SKYE Multimedia

What's the Cost of Falling Off the Narrow Path to Compliance?

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Compliance Training in Context

In an ever-changing regulatory environment, the job of preventing compliance incidents from happening, as well as detecting and dealing with them when they do occur, is increasingly challenging. Furthermore, with the public's growing intolerance of misconduct, and the **current era of public shaming**, compliance programs must go beyond legal and regulatory compliance; they must encompass codes of conduct, practices, and policies designed to ensure quality, ethical conduct, and integrity. Compliance training designed to achieve results is essential to program success.

Compliance training can be **meaningful and effective, or not.** On one end of the spectrum are the dreaded, annual 30- to 60-minute, one-size-fits-all, eLearning "page turners." These may satisfy legal requirements to provide training. They are rarely sufficient to inspire commitment to compliance. On the other end of the spectrum are innovative solutions that deliver highly-effective, individualized, lasting, learning experiences.

Do Your Learners Have Compliance Fatigue Syndrome?

Compliance Fatigue Syndrome: A state of chronic fatigue induced by having to constantly maintain compliance with the ever-increasing variety of rules, regulations and processes created by middle management bureaucrats in both public and private organizations.

– From http:/www.urbandictionary.com

Components of an Effective Compliance Program

Training is an essential component of an effective compliance and ethics program. Other frequently cited components include:[1,2]

- Commitment to building a culture of ethical and compliance behavior at the top, and initiatives that clearly contribute to creating that culture.

- Ethics and compliance risk assessments, that enable management to focus resources on the most significant risks.

- Internal controls and detailed policies and procedures that reduce the likelihood of criminal or improper conduct.

- Guidance the organization wants employees to follow, or avoid in its business relationships.

- Appointment of a Chief Compliance Officer who is responsible for day-to-day oversight and management.

- A robust testing and monitoring program.

" One test of a positive, values-based culture is the comfort level for employees to speak up and report concerns without fear of retaliation. "

– Martin Biegelman
Director, Deloitte Advisory[2]

Ineffective Compliance Training is a Risky Business

The cost of noncompliance is steep. Record-breaking settlements and stringent enforcement actions are a call to action. The intangible costs – damaged reputation, loss of investor confidence, operational disruption, decreased employee morale and productivity – can be more devastating than direct monetary costs. Minimizing these risks is a top concern for CEOs, particularly in highly-regulated industries. In areas such as data security, technological solutions are often emphasized. However, information security officers know **the greatest risk is not technological failure**, it is the "human element." Ownership of an organization's compliance resides in the hands of the people who do the work. Giving them all the training and performance support tools they need is critical.

In the News

According to a recent report,[3] cumulative penaties paid by banks from January 2009 through December 2016 exceeded $320 billion. The past decade saw five of the largest pharmaceutical settlements in U.S. history, ranging from $1.4 to $3 Billion dollars. Seemingly every week, new headlines reflect heightened regulatory expectations.

Compliance

Rules   Standards   Policies   Requirements   Regulations   Transparency   Law

Six Ingredients of Effective Compliance Training

Intelligent, results-oriented design means bringing together six key elements to achieve the best results. Effective compliance training brings together the most suitable modes of delivery, peformance support tools and reinforcement mechanisms.

Results-Oriented
First and foremost, effective compliance training is designed to achieve tangible results that benefit your business.

Motivating
It isn't enough to know what to do. Effective compliance training ensures that employees are motivated to put that knowledge into practice.

Relevant
Answering the question "What does this have to do with me?" is essential. If compliance isn't connected to an employee's day-to-day tasks and challenges, it is unlikely to change conduct.

Right Size
Too often, "compliance training" means "information overload," which is a recipe for failure. Effective training is "right-sized." For some content, that means delivering the material in smaller "chunks" that are reinforced over time.
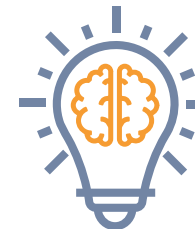
Right Mix
Intelligent, results-oriented design means bringing together the right mix of elements, such as modes of delivery, job aids, or reinforcement mechanisms.

Engaging
Without engagement, there is no learning. To be effective, compliance training must captivate the learner and keep them interested.

In practical terms, what do each of these elements mean?
A brief discussion of each follows.

Results-Oriented Corporate Training is not created merely to inform. It is created to achieve results that are aligned with business objectives. Meeting learning objectives for your training does not always translate into tangible results that benefit the business. For example, a program designed to teach employees a set of regulations may achieve the learning objective, but fail to achieve results because **knowing the rules does not necessarily equate to following the rules**.

Results-Oriented Design:

- Focuses on achieving tangible results that align with business objectives.

- Recognizes that the only way to be sure training is achieving tangible results is to measure those results.

- Understands that if learning objectives are met, but desired results are not achieved, both the learning objectives and training need to be addressed.

Business Objectives, Desired Results, and Metrics

In the world of compliance, a primary business objective is to reduce regulatory risk.

Desired results that align with that objective might include:

- A reduction in the number or severity of incidents of noncompliance identified through regulatory inspection.

- An increase in the number of incidents reported and dealt with internally.

- Improvements in employee attitude surveys.

Results-Oriented Design Involves:

- Defining the business objectives as concretely as possible, and identifying metrics that will define success.

- Defining the learning objectives and identifying metrics that will define success.

- Assessing the current range of skills, knowledge, and attitudes learners are likely to have as they begin training.

- Designing training to close the gap between current and desired knowledge and attitude.

- Assessing effectiveness against your defined metrics for meeting learning and business objectives.

The process of defining business objectives, desired results, and learning objectives is unique to the subject matter and audience. **Effecting a change in attitude** can be more important than teaching specific knowledge or skills. In some cases, employees don't need to know all of the specific rules, they just need to know which activities must be performed in accord with a subset of the rules, and have job aides available to consult when they perform those activities. In other cases, compliance requires intensive training and practice to ensure employees can perform procedures without hesitation.

Did You Know?

Motivating employees to act ethically is also one way to generate employee loyalty. In a recent study of millennials, **62% are willing to take a pay cut** to work for a responsible company. We don't recommend you slash the paycheck, but do let them know you take compliance to heart.[4]

Motivating

Motivation and commitment are essential to compliance. Compliance training is not just training; it is socialization.

- **Connect compliance training to mission, vision, and values**
  Successful companies are founded on vision, mission, and values that inspire. One way to motivate is to make a clear connection between compliance and your founding principles and aspirations. Incorporating a message from the leadership is a common approach, but the connection should also be weaved throughout the training. This is particularly important for new hires.

- **Reframe**
  Like a marketing campaign, communication of values in compliance training needs to be kept fresh. **Mix it up** by using different concepts, content and formats. Something as simple as the title of course can shift attitudes. Creative storytelling, effective visuals, and powerful messaging all help to motivative employees to act responsibly.

- **Challenge demotivating beliefs**
  Effective training directly challenges beliefs that undermine motivation. For example, the notion that compliance "slows things down" is relatively common. To counter that notion, point out how failures to comply can bring **everything to a grinding halt.** Beliefs that demotivate **are not always obvious**. Many are organization and job-specific. Taking the time to discover the beliefs that undermine compliance, and designing training to challenge those beliefs, can be key to success.

- **Balance the carrot and stick**
  Demonstrate through scenarios and stories, the benefits of compliance, and the damaging consequences of non-compliance.

Relevant

The more relevant the content, the more potential the content has to be engaging and effective. Being relevant means talking the learners' language. People love to hear stories, and they love to tell them. Use real-world scenarios, examples, and cases to make values concrete. In-house counsel can be a great source to tap for real-world examples.

The cardinal rules for developing training that is relevant are:

- **Know Your Audience**
  Whenever possible, create audience-specific variations for different business roles. Discover their "pain points" and concerns, and address them directly in the training.

- **Focus On What Matters**
  Don't just present laws and rules. Explain what the rules mean to people's day-to-day tasks, and to the organization as a whole.

- **Design and Deliver Individualized Learning Experiences**
  No one likes being forced to sit through training on procedures and policies they already know. The ability to take learners down paths tailored to their level of knowledge, or role, is a benefit of eLearning that many courses fail to capitalize on.

> "
> Understand employees needs first and foremost. What are their questions and concerns? Write materials and develop trainings that address specific concerns rather than trying to cover every eventuality. "
>
> – Tim Lindon, CCO, Philip Morris[5]

Right Size

Right size means delivering information in digestible chunks. Employees appreciate training offered in shorter-segments. Of course, some content calls for "long form" learning. But, unless there is a compelling reason to keep it long, divide and deliver training in shorter segments. For example, instead a 40-minute course, deliver the content in a series of 5-to 10-minute segments. Learning and retention are enhanced if each presents new information, and reinforces previously presented information. If the entire series is accessible through an LMS, those who want to take multiple segments in one sitting, can. Right size also means designing courses that cover information at the right level of detail, and in the right "amounts." Too often, compliance training overloads learners with a large volume of information that is too detailed to take in.

"That which is less complicated is often better understood and more appreciated than what is more complicated; simplicity is preferable to complexity, brevity in communication is more effective than verbosity."
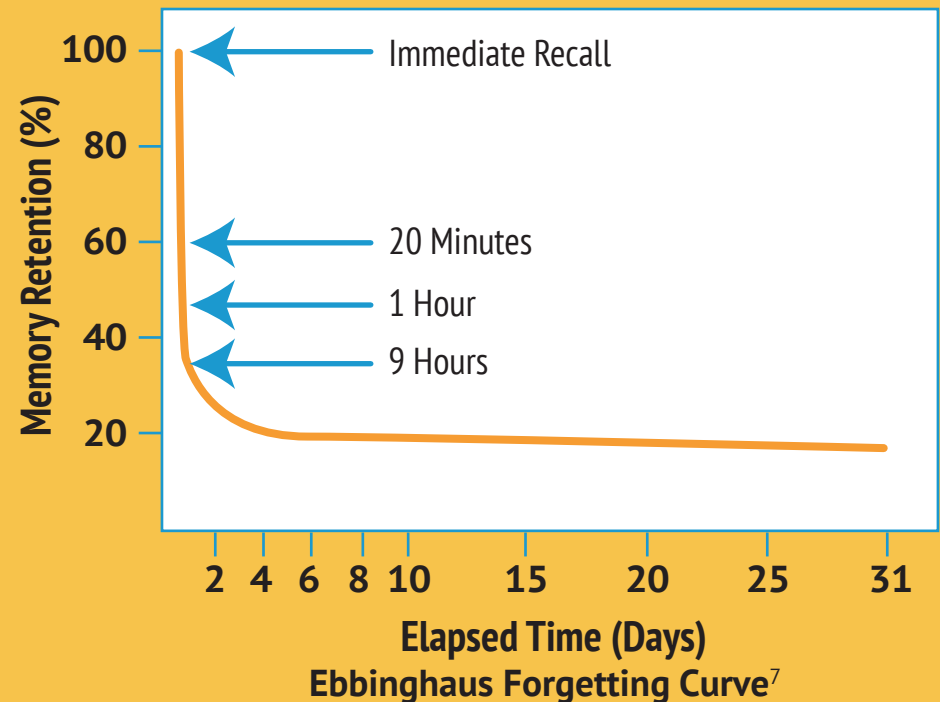
– Proverb

Less is More...

Right Mix

Comprehensive learning solutions deliver training and information through multiple channels, with the right mix of media, delivery systems and timing. However, since content can be quickly forgotten, training should periodically be reinforced through short quizzes and refresher courses. Complex details that might traditionally be delivered in the body of the course should be reserved for delivery through microlearning content or performance support tools.

Building in appropriate follow-up and reminders is particularly critical. Regardless of how training is delivered. If it is not periodically reinforced through performance, or through reminders and refreshers, it will not be retained.

> **The future of learning is three "Justs" Just enough, Just-in-time, and Just-for-me.**
>
> – Patty Woolcock, Executive Director
> California Strategic HR Partnership[6]

Information is Quickly Forgotten

Memory Retention (%) vs Elapsed Time (Days)

- Immediate Recall — 100
- 20 Minutes — ~60
- 1 Hour — ~45
- 9 Hours — ~35

Ebbinghaus Forgetting Curve[7]

Engaging

Effective learning requires engagement. Making content relevant makes it more engaging. Designing to engage also means keeping it interesting with visuals, activities, simulations, and learning games. It means using multimedia elements to help accomplish learning goals, and striving to take up no more of a learner's time than is necessary.

Does this look familiar?

Turn Things Around

In traditional courses, presentation of topics is followed by quiz questions. It may seem "backwards," but training can be more engaging and effective when topics are preceded by a question.

Considering the question prompts those who are unfamiliar with the material to think about the possibilities, making them more receptive to, and more likely to recall, the information.

The question gives those who are familiar with the material an opportunity to demonstrate their knowledge. Correctly answered questions can be followed with reinforcing messages. You can also individualize the learning path by giving those who answer correctly the option of skipping the topic.

The Whole is Greater than the Sum of its Parts

Like any good recipe, the ingredients of effective compliance training complement and enhance each other. The whole is greater than the sum of its parts. Intelligent instructional design combines the ingredients in innovative ways most appropriate to the subject matter, audience, and organizational goals.

Just as the ingredients of effective training combine to create a whole that is greater than the sum of its parts, the components of a successful compliance program complement and enhance each other. **Training is an essential ingredient**, but it must be supported and reinforced through other aspects of the program.
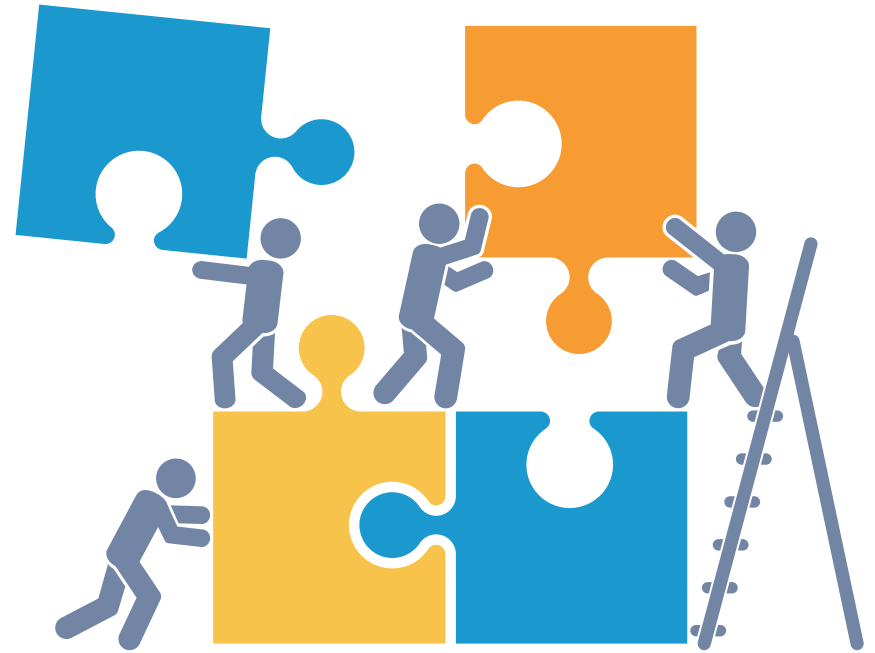
> " Training and formal communications from senior and middle management…
> are essential to raising awareness of compliance issues. They are, however,
> insufficient to truly embed the right behaviors in the organization as an
> isolated effort. To achieve this requires all levels of the organization to
> demonstrate that they "walk the talk." "
>
> – Clarity on Compliance, KPMG[5]

Risk-Based Training Needs Analysis

Not all compliance training is created equal. There are always competing priorities. Building a successful compliance training program requires an understanding of the risk assessments and strategic plans that guide the allocation of resources. The focus should be on enhancing training in areas that:

- Represent the most significant risks.

- Are most clearly connected to building a culture of compliance.

- Align with the highest priority compliance strategies.

Measuring Results

Evaluation of training is often limited to metrics that are easily captured by the LMS. For example, learners' ratings of the training, quiz scores, and completion rates. To determine how effective your compliance training is, it is necessary to look beyond the typical metrics. A robust testing and monitoring program is one of the essential components of a successful compliance program.[1,2] When possible, **training effectiveness should be evaluated on the same metrics used to evaluate effectiveness of other aspects of the program.** One method is to roll training out to similar groups of employees at different times. Although this is not always feasible, when it can be done it allows comparison of compliance-related metrics for "trained" and "untrained" groups. This can provide insight into the contribution the training has made to achieving program goals. Assessment of results also enables learning and development teams to identify and address areas that need improvement.

Develop, Assess, Improve

Regulations evolve. **Procedures, policies, and practices change.** To keep up, compliance training should be updated on a regular basis. The frequency depends on the subject-matter and business needs. Whatever the frequency, each update cycle is an opportunity to make the training more effective. Taking advantage of those opportunities requires a development process that includes analysis and assessment of training previously delivered. The process achieves the best results when learners who have previously taken the training, and learners for whom the training will be new, are directly involved as subject matter experts.

Conclusion

In any business, particularly those that are highly regulated, it is critical that your employees follow the policies, procedures, and practices your company has developed to ensure compliance. This is a tall order. They must keep up with ever-evolving policies and procedures, and sometimes need to understand the regulations behind them. They must learn what they need to know to comply, and know where to look when they are unsure. **They must develop new habits.**

Compliance training is often viewed as a "necessary evil" – something everyone must suffer through. It doesn't need to be that way. Training can help your emplyees navigate this thin path to compliance. In order to do that compliance training needs to be motivating, engaging, relevant, and of the right size and mix.

Corporate compliance programs are being redefined, as are approaches to learning and development. Is it time to reassess and clarify training needs and goals? Do you need new, more effective, approaches to compliance training in order to keep your organization on that thin path?

If your compliance training is not as effective as it could be, can you risk maintaining the status quo?

"

Establishing an effective Compliance and Ethics Program has become a necessity to protect any highly regulated organization. At its core, an effective program protects an organization by detecting and preventing improper conduct and promoting adherence to the organization's legal and ethical obligations.

"

– Association of Corporate Counsel[1]

End Notes

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Additional Resources

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