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*Building an Effective*

# Compliance Program

An e-Book publication sponsored by



## COMPLIANCE WEEK

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# Winning the Battle to Get 'Buy-In' on Compliance

By Karen Kroll

Getting executives and middle managers to “buy in” to the goals of compliance can be an uphill battle at many companies, especially at those where compliance is sometimes viewed as an obstacle to getting things done.

Some line managers may harbor misconceptions about the role of compliance. They view most compliance initiatives as a nuisance, at best, and some see them as undermining the organization’s competitiveness. Others may assume that compliance is simply waiting for a slight mis-step, at which point they’ll swoop in for a “gotcha” moment.

To be sure, compliance officers may achieve some level of cooperation by pushing their way into the business units and hammering home the need for strict regulatory compliance. Such an approach, however, is unlikely to foster a deeper understanding of the value behind compliance and ethics and will cause managers who do the bare minimum to satisfy their compliance obligations. Compliance will remain an unpopular ancillary function, rather than a critical component of the organization.

Building an effective compliance program requires winning “the hearts, hands, and minds of the individuals within an organization,” says Richard Girgenti, the U.S. leader of forensic services at KPMG. While policies and procedures are critical, a truly successful compliance program is embedded in the culture, he adds. In addition, most compliance professionals find their work more enjoyable when they’re seen as a valued part of the organizational culture, rather than a necessary evil.

Winning hearts and minds starts with the board and senior management. While it’s equally important to win support from rank-and-file employees, that’s harder to do if the top brass isn’t already on board. “If you can’t convince the board and senior executives, you’re swimming upstream in trying to convince employees,” says Jim Slavin, vice president of advisory services at SAI Global.

Building support among top management usually requires showing how compliance can be more than an expense or a mechanism to avoid the costs of ethics or compliance violations, although avoiding such violations is a critical component. Compliance needs to show that a strong program can add value to an organization.

Anthony Dell, global chief compliance and ethics officer at investment adviser Ares Management, uses car brakes as an analogy. If cars didn’t have breaks, they’d have to go more slowly, just to have any chance of avoiding crashes. It’s the same with compliance programs. “The stronger the safety controls, the more risks you can take,” Dell says.

Similarly, when others insist that compliance is a cost center and not really part of operations, Dell will ask whether they view the brakes on a car as not really being part of the car. Compliance can help the business succeed by keeping it in line as it grows, he adds.

Compliance officers also can emphasize their department’s value in attracting both customers and employees, Slavin says. When employees don’t trust management, it can create a negative environment that builds on itself, with word leaking out to prospective employees, and even potential customers or business partners. “The majority of people want to win business the right way and want to work in an environment in which they’re comfortable,” Slavin says.

## Building Understanding and Trust

Along with gaining the support of executive management and board members, compliance needs to win over business unit leaders in order to embed compliance within the business functions. “It has to become part of the strategy and operations of the organization, just like any other process,” Girgenti says, although compliance can provide direction and guidelines.

Building these relationships, like any others, requires time and effort. Rather than simply sending e-mails—“issuing edicts from on high,” Dell says—compliance officers need to engage in conversations with their peers in other areas. “It’s taking the time to have conversations and build understanding.”

Gaining an understanding of the business units also helps to develop a relationship with their leaders, Dell notes. He regularly asks his colleagues in the operating areas to conduct short talks with compliance employees about their role in the organization. Along with fostering a deeper relationship, these talks can help compliance provide more targeted and intelligent guidance to the organization.

Similarly, by providing employees in other areas with information about its role, compliance can show that it’s not some faceless entity, says Kevin Sisemore, director of internal audit at the University of Colorado.

Gaining the support of business managers can be especially difficult when employees are scattered across multiple locations, making it hard for compliance professionals to personally visit all the groups.

## Ethics Ambassadors

To counteract this problem, some companies develop “ethics ambassadors” who are located in various locations, Slavin says. These are employees of the business units, who maintain their regular jobs, while taking on the

responsibility of advocating and communicating compliance aims. Their added efforts are considered during reviews and at promotion time, he notes.

The ambassadors can become the face of the compliance department to far-flung employees who may be leery of calling headquarters or even using the hotline to report a concern. “It lets people hear compliance spoken about by an actual manager,” rather than someone from headquarters who doesn’t understand their daily lives, Slavin says.

The practice also provides compliance with a better

**“The stronger the safety controls, the more risks you can take.”**

Anthony Dell, Global Chief Compliance & Ethics Officer, Ares Management

handle on the culture and attitude at each location rather than what an employee can obtain from headquarters. In turn, that allows compliance to address minor issues before they escalate.

When it comes to training employees in compliance and ethics, a growing number of organizations are moving away from an exclusive reliance on online training, Slavin says. Executives are recognizing that “there’s great value to having a manager train on certain issues,” he says. When managers demonstrate their support and conviction during training, employees get a clear message that compliance is important. That also builds support.

Communication, especially when employees report a concern, also helps in sustaining relationships with employees. If those reporting a concern never hear how it was handled, many will assume that it wasn’t. That can undermine any support they initially had for compliance. While it may not be possible to name names or list the disciplinary actions meted out, a compliance representative can let whistleblowers know an investigation was undertaken and whether disciplinary action was found to be necessary, Girgenti says.

It’s also important to keep in mind that employees pay attention to “how organizational justice is meted out,” Girgenti says. If it’s clear that compliance infractions by high earners are treated less severely than those by rank-and-file employees, it becomes tough to sustain support for compliance initiatives.

When it becomes necessary for a compliance or audit team to investigate an allegation, several steps can help employees in the area under question support the investigation. As a starting point, it’s important to remember that just by showing up, the investigators are going to cause

anxiety, Sisemore says. Employees don’t know what exactly is going on, or what the results might be.

While investigators may not be able to completely counteract this, they’ll want to keep in mind the effect they can have and emphasize that their role is solely to uncover the facts in an unbiased manner; that no agenda is driving the investigation, Sisemore says.

### When Support Is Lacking

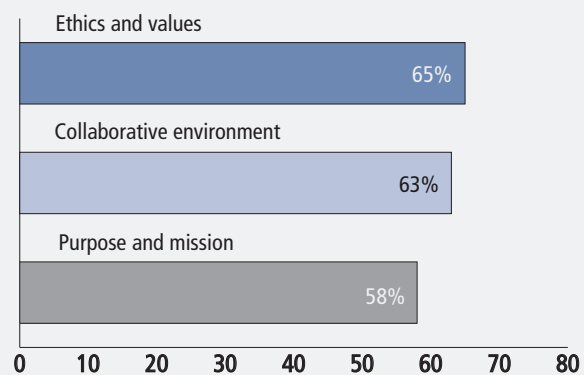
Even if compliance professionals do all they can to build support for their department and its role within an organization, some executives or managers might resist. The emotional response can be difficult, Dell notes. “You start to feel marginalized, belittled.”

While those may be almost involuntary initial reactions, effective compliance professionals need to find a way to contain them, Dell adds. “Don’t take it personally.” Instead, compliance professionals need to think of themselves as clinicians or consultants, removing their emotions as much as possible from the equation. Then, they’re in a better position to honestly assess whether they can make changes to their communication style, for example, to gain traction from senior management.

“The majority of people want to do the right thing,” Slavin says. Compliance professionals can build on that desire and show how their programs allow employees to operate ethically, which also helps to create a high-performing work environment. ■

### ORGANIZATIONAL ATTRIBUTES

According to a study by IBM, top CEOs focus on three organizational attributes to influence culture and inspire their workforces to achieve high standards:



Source: IBM.

# Training Management to Support an Ethical Culture

By Jaclyn Jaeger

Most compliance departments are well aware of the valuable role that middle management can play in shaping a culture of ethics and compliance. How to work with them to achieve that objective, however, is where the challenge lies.

Traditionally, mid-level managers haven't played an integral role in spotting compliance and ethics risks, says Kirsten Liston, associate vice president of learning content strategy at SAI Global. Only in the last few years have companies started to come up with practical solutions on how to engage managers to turn them into advocates for the company's ethics and compliance program, she says.

The first step in educating managers on how to effectively deliver and promote the company's ethics and compliance message should start with taking their pulse and assessing what some companies call "the mood in the middle," says Liston. "Put together focus groups to understand how managers think about compliance and ethics in the first place," she advises.

The next step is to make sure managers understand how important compliance is to the company, Liston says, and let them know that it's a topic the board discusses regularly, and something senior management takes seriously. Not all managers may know, for example, that their compliance team regularly reports to the board on the status of the compliance program, she says. "Just sharing that kind of information can help managers see that the company takes compliance seriously and that they should, too."

Companies should also ensure that managers understand what it means to be a role model for the company. At aluminum company Alcoa, for example, managers are given a reference guide entitled, "Be a Role Model! How to Be a Leader in Ethics," which reinforces specific actions supervisors can take to create a culture of respect. In addition, Alcoa trains managers around the world about how to lead by example and take actions to foster an ethical workplace culture.

Simply telling managers what to do, however, is not enough. Managers aren't going to pay a lot of attention and devote resources to ethics and compliance training just because they're told, especially when it has to do with achieving business objectives, says Norman Marks, former vice president at SAP and an independent advocate for compliance, ethics, and risk management. "What you have to do is get managers to *want* to do the right thing," he says.

The way to go about doing that is to make the compliance message meaningful to them, says Marks. Drive the point home that if they don't adhere to the company's ethics and compliance policies and procedures that it could result in

things like loss of customers, reputational damage, or even fines and imprisonment.

"You really have to make sure you make it personal to each individual you're trying to educate," says Marks. "They have to understand that their actions have an effect on them personally."

## Training Methods

For education and training to be effective, it must be tailored to the specific risks that each manager faces, based on their particular geographic location. "They have to make the case studies real," says Marks. "It has to be something the person can relate to."

Telecommunications giant AT&T, for example, has recently launched a pilot program that presents employees with simulated scenarios that raise compliance and ethics challenges. "It gives employees the ability to really see what the outcome could be based on the decisions they might make in a particular situation," says Amy Rouse, director of AT&T Learning Services.

AT&T Learning Services also benefits from its partnership with the compliance team, which tracks any violations and concerns that are reported through a compliance dash-

**"You really have to make sure you make it personal to each individual you're trying to educate. They have to understand that their actions have an effect on them personally."**

Norman Marks, Former VP, SAP

board. "We are very quickly able to see a trend that might be developing and develop a scenario to speak directly to that particular violation," says Rouse. This then enables AT&T Learning Services to target that scenario to a particular call center, business unit, or geographic location, she says.

To simplify the management training process, Liston recommends that companies deploy training based off the tools they're already using. "If the company is already doing online training, for example, put together an online training program for managers," she says.

In every situation, managers should know how to get ahead of potential problems, says Liston. "How do they respond to issues correctly and in a way that will prevent employees from having the same problem moving forward?" she says.

"Companies that have developed their own training are doing it effectively are those that already have a really strong



compliance program and culture,” says Liston. “If you have a strong compliance culture, creating very simple tools for managers to deploy can make a huge difference.”

“They don’t have to be fancy. They don’t have to be expensive,” Liston adds. It just has to be something so that managers aren’t developing programs in the dark, she says.

Another important element to training is to keep it fresh. “We really want to make the training meaningful and purposeful,” says Rouse. “So we seek ways to make the training engaging and enjoyable.”

One way AT&T is achieving this is through using gamification, which is the use of game mechanics in non-game contexts to engage employees in solving problems. In 2013, AT&T launched a “major initiative,” Rouse says, “where we converted a good portion of our compliance training to mobile devices to make it really convenient for our employees to take our compliance requirements.”

How long management training takes from start to finish all depends on the company. SAI Global, for example, offers an online training curriculum that is designed to be deployed over a period of six to 18 months, depending on how aggressive the company wants to roll it out, says Liston. Even without the use of an online training package, however, any company can put together its own training curriculum, “which would be way more than what they’re already doing,” she says.

### Management Involvement

Managers should have a way to provide feedback. “Look for ways that managers can have input into the compliance program,” Liston says. If you can get managers involved in terms of giving feedback, they’re more likely to stay engaged in the program and delivering the company’s ethics and compliance message, she says.

The compliance team should turn to them for feedback on such matters as where training is working well for their employees, where it is not, and what compliance and ethics topics should be covered that may not currently be covered. Allowing managers to have input into the style of the training itself may also be helpful, she says.

At AT&T, for example, AT&T learning services has a “really great partnership with compliance,” Rouse says. “We meet very regularly to prioritize the training, to talk about new training, and to discuss key strategies, like emerging technologies.”

“We keep them informed of all the new things that are coming—like gamification and mobilization and new trends and video and things. They, in turn, keep us informed of the regulatory requirements that are coming,” Rouse says.

That collaboration has played an important part in ensuring not only that all employees are in compliance with

the company’s policies and procedures, but that it’s also an enjoyable process for employees as well, she says. “That open line of communication and the mutual desire to both design and deliver engaging effective training is where the partnership really gels,” Rouse says. “If we didn’t have that relationship with the folks responsible for compliance, it would be a whole different ballgame.” ■

### LEADERSHIP AT ALCOA

Below is an excerpt from Alcoa’s ethics and compliance program.

#### Leader’s Guide

Alcoa’s managers are expected to create a work environment that encourages a “speak-up” culture. Supervisors create a culture of respect and honesty in which employees feel free to dissent or raise business conduct and other issues without fear of reprisal.

We distribute to our leaders a reference guide entitled “Be a Role Model! How to be a Leader in Ethics.” The guide reinforces actions that can be taken by supervisors globally to create a culture of respect.

“Be a Role Model!” training supports the guide and is available in multiple languages on our internal Global Compliance training portal. This presentation examines the supervisory leader’s responsibility to be a role model and lead by example, and it reinforces appropriate actions to foster an ethical workplace culture.

#### Ethics and Compliance Training

**“Do What’s Right” Training.** All newly hired Alcoa employees are required to participate in our “Do What’s Right!” training, which serves as an introduction to our corporate Ethics and Compliance Program and our values. As part of the on-boarding process, employees also receive information about our Ethics and Compliance Line and a copy of our Guide to Business Conduct.

**Online Training.** Alcoa employees who meet certain criteria (i.e., corporate officers, business unit leaders, employees who negotiate with customers and suppliers, employees who can contractually commit the company, employees who have access to confidential information, etc.) are required to participate in online ethics and compliance training.

The selected courses serve to remind the individual of our business conduct standards and their applicability to the individual’s work responsibilities. Those enrolled in the online training program complete approximately four courses per year.

Source: Alcoa.

# Policy Management: From Dilbert to Reality

A scattered policy system makes it difficult for companies to keep everything up-to-date; how can companies manage corporate-wide policies more effectively?

By Jaelyn Jaeger

Ask any company how many policies it has and where they are located—from the corporate level down to the functional level—and chances are you won't get a straight answer.

A typical company will have some policies controlled by corporate headquarters, sure; but most tend to be created and managed independently by various business units, facilities, or locations, depending on each company's operations. Absent any sense of where those documents reside, most companies end up with hundreds of conflicting, redundant, or out-of-date policies.

"There are a lot of inefficiencies in such a system, because there is no sharing of knowledge or baseline information across the organization," says Ingrid Fredeen, vice president of the Ethical Leadership Group, the advisory services division of NAVEX Global. It also creates a lot of compliance and legal risks for the company, she says.

For multinational companies, those challenges are multiplied because policies need to extend across the entire enterprise, including subsidiaries, contractors, and consultants. "That adds a whole other level of complexity of how you deploy policy management," says Gaurav Kapoor, chief operating officer of MetricStream.

Enter the centralized policy management process: an effort to see a company's entire policy landscape, to ensure that each specific policy complies not only with the company's broad approach to policies and procedures, but also all relevant laws and regulations.

The first step is to determine which policies need to be centralized versus those that should remain local, Fredeen says—and no, that's not necessarily the contradiction in terms one might think. For example, unionized workforces often have specific rules that apply to individual facilities. "What is appropriate for local management and what is appropriate for centralizing?" she says.

Corporate headquarters does want enough oversight that it knows such policies exist, but the idea is not to have so much centralization that you infringe on local business practices. "You still have to allow people to manage their

processes at the local level," Kapoor says. Central command only needs to know "what is being adhered to, and what is being managed and not managed."

What sort of policies *should* be corporate-wide, and obeyed by everybody? Codes of Conduct, anti-corruption policies, anti-competition policies, and harassment policies, to name a few. On the other hand, privacy policies can differ substantially from one nation to the next depending on each country's laws and culture.

Once a firm has identified which policies need to be centralized, it then establishes a corporate policy management repository. "It should be a policy management tool as opposed to a general document management system," says

"A policy should not be able to get into the central repository unless it follows the meta policy, so you have that nice circle of control."

Lisa Hill, President, PolicyScope Consulting

Lisa Hill, president of PolicyScope Consulting and OCEG Policy Management Group co-chair.

A policy management tool allows companies to create, approve, and share policies via a single system. That approach also lets the company establish an audit trail, by keeping track of when policies have been accessed or modified. (And, critically, who grants exceptions to which policies, for what reasons.) Some policy management tools even alert policy owners to changes in the law so they know when a policy needs updates.

While a policy management tool is not mandatory, a document management system like Microsoft SharePoint doesn't allow for the same level of control over policy access and it involves a lot more time and resources, Fredeen says.

## Policies on Policies

Companies should also implement a roadmap for managing the policy lifecycle, from drafting and validating to approving and implementing, Hill says. That roadmap should be documented in the company's "meta policy," she says. In many circles, a meta policy is more memorably known as "a policy on policies."

Dilbert-like or not, the concept is important, Hill stresses. "Without a meta policy, it's difficult for companies to achieve the consistency and the governance they need for effective policy management."

In addition, the meta-policy and policy management lifecycle should be available to employees in case they need



to create a new policy.

Hill advises corporations to establish a rule (oh, let's just say it: establish a policy) that says if a policy is *not* stored in that central repository, it isn't an official corporate policy. That reduces the company's possible legal liability should an employee refer to an out-of-date policy *not* stored in the central repository, "and a policy should not be able to get into the central repository unless it follows the meta policy, so you have that nice circle of control," Hill says.

How a policy is approved will vary from company to company. Some companies might prefer to establish a policy steering committee with representatives from all business units; others assign each new policy to an existing committee that has purview over the policy subject, says Hill.

### Policy Owners

Because policy owners typically are dispersed across siloed functions without a corporate-wide view—that is, no single executive "owns" all policies—there is also a huge need for a corporate policy manager, Hill says. "It's not enough just to say, 'We have policy owners, and they're accountable,'" she says.

Freeden agrees. "Someone has to be given responsibility for managing the centralized process," she says. "It can't be an untended garden; it's a labor of love to do a great job managing policies."

The centralized policy manager should also have responsibility to guide managers through the policy creation process, Hill says: reviewing and editing policies before final approval, ensuring they conform to the company's style guide, confirming they don't violate governance principles.

Another strongly recommended idea: close, and regular, oversight of policies by a legal adviser, since laws and regulation change rapidly. Some legal expert (outside counsel, in-house legal officers with the necessary knowledge) should review policies to ensure they reflect current law and regulation rather than fall out of date.

Along similar lines, policy owners themselves should review policies too, to be sure the policies stay current with the business and still solve the problems they were meant to address. Freeden recommends such reviews at least once a year.

Kapoor stresses that centralized policy management is "not a product; it's a process." Companies that have clearly defined policies in a central repository, with effective implementation procedures and proper oversight, are well on their way to having a well-run centralized policy management program. ■

### POLICY MANAGEMENT CHECKLIST

Below is a checklist regarding how to determine if your policy management system enables effective policy implementation and enforcement across the policy lifecycle:

- » Provide a consistent policy management framework for the entire enterprise.
- » Manage the policy lifecycle of creation, communication, implementation, monitoring, maintenance, revision, and archiving.
- » Deliver a system to document, approve, monitor, and review exceptions to policies.
- » Consistent format for policy assessments and surveys to gauge compliance and understanding.
- » Integrated eLearning and training quizzing and attestation.
- » Provide easy access to policies in the right language and format for the audience.
- » Gather and track comments to policies.
- » Map policies to obligations, risks, controls, and investigations so there is a holistic view of policies and metrics.
- » Provide a robust system of records to track who accessed a policy as well as dates of attestation, training, and read-and-understood acknowledgments.
- » Provide a user-friendly portal for policies with workflow, content management, and integration to other systems.
- » Provide a calendar view to see policies being communicated to various areas of the business, and ensure policy communications do not burden employees with too many tasks in any given time period.
- » Provide links to hotlines for reporting policy violations.
- » Publish access to additional resources such as helplines, FAQs, and forms.
- » Enable cross-referencing and linking of related and supporting policies and procedures so users can quickly navigate to what is needed.
- » Create categories of metadata to store within policies, and display documents by category so policies are easily catalogued and accessed.
- » Restrict access to policy documents so readers cannot change them, and sensitive documents are not accessible to those who do not need them.
- » Keep a record of the versions and interactions of each policy so the organization can refer to them when there is an incident or issue to defend the organization or provide evidence for.
- » Maintain accountable workflows to allow certain people to approve policy documents, and move tasks to others with full audit trails.
- » Deliver comprehensive metrics and reporting on the status, implementation, understanding, and enforcement of policies.

Source: Michael Rasmussen, GRC 20/20 Research.

# Balancing Social Media With Compliance Risks

Tips on how to develop an approach to policy management that allows for employee use of social media

By Karen Kroll

In April of last year, the SEC issued a report stating that companies can use social media outlets like Facebook and Twitter to announce material information in compliance with Regulation Fair Disclosure, just as long as they alert investors about which social media channels will be used to disseminate such information.

The news was a relief to Netflix chief executive officer Reed Hastings, whose Facebook post from July 2012 announcing that the company had streamed 1 billion hours of content during the prior month had prompted an investigation and the subsequent report. In a press release announcing the report, the SEC stated that it “did not initiate an enforcement action or allege wrongdoing by Hastings or Netflix.”

So now companies can breathe a sigh of relief and tell their employees to start filling their social media sites with content, right? Hardly. Companies still face huge risks when they communicate via social media Websites.

Some industries, such as financial services and health-care, must still navigate lots of regulations when communicating over social media sites. And even if a message doesn't spark action by regulators, the possibility that a thoughtless or offensive Tweet or Facebook post will generate bad publicity, alienating customers or business partners, is real.

There are also risks for companies in how they deal with employees' use of social media or if they ignore social media completely. “If you don't participate in social media, you run the risk of not knowing what others are saying, unfiltered, about your brand,” says Lizzie Roscoe, social media manager of global digital communications at McDonalds. “You miss the opportunity to engage with consumers online.”

Rather than ignore or avoid social media, companies can benefit by identifying ways to use it to promote their interests that don't violate regulations or incite a backlash. The key is identifying “what you are trying to accomplish and how you can do it in a way that makes sense without being burdensome but still protecting what you need to protect,” says Kathryn Ossian, founder of law firm Ossian Law and editor of the book, *Social Media and the Law*.

Compliance officers must balance the opportunity for the company to leverage social media as a powerful communications tool with the risks it presents. For starters, companies need to train employees and create policies that can

reduce the risk of improper or illegal use of social media, yet they can't implement policies so broad that they violate labor laws. A policy that requires employees to gain approval, for example, before posting any work-related comments on any social media—including their own accounts—essentially restricts employees from talking about their working conditions, which would violate the National Labor Relations Act, Ossian says.

In many cases, companies' ability to censor employees' personal social media messages may be limited to requiring them to keep any confidential corporate information confidential, and to refrain from intentionally harming the

“If you don't participate in social media, you run the risk of not knowing what others are saying—unfiltered—about your brand. You miss the opportunity to engage with consumers online.”

Lizzie Roscoe, Social Media Manager, McDonalds Corp.

company's reputation or legitimate business interests, says Lothar Determann, partner with the law firm of Baker & McKenzie and author of *Determann's Field Guide to International Data Privacy Law Compliance*.

Companies also need to protect their data, along with any client data they retain, from threats or malware that arrive via social media, says Joanna Belbey, social media and compliance specialist with Actiance, a provider of communication, collaboration, and social media governance solutions.

It's worth pointing out to employees, Belbey adds, that the laws and policies that apply offline also apply in the virtual world. For instance, any advertising messages disseminated via social media—just like those on television or in print—can't mislead and claims must be substantiated in certain cases, Belbey says.

Social media messages also can be subject to record retention requirements. “If you type it, it's a record,” Belbey says. That's of particular concern in highly regulated industries, such as financial services.

Similarly, social media comments or posts may be subject to litigation holds and used in court proceedings, Determann says. In these cases, an employer involved in litigation may struggle to ensure that the holder of the account can't delete or manipulate the data related to the proceedings, even if it resides within a personal account.

## Mitigating the Risks

While the risks of engaging customers and others via social media are real, trying to avoid social media means losing valuable opportunities to promote your brand. “Consumers are already talking *about* the brand, so it’s imperative that they’re also talking *with* the brand,” Roscoe says.

Moreover, prohibiting the use of social media among employees can tempt them to engage in it surreptitiously, Determann notes. When that occurs, the company’s ability to track the conversations is reduced. Such a policy can even lead to a loss of talent, as some employees may balk at what they see as corporate over-reach, or take technology and communications preferences into account when searching for employment.

The goal is to develop an approach and policies that allow for the use of social media within parameters that enable the company to meet its compliance obligations and minimize the risk of offensive or tasteless messages.

Selecting the right platform for a particular objective is essential, Determann says. Open, public platforms like Twitter and Facebook can be great for disseminating information to a large group of people. Companies that want employees to collaborate and share confidential information with a select group of co-workers or business partners, however, probably will find a secure intranet more effective.

It’s also important to bring together top stakeholders to outline the social media risks most relevant to the organization, as well as tactics to mitigate them, Belbey says.

At McDonalds, for instance, the communications, marketing, legal, IT, and technology audit groups are among the teams providing input to the company’s social media initiatives, says Guy Pieroni, director of technology audit. “Everyone comes with a different perspective,” which helps

ensure that all angles are covered, he adds.

It’s also important to develop policies to guide employees’ and the company’s use of social media. While the purpose of social media technology differs significantly from, for instance, a payroll or accounting system, some of the same control mechanisms come into play, Pieroni points out. That may mean formally provisioning access to the company’s social media profiles and requiring those allowed access to follow an established sign-in procedure. “We can take our existing set of policies and frameworks and apply them in a slightly different way,” he says.

Just as important as the policies in place is a commitment to ensuring that they’re followed. Belbey notes that SEC examiners working with a company not only review the policies, but also interview its employees to assess how completely they’re being followed. Firms need to develop reasonably enforceable policies, and then follow them.

While critical, policies and supervision are not enough. Employees also need to be trained in the prudent, legal use of social media, Determann says. Given how rapidly electronic communication can travel, and how fast technology changes, it’s almost impossible to cover every situation with a law. “You have to trust employees to do the right thing at short notice and when they’re under pressure,” he says.

Technology can also play a role in ensuring that a company’s social media initiatives comply with applicable regulations and remain within the company’s guidelines. Among other capabilities, technology solutions can maintain social media records, provide a repository of pre-approved content, and flag words in social media messages that might be problematic, Belbey says. “You come up with policies and then use technology to do what the policies say.” ■

### REGULATORY GUIDANCE

Many regulatory agencies have been developing guidance on the appropriate use of social media for the industries under their purview. Among the information issued so far:

#### **The FDA’s Guidance for Industry Fulfilling Regulatory Requirements for Postmarketing Submissions of Interactive Promotional Media for Prescription Human and Animal Drugs and Biologics**

*(Draft guidelines, issued January 2014)*

<http://www.fda.gov/downloads/Drugs/GuidanceComplianceRegulatoryInformation/Guidances/UCM381352.pdf>

#### **The FFEIC: Social Media: Consumer Compliance Risk Management Guidance**

*(Final guidance, issued December 2013)*

<http://www.ffeic.gov/press/pr121113.htm>

#### **The SEC: Guidance Update on Social Media Filings by Investment Companies**

*(Guidance update, issued March 2013)*

<http://www.sec.gov/News/PressRelease/Detail/PressRelease/1365171513280#.UyHkjChs1c>

# Ethics, Compliance Training for Hourly Workers

By Karen Kroll

Any compliance program worth its salt has been training senior executives for years now on the importance of embracing compliance and striking the right tone at the top.

In the real world, however, compliance officers have several more crucial employee groups to worry about, too: hourly employees, who often have tight schedules and few close bonds to the corporation overall; middle managers, whose experience with senior leaders coming and going might leave them cynical; and overseas employees, far removed from headquarters both literally and figuratively. How do you train these types effectively?

The solution probably will require a sustained effort for each group, as well as a mix of tactics. “You have to work a little harder to reach non-desk employees,” says Elizabeth Cogswell Baskin, CEO and executive creative director at Tribe Inc., an Atlanta-based internal communications agency. “There’s no silver bullet.”

Start with employees paid an hourly wage. Conveying messages about ethics and compliance to *salaried* employees is often fairly easy, says Frank Geovanello, manager of compliance services at Altria Group. Above all, usually you can push those messages via electronic means. “They’re all wired and conditioned to receive messages this way,” he says. Similarly, salaried employees routinely get together in person, such as for staff or department meetings.

Not so for hourly workers, Geovanello says. Some have no access to a computer while on the job. Many cannot easily spare an hour or two for training without finding someone to cover the operations on which they’re working. And while arranging meetings after working hours may alleviate the need to find replacement help, employees may be worn out and focused more on getting home than the message being conveyed. (Managers might not be thrilled at the expense of overtime, either.)

How best to reach the hourly group? A few ideas are below.

**Plan ahead.** Meetings or training sessions for hourly

employees have to be “very scripted with roles and responsibilities clearly laid out,” Geovanello says. After all, some meetings likely will take place in the middle of the night for teams on the graveyard shift—not the ideal time to discover that required reading materials are missing. If training happens during working hours, line up replacement employees in advance.

**Include the executive team.** Even if top executives can’t meet everyone on every shift, “there’s something about top management reaching out,” Baskin says. Making the effort shows employees that management respects their contributions to the company. As a result, employees are more likely to be invested in the message.

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Elizabeth Cogswell Baskin, CEO, Executive Creative Director, Tribe Inc.

**Don’t overcrowd training sessions.** Given the logistical challenges inherent in arranging compliance training with hourly employees, a natural impulse for compliance executives is to squeeze as much material as possible into a meeting of as many employees as possible. The risk, Geovanello says, is “not being able to connect with folks as you’d like.” Yes, you want to help employees understand the material, but you also want them to know why ethics and compliance are important. That can be harder to convey in a session of hundreds.

**Engage the audience.** While slides and graphics may be part of the presentation, relying on them alone probably won’t do the trick. For example, Altria had some groups of workers act in skits showing, say, how to operate a new piece of equipment. The skits were filmed and shown to other employees. “When people see themselves and people they know, it excites them about the issue,” Geovanello says.

Reaching employees who work far from the home office, in different cultures and speaking various languages, presents both logistical and communication challenges. Compliance officers need to reach these employees in ways that are both practical—few companies can afford to send compliance personnel to all their locations around the globe—and relevant. The key: “Think globally, execute locally,” says Christopher Burgess, president of Prevendra, a consulting firm with expertise in security and compliance.

**Use technology to reach far-flung employees affordably.**

Marsh & McLennan, an insurance and consulting firm that employs about 54,000 people across 100 countries, has used film. The productions are translated or used with sub-titles in more than a dozen languages, and shown at the company’s locations around the world, says Scott Gilbert, chief risk and compliance officer.

**Help employees understand importance of work they do.** For instance, the film Marsh & McLennan produced to introduce a new code of conduct shows the company’s employees engaged in such activities as working with survivors of the Chilean earthquake of 2010 and helping clients obtain terrorism insurance. These scenes reinforce the importance of the company’s mission, increasing employees’ pride in the organization. “From that came a sense of responsibility to do our work in an ethical, responsible way,” Gilbert says.

**Connect on emotional level.** “We want to speak to people in a way that’s compelling,” Gilbert says. That way, employees are more likely to take to heart the importance of compliance and ethics. Marsh Mac applies cinematic techniques, including music, camera angles and editing, to create an effect in its films. Using employees as actors also generates excitement and enhances realism.

**Speak the local language.** “If you’re global and publish things only in English, you’re sending the message that you’re U.S.-centric,” Gilbert says. For the initial film Marsh Mac produced, the employees spoke in their native languages. Sub-titles were then included for showings in other areas.

Reaching middle managers has become increasingly important, too, given their role in furthering the company’s culture of integrity and compliance. After all, “middle management is leadership’s voice and face to the rank-and-file,” Burgess says.

Studies have shown that more than two-thirds of employees who bring forth a compliance concern do so through their direct manager, rather than through human resources or an ethics hotline, says Mary Beth Taylor, assistant general counsel for compliance at U.S. Steel. These managers “will be facing the issues employees bring to them, and they need to understand what their critical role is.”

**Let middle managers know the resources available to them.** While you want middle managers to know they have an important compliance role to play, you also want them to know that they’re not in this by themselves, Taylor says. They can, for instance, talk over issues with a compliance officer or human resources representative.

**Train middle managers so they can handle the situations they’re likely to face more effectively.** Often, an employee coming to a middle manager may be nervous and uncomfortable trying to articulate the issue he or she is facing, as well as unsure whether it even presents a compliance dilemma. The middle manager needs to elicit information in a way that doesn’t frighten the employee, and then identify the issue at stake, as well as the possible options, Taylor notes. Say an employee tells a manager that his or her spouse works for a vendor with which the employee interacts. Is this a conflict? If so, can it be handled?

**Where possible, replace “no” with “how.”** That is, Baskin says, employees may come forward with ideas that go against the spirit of compliance. Before dismissing them outright, managers (often with help from compliance) can try to work with the employee to determine how they can accomplish the business goal in a way that is ethical.

Lastly, let middle managers know they need to model the behavior they expect their employees to follow. “Their employees don’t see the people in the executive suite. They see their managers every day,” Taylor says. ■



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