Strength in Numbers: Hotline is the C-Suite and Board’s Strongest Tool

Panelists
Bob Conlin (host) | William Cameron | Kristin Olson | Kyle Welch

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Bob Conlin
President & CEO
NAVEX Global
(Moderator)

Kyle Welch, PhD
Assistant Professor,
George Washington University

William Cameron
Assistant General Counsel
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Kristin Olson
Director, Compliance & Ethics
UnitedHealth Group
Efficacy of Internal (Hotline) Reporting Systems

Empirical Evidence of the Return on Investment in Compliance

Prof. Kyle Welch

Inspiration for this research

• Human capital is the most important corporate asset, and a window into the health & performance potential of the organization

• Existing “whistleblower” research is based on externally reported events that make it into the media or court room (frequently both)
  • Research shows that one bad public event tends to presage more

• We wanted to see what was happening inside of firms, before events are “public”
Working hypothesis

- Internal hotline reporting data, and the processes used for incident management, is instructive about workplace culture
- The data are likely indicative – and potentially predictive – of business results

Key Findings – Part I: Attributes of User Types

There is a significant difference between the types of firms that have a high level of usage of their hotline reporting system vs. those with low usage.

1. Power Users: More profitable firms (ROA), large firms, and firms with higher quality governance
2. Limited Users: Less profitable, smaller firms, and firms with lower quality governance
Key Findings – Part II: relationship to business results (partial list)

More active, robust hotline reporting & incident management usage is associated with:

1. Greater firm productivity as measured by return on assets (ROA)
2. Fewer material lawsuits & lower settlement costs
3. Fewer external regulatory agency inquiries & lower fine amounts
4. Fewer negative news stories in the business/financial media

1. Hotline Usage Associated with Greater Return on Assets (ROA*)

* Evaluates efficient use of resources: Net Income / Assets Used
2. Hotline Usage Associated with Fewer Material Lawsuits and Lower Settlement Costs

![Graph showing the relationship between hotline usage and material lawsuits and settlement costs.]

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3. Hotline Usage Associated with Fewer Regulatory Agency Inquiries and Lower Fine Amounts

![Graph showing the relationship between hotline usage and regulatory agency inquiries and fine amounts.]

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4. Hotline Usage Associated with Fewer Negative News Stories in the Financial and Business Media

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