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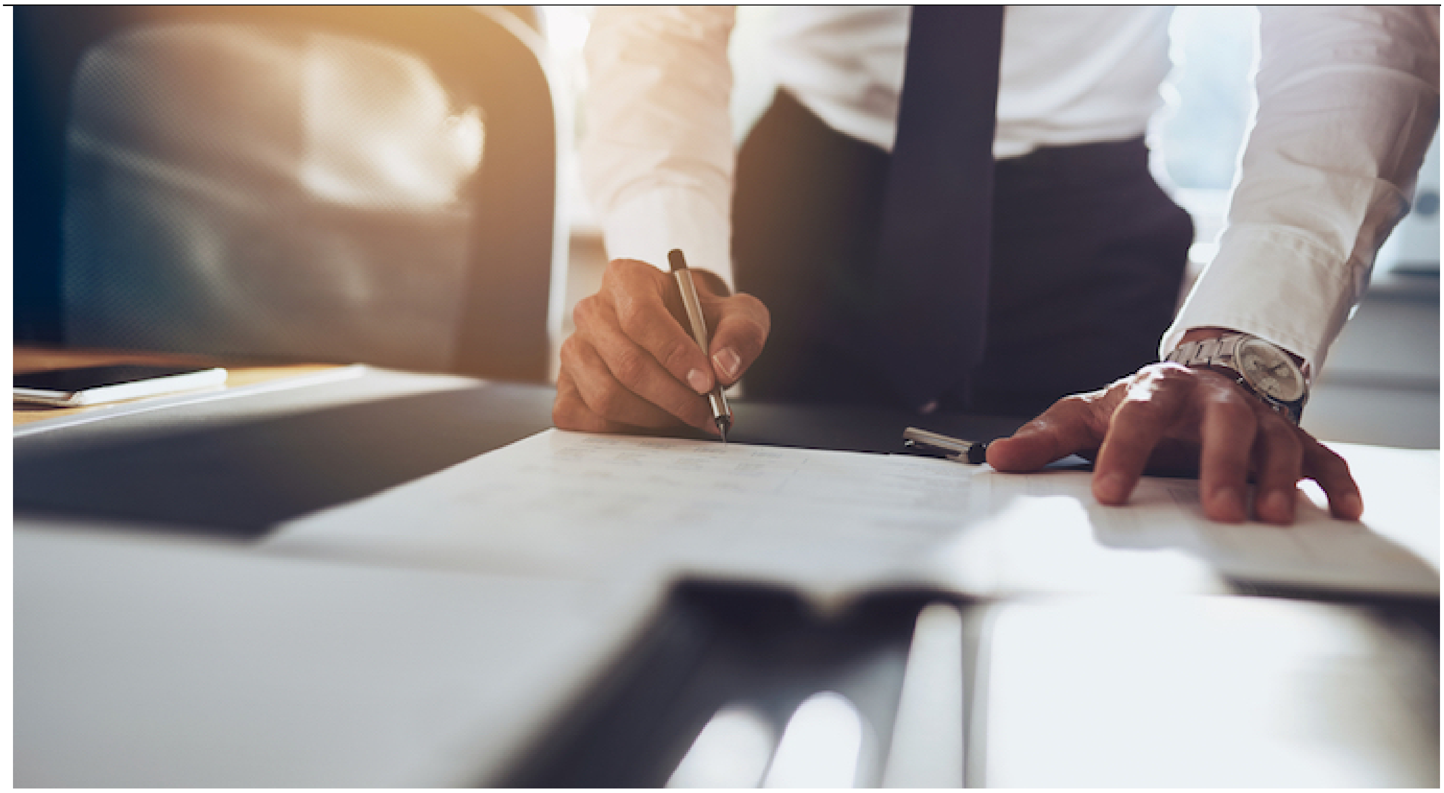
Compliance Training Fundamentals

Skills and Professional Development



I have a confession to make: When I buy a gizmo that's labeled "some assembly required," I dump the parts on the ground and go at it with a wrench and screwdriver — figuring that reading the directions will only slow me down. Typically, I only resort to the directions if the finished product doesn't look like the picture on the box.

Given my aversion to assembly instructions, I sympathize with employees who choose to do their jobs without looking at company policies and procedures. Like me, most normal people only look at corporate governance documents when compelled to do so after all other options have been exhausted.

Unfortunately, the consequences of not knowing the rules at work are far more dire than the poorly assembled items that I construct to "save time." As we corporate counsel know all too well, such ignorance can lead to shattered careers, workplace injuries, scandal, damaged reputations, civil and criminal liability, and a whole host of other adverse outcomes that can be tragic for all involved. This is one of the many reasons why training programs designed to help employees understand and follow the rules are one of the cornerstones of effective enterprise risk management.

The problem, of course, is that no one likes to deliver or sit through such training programs. More often than not, they are check-the-box exercises that have little impact on employee behavior. If you are tasked with helping your colleagues understand and follow company policies, the following three guiding principles may help improve your chances of success.

1. Aim for a "level three" understanding

In my first year of law school, my professor explained there are three levels associated with understanding any rule:

- **Level one:** Understanding is achieved when a person knows there is a rule. They don't know what it says, but they know it's there. This is not ideal, but it's better than total ignorance. At least there is a chance that they'll look at the rule before they make a bad decision.
- **Level two:** Understanding is achieved when a person knows there is a rule and they know what it says. This is certainly better than the first level of understanding, but it falls short of what's often required to comply with the rule.
- **Level three:** Understanding is achieved when a person knows what the rule says and knows how to apply the rule in the real world in a wide range of situations. As a trainer, this is the level of understanding you want your students to achieve to ensure they know how to do their jobs in accordance with company expectations.

It's important to note that there is a significant gulf between knowing what a rule says and knowing how to apply it in the real world. It's the difference between knowing how the chess pieces move on the board and knowing how to play the game well. Consequently, helping others achieve a level three understanding requires more than merely tossing the company policy manual on their desk and asking them to certify that they'll comply.

2. Improve understanding through engagement

Dr. William Glasser, the famed psychiatrist, is quoted as saying, "Learning must be experienced." He also observed that we remember:

- 10 percent of what we **read;**
- 20 percent of what we **hear;**
- 30 percent of what we **see;**
- 50 percent of what we **hear and see;**
- 70 percent of what we **discuss** with others;
- 80 percent of what we **experience** personally; and,
- 95 percent of what we **teach** to someone else.

As it turns out, there is no data supporting these numbers. The reality is that we often learn by a combination of all such activities. However, I think there is an important kernel of truth to the basic observation that people learn best when they are actively engaged in the learning activity.

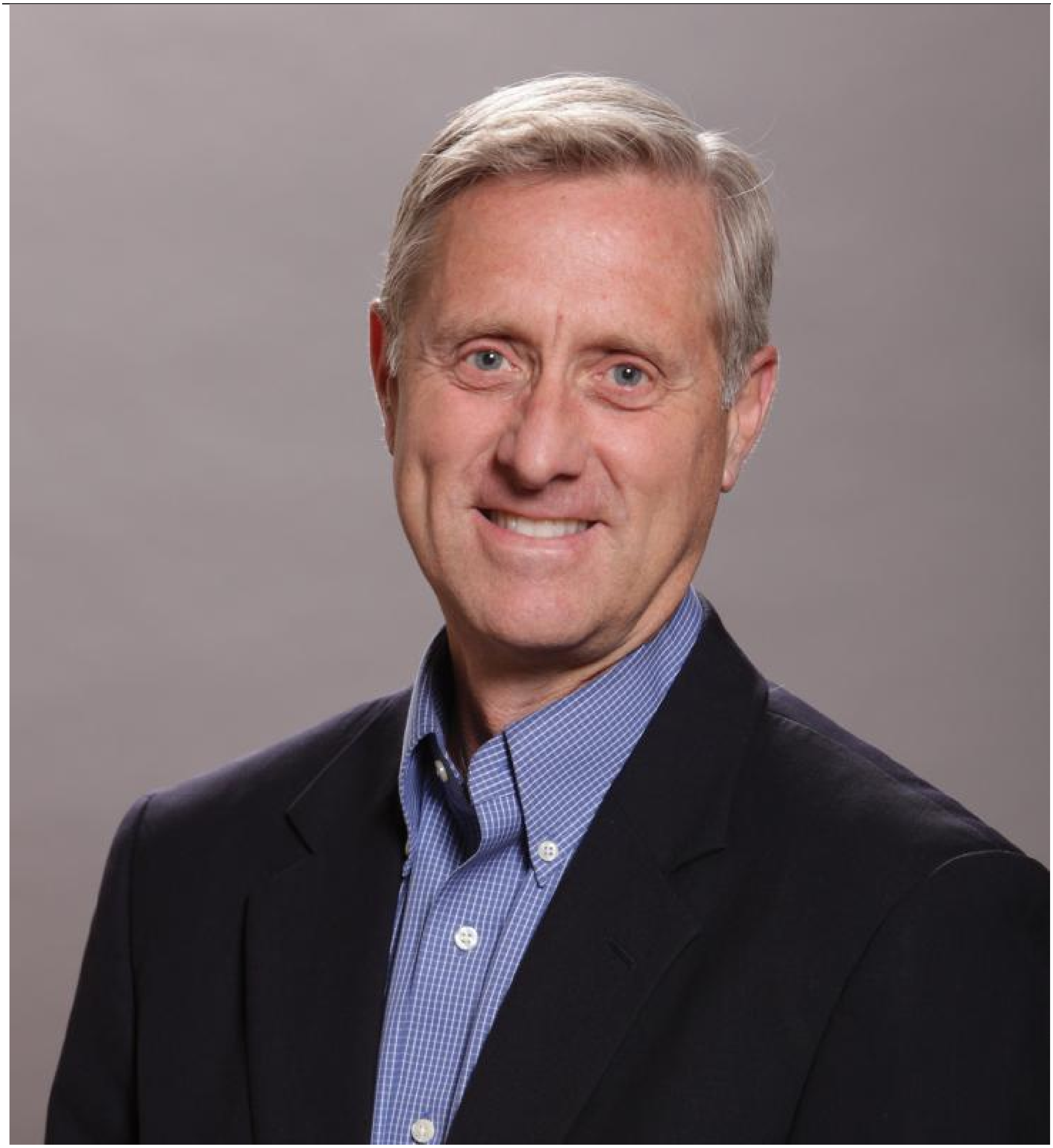
Unfortunately, one of the worst training techniques is the most common — teachers reading from a projected slide. A better approach is to supplement such informational lectures with scenario-based workshops where participants work with one another to apply a rule. Better yet, have some of the trainees prepare to teach their colleagues one or more of the rules during the training session. In doing so, ask them to share their experiences in applying the rule and the importance to the business of getting it right. Such inexpensive training techniques can make a significant difference both in the number of employees who remain awake and engaged during compliance training sessions as well as the quality of their understanding when they head back to work.

3. Focus on the "why" not just the "what"

After reviewing what the rule says, discuss the reasons why there is a rule in the first place. For example, if you tell an employee that they must complete all of the boxes in a particular portion of their expense reports, they are far more likely to comply with such a request if you also tell them that each and every box is required by federal and state law. You may achieve even better results if you explain the public policy reasons behind the requirements. Moreover, when employees understand the “why” behind a rule, they are in a far better position to apply it in a wide variety of circumstances.

Even though I should know better, my aversion to written instructions remains strong. I suspect that, as in the past, the next time I have to assemble a new box of parts, I’ll likely toss the directions aside and dive right in. As long as there are employees with the same aversion to company policies and procedures, those of us tasked with compliance training will have our work cut out for us. However, we can optimize our chances of success by helping our colleagues achieve a level three understanding of the rules and striving to engage them in the learning process.

Jim Nortz



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