



## Connecting the Dots ...

Helping Employees and Leaders Understand How Their Activities  
Impact Compliance and Ethics Program Effectiveness

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## Which Roles are Key to Effectiveness?



- Ethics & Compliance Professionals
- Others
  - Board
  - Executive Management
  - Business Leadership
  - Functions – e.g. Audit, HR, Legal
- Ethics & Compliance responsibility is both:
  - Direct – code, training, investigations, assessments
  - Indirect – a broad systems view that requires building trust with and influencing others

## Excerpts from the USSG, Chapter 8



- “Promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law.” (Board)
- “High level personnel of the organization shall ensure that the organization has an effective compliance and ethics program.” (Executive Leadership)
- High level personnel and substantial authority personnel ... shall promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law.”

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## Ensuring Program Effectiveness



- Do executives understand their roles?
- General Counsel
  - clearly yes
  - Legal Department as a whole?
- Others – ethics & compliance needs to make the business case
  - CEO, CFO
  - Business Executives
  - HR
  - Audit
  - Communications

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## Leadership Tone



- Top – middle – line
- Tone at the top – depends who you ask
- Tone set by:
  - What leaders say
  - What leaders consistently communicate
  - How leaders behave
- Leaders understand the concept, but often not how complex it is

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## Ethics & Compliance Risk Management



- Does the business/function feel ownership of E&C risk?
- Calibration of risk against non E&C risks
- Resourcing of risk mitigation plans
- Stand alone E&C risk management process or incorporated into holistic business planning process?
- Culture or other root causes as risk factors
- Role of others – e.g. Legal, Audit, HR

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## Investigations



- Broad E&C program benefits from an effective investigation process
  - Consistency of process and disciplinary outcomes
  - Risk mitigation
  - Better understand emerging risk, trends, etc.
  - Reinforces leadership tone
  - Generates trust in management – willingness to speak up
- Most company businesses/functions involved but many don't understand the complexity and potential benefits of internal investigations
- Communication of results of investigations

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## HR Processes



- Performance management systems
  - Design – measure & reward behaviors as well as results?
  - Operation – consistently applied or variable according to tone of the leader?
  - Measuring leader performance
- Promotions
  - Perceptions of who gets ahead and for what
  - Leadership blind spots and mixed messages
- Leadership Development
  - Focus on leadership behaviors as well as business excellence
  - Identify early on leadership risk and develop plans to mitigate
  - Building trust and the recognition of the benefits that result

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## Culture and Speaking Up



- Values based or rules based
- Reactive or proactive
- Leadership creates the environment
- Trust drives openness and reporting
  - Belief that management will respond
  - Belief that there are no double standards
  - Belief that retaliation will not be tolerated
- Effectively measuring cultural perceptions
- Consistency important – a few negative examples can destroy a lot of other good work

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## Questions/Comments?



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