Choosing and Using KPIs and Metrics that Matter

Gathering the Right Information to Improve YOUR Program

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Compliance Metrics Report

Alpacas up 15%
Blah, Blah, Blah!

Sugar Flat
Blah, Blah, Blah

Candy Canes:
Now 8 per person
Blah, Blah, Blah......
DOJ’s 2019 Guidance

Iterative Risk Management
- Culture of Compliance:
- Risk-Based Resource Allocation:
- Iterative Programs:

Board & Senior-Level Commitment
- Tone From The Top:
- Prioritization of Compliance:
- Program Authority:

Business Partnership & Process Integration
- Built-In Compliance:
- Risk-Based Training by Role:

Investigations and Discipline
- Investigations:
- Organizational Justice:
- Tracking Results:

Compliance Metrics Report
- Overload on data – Where’s the relevancy?
- Connecting the puzzle – making it fit for YOU & your company
- What is important to the Board & Company
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• Former attorney, Gibson, Dunn & Crutcher, Los Angeles & London
• Author, Speaker, and former Chief Compliance Officer
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• Former Chief Compliance Officer, Speaker & Author

“Our accomplished compliance professional and true expert in her field.” – Risk Universe Magazine

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• Architect of Compliance Risk Program & Risk Management
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• International law, Sigma 6, Stanford Program Management, and MBA
• Ex GE baby & Subject Matter expert in Global Business Management
Agenda

Creating metrics that matter

Overcoming challenges

Leveraging your metrics over time

What’s Measured, Improves

*Peter F. Drucker*
Good Metrics

Is my program effective?

Is my program improving?

Does my program add value?

What Companies think is important

- % employees that completed training

- Hotline Data
  - Number of reports
  - Type of report
  - Were they substantiated?

What the DoJ is looking for

- How has the company measured the effectiveness of the training?

- How has the company collected, analyzed, and used information from its reporting mechanisms?
Standard Reporting

95% of Employees Completed Training

What you really want to know:
- Did everyone comprehend what is being asked?
- Did managers take it seriously?
- Did everyone learn the processes necessary to be compliant?
- Does the culture support an ethical environment?

Metrics with Meaning

- Comprehension – Ease of…..
- Goal oriented
- Consistent
- Repeatable
- Measurable
- Adding Value to the business & being effective
Methodology?

(i) Define the Metric
(ii) Apply the So What? Test
(iii) Define how the information will be gathered
(iv) How you will use it

Keep a Track – Consistency of Reporting

- Metrics being collected
- Objective or key performance indicator (KPI)
- Responsible team member(s)
- Frequency
- How you are collecting the data
- Date you began tracking the metric
- What are you doing with the data – Effectiveness?
Examples
Being Specific

Effective Elements of a Compliance Program

- Policies & Procedures
- Training
- Monitoring & Auditing
- Third Party Due Diligence
- Messaging
- Risk Assessment
- Governance

7 Elements of an Effective Compliance Program
**Metrics**

- Number of people that accessed each compliance-related policy on the intranet
- Number of times internal audit checks confirmed compliance with procedures
- By-country or by-business unit analysis of number of times internal audit found non-compliance with procedures
- Shows ‘eyes on’ and follow up governance across the business

**So What?**

- Shows interest in/awareness of the policies and procedure
- Evidence that the procedures are being followed
- Evidence that you are not a busy fool in producing policies no body pays attention to!
- Are you monitoring your effectiveness?

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**Metrics**

- By-country or by-business unit analysis of the number of questions answered incorrectly after training
- 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

**So What?**

- Measures effectiveness of training; gaps in knowledge of risks or processes; tracking of trends
- Is this a concerted effort by the company to ensure this is part of a program or jus delivered ad-hoc?
- Are you measuring what is reasonably required and following up on those who do not attend?
**Metrics**

- Number and type of disciplinary actions enforced by country or business-unit
- Number of reports by root-cause analysis of reported incidents (e.g., intentional, misunderstanding, etc.)
- Number and percentage of whistle-blowers or complainants who report retaliation at or before 30-day period

**So What?**

- Provides information about consistency of disciplinary measures; shows trends in misconduct
- Allows comprehension of root cause and tracking of systemic problems
- Shows measures taken to ensure timely follow up and steps taken to address issue

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**Messaging**

**Metrics**

- Percentage of company-wide communications by management including a compliance message
- 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

**So What?**

- Tracks senior management’s commitment to compliance
- Shows that internal messaging and communications is reaching the employee base
- Shows employee engagement with the messaging sent by senior management
**Third-Party Due Diligence**

**Metrics**
- Average number of days it takes a third-party to complete the due diligence questionnaire
- Number of third-parties denied by-country or by-business unit after due diligence is complete
- Number of third-parties denied by-country or by-business unit after due diligence is complete

**So What?**
- Indicates how engaged the third-parties are with due diligence
- Tells us how carefully the business is pre-vetting third-parties
- Shows measurement and possible trend analysis within a given country or region

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**Risk Assessment**

**Metrics**
- 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
- Number of third-parties ranked as high-risk or very high-risk by-country or by-business unit

**So What?**
- Shows the company has assessed the range of risk assumption and is measuring
- Shows comprehension and ownership of risk by the business
- Shows progress of initiatives to mitigate risk
Metrics

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

So What?

- Shows engagement with the program
- Shows engagement with the board
- Shows engagement of employees/Management

Data that Matters

[Diagram showing various data points and processes related to compliance, such as Governance, Ethics, Investigations, External Data, Training, Remediation, and Reporting.]

- Compliance Data Warehouse
- Monitoring and trending data analytics
- Risk Management
- Investigations
- Training
- Remediation
- External Data
Examples ..... Simple to Buzz

Gathering Information

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

- Reviewing records
- Intranet & email statistics
- Testing knowledge
- Testing key controls
- Ad hoc feedback
- Conscious Culture
Problems & Solutions

I don’t know where to start
• Identify & Prioritise

I don’t have the budget!
• Use what you’ve got
• Use other functions - ambassadors/champions

I don’t want to report – these make me look bad!
• Continuous Improvement / Selective Sharing

Tone from the Top / Supported by Tone from the middle
• Ensure 360° communications and messaging

Leverage those Metrics

• Let graphics tell the story – STOP with text, use your voice
• Tie metrics to business initiatives
• Use metrics to support requests for resources
Finally ........

Never measure just because you can....

Questions?
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Thank You