

Your Reporting Rate:

What it Says About Your Company

Insights on How to Interpret the Number of Reports Received



Introduction

A LACK OF REPORTS CAN BE A SYMPTOM OF AN UNHEALTHY COMPLIANCE PROGRAM

When a compliance officer from a well-sized company of 600 employees boasted about how she had not received a compliance report for a year, she had no idea how this was not a good thing. Statistically for a company her size there should have been over a dozen reports every year. To have no reports indicated her company either had not furnished it's workforce with adequate means of reporting compliance and ethics violations or else it was not promoting these reporting avenues.

Measuring your company's reporting rate will allow you to discover whether you're adequately **furnishing** and **promoting** methods for employees to report potential violations and misconduct.

Who this eBook is for?

- CEOs, General counsels
- Chief Compliance Officers
- Compliance Analysts
- Reporting Hotline Coordinators

The Benefits of a Good Program

REPORTS COMING IN MEAN YOUR WORKFORCE HAS CONFIDENCE IN LEADERSHIP

Receiving reports means your workforce trusts the compliance program and have confidence that leadership cares about what they are saying. A well-run compliance reporting program allows compliance officers to focus on key issues to:

- Clearly promote a culture of safety, compassion, and equality
- Identify trends in behavior
- Address one-off problems
- Assess effectiveness of compliance team efforts
- Recognize misconceptions among the workforce
- Protect you from legal, government, or reputational costs

Best Practice: Periodic Review

Strong compliance programs are run by compliance officers and company leaders who care about managing financial, employee, and reputational risk while holding the safety and satisfaction of employees as a high priority. While compliance programs are as varied as the employees and companies they manage, a **periodic review** (Ethico suggests at least annual) of internal trends and external benchmarks can provide valuable clarity on what your team should be doing to better serve your employees and achieve your mission.

Start with the WHY

Consider Simon Sinek's (profoundly simple) leadership principle to always "Start with Why." Before sizing up and considering improvements to your compliance program, you should ask, "**Why do we do this?**" You can focus that question on the reporting systems themselves or zoom out to include the whole of your compliance efforts or even your company's reason to exist.



Let's consider the *why* of your compliance program. If your *why* is 'because someone (like a regulator) forced me to' then you may be well suited to get legal or leadership advice on what the absolute minimum requirements are to satisfy your mandate. If instead you understand (like Ethico's clients do) that **a good compliance program is a key contributor to a strong company culture and high quality delivery of services and products**, then you likely have a more thoughtful and meaningful *why* that can inform your prioritization of and approach to potential improvements.

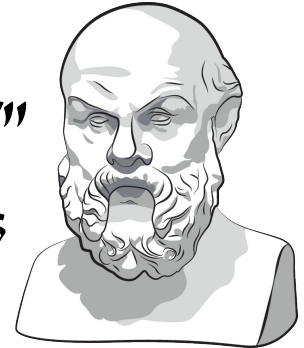
Analyzing Your Report Metrics

Your team should have easy, regular access to trend reports for your organization that describe changes in rates of issues over time across a range of metrics. This is a great start to assessing how you compare to prior periods, and can **indicate whether new concerns are popping up or whether existing efforts are making headway.**

Range of Metrics to Analyze

- ❖ Total Reports
- ❖ Total Follow-ups
- ❖ Location/Region/Division
- ❖ Anonymous vs. Identity supplied comparison
- ❖ Category (eg. compliance, HR, legal)

“Know Thyself”
~ Socrates



Beyond indicating what location or issue is causing the most trouble across your company, your internal reporting (which should be easily delivered by your case management system in this digital age) should **clearly, visually, and with sufficient backup detail** tell you where you're making progress or where you're stalling out.

Analyzing Your Report Metrics

You can get a lot of value out of setting internal compliance goals each quarter and measuring your progress against prior periods. At some point, though, your internal metrics need to be compared to peer benchmarks so you are not evaluating your internal reports in a vacuum.

Much can be gained by comparing some simple metrics against your peers. While Ethico's clients have access to proprietary benchmarking reports from our over 6 million employees monitored worldwide, the statistic to the right is a great place for you to begin your comparison.

IF YOUR COMPLIANCE PROGRAM IS PROMOTED
AND WELL-ORGANIZED YOU CAN EXPECT:

25

Issues Reported
Annually Per

1000

Employees

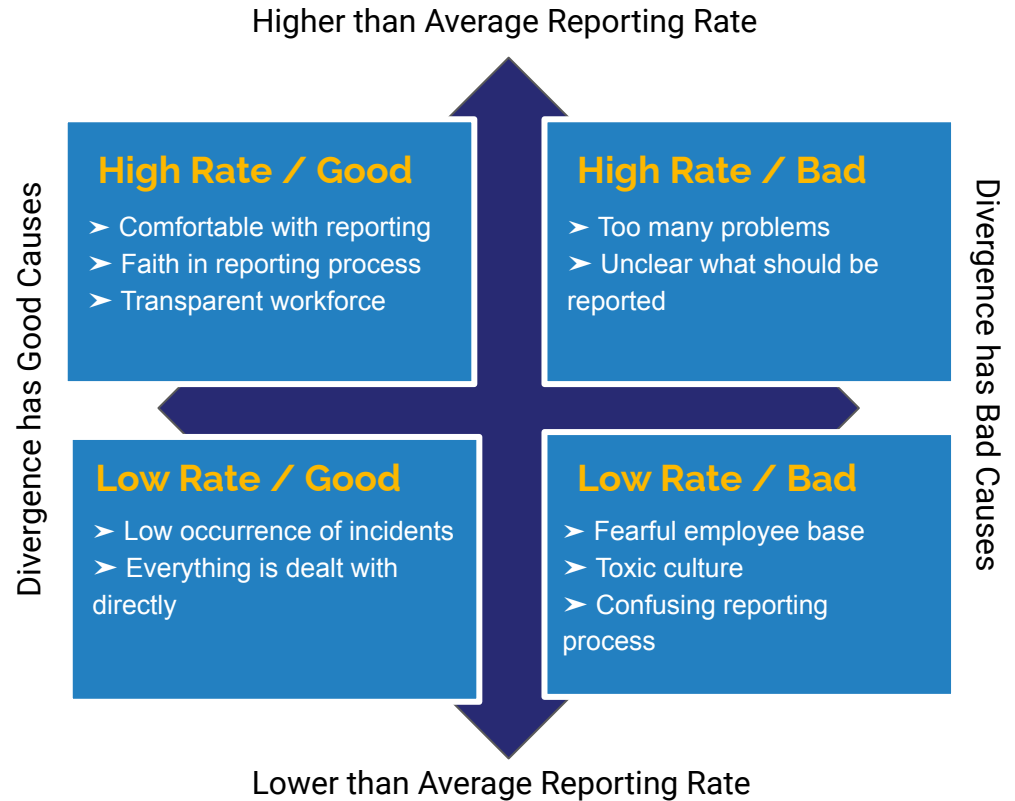
Calculate Your Reporting Rate

1. ADD THE TOTAL NUMBER OF ISSUES REPORTED THROUGH ALL REPORTING AVENUES WITHIN THE PAST 12 MONTHS. (HOTLINES, WEBFORMS, SPEAKING TO A COMPLIANCE OFFICER, ETC.)
2. DIVIDE THIS BY YOUR TOTAL (OR AVERAGE) NUMBER OF EMPLOYEES
3. MULTIPLY THE RESULT BY 1000 AND YOU'RE DONE!

$$\frac{\text{TOTAL ISSUES IN A YEAR}}{\text{TOTAL EMPLOYEES}} \times 1000 = \text{YOUR REPORTING RATE!}$$

Numbers Don't Lie

Unless you're the poster child for an average compliance program, your Incident Rate likely varies from this benchmark. That's OK. While it's true that numbers don't lie, they sure can tell a lot of stories. It's important that you get that story straight, so let's look at what you can interpret if your Incident Rate is higher or lower than the benchmark. Once you assess whether you have a high rate or low rate (compared to the 2.5% or 25 per 1,000 employees benchmark), ask yourself if you think your reporting program diverges for good or bad reasons. Choose a box in the matrix to the right. Then read the corresponding notes to see if they describe the state of your organization and its culture.



Note:

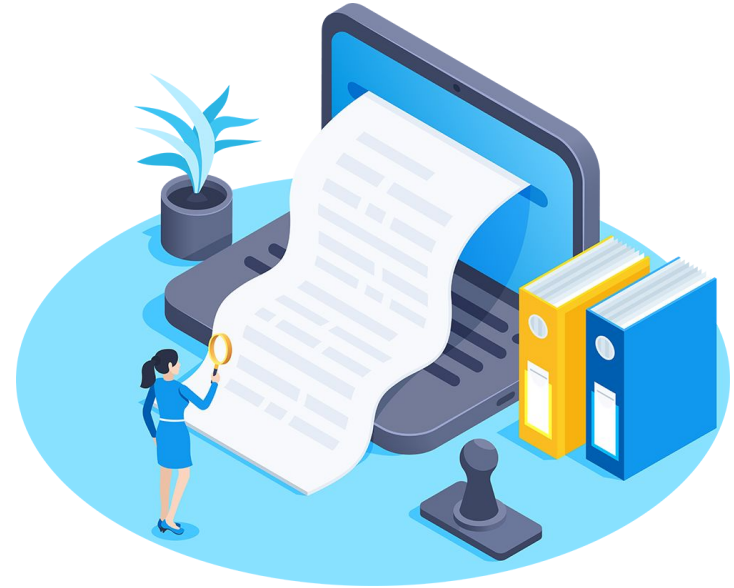
1 There are many nuances to a calculation like this. You may consider concerning issues reported to managers in addition to compliance officers; include follow up conversations that include new issues; list several issues reported in one conversation as one or several for your count; and more.

Conclusion

It's important to remember that many factors converge to get to that one simple Incident Rate such as how to determine your number of reports. Some good questions to emerge from this exercise:

- ✓ How you define an incident
- ✓ How you publicize your reporting avenues
- ✓ How comfortable employees are reporting

If you're not clear where you stand, or are not sure how to assess or improve your program, we're here to help. Ethico has been the expert in building and serving high performing, specialized compliance reporting programs since the 1990s. It's all about accomplishing our mission of ***Making the World a Better Workplace.***



About Ethico

For more than 20 years, Ethico has put our customers and the quality of our work before profits to become the leading provider of ethics and compliance (E&C) solutions and second-largest player in the space. Our clients trust us to listen to their employees and empower us to assist in the identification of unethical, illegal, and questionable behavior.

In building this trust, we have provided compliance solutions in 50,000 locations to more than 6 million employees in 100+ countries through our highly-trained, caring, and compliance-minded professionals. We have helped E&C leaders investigate nearly 10 million reports, offering employees the industry's leading-edge tools to report unethical or illegal behavior free from retaliation.

OUR SERVICES:



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(Issue Intake)



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Forms



Case
Management



Sanction
Screening



Exit/Stay
Interviews



Compliance
Training



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BETTER WORKPLACE



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