliance tools.
12. Leverage your Internal Audit group to include E&C-related assessments in their annual audit programs.

Those who want to go a step further might consider employing technology to help measure program efficacy. While AI programs like this are not yet the norm, we are confident we all will be reading more and more about them in the coming months and years.

None of these activities, of course, will guarantee that your E&C program will prevent *all* wrongdoing. They will, however, help focus time, attention, resources, and funding on programs that actually are contributing to the overarching goal of reducing risk to the enterprise.

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