



Integrating Compliance with Business Strategy: The Skillsoft Compliance Maturity Model™

THE SKILLSOFT GLOBAL COMPLIANCE SOLUTIONS TEAM



Executive Summary

Compliance training is a necessity to reduce the liability and legal risks businesses face on a daily basis. But how do businesses integrate compliance training with their business strategy? Skillsoft has developed the Skillsoft Compliance Maturity Model to help organizations identify the right learning content and approaches that will enable a shift from a training-focused approach to one focused on behavior and culture to reap the full business benefits of investments in compliance programs.

This white paper examines the five levels of the Compliance Maturity Model, citing specific examples of compliance successes and failures as they pertain to each level. By defining compliance practices in this manner, businesses gain a better understanding of where their compliance program currently stands and what it can still aspire to be.



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The state of compliance training

Historically, employers have viewed compliance training as a legal and risk-mitigating necessity. Today, however, those same organizations are recognizing that this training should be embraced as part of molding the company's culture and fostering a more positive and productive work environment.

Despite this shift in views, 43% of respondents in a recent Baker & McKenzie¹ study indicated that the Compliance & Ethics (C&E) function did not have sufficient staff, control, authority and budget to effectively measure, manage and mitigate compliance risks at their organization. This figure is significantly higher for businesses based in the EU, where 58% of respondents felt they were under-resourced. The study found that 20% of respondents still manage C&E-related cases with basic tools including spreadsheets, email or other tools that are not linked to core systems for policy management, compliance management or risk management. Thirty-six percent (36%) of respondents indicated their companies do not train or do not know if they train their third-parties.

For those who are providing third-parties with training, a plurality of respondents (27%) conduct the training only as they initially engage with their business partners, with an increasing number of companies providing training to third-parties annually (16%). Risk assessments and risk management are clearly becoming more important for many organizations. Sixty-two percent (62%) of respondents selected it as one of the three most critical elements to the success of their C&E programs. Added to these numbers, the Ogletree Deakins law firm² estimates the "average employment lawsuit costs the employer \$150,000 in lost time and workplace disruption." (This assumes the employer prevails and does not face penalties, damages, etc.)

When assessing the tools used to measure the success of their C&E programs, the Baker & McKenzie study found that over 75% of respondents quoted training as the most commonly utilized, with a precipitous drop-off associated with the remaining choices.

A natural progression from "training" to "strategy"

Starting from the perspective that compliance should be beneficial to the company and its employees alike, Skillsoft examined the way organizations at different levels of learning perceive compliance training. Having been in this market for more than 15 years, we have noticed a distinct pattern that many organizations follow in expanding their compliance and ethics capabilities. To that end, we identified five stages of compliance achievement:

Stage 1 - Awareness of compliance requirements

Stage 2 - "Check-the-box" training to meet minimum requirements

Stage 3 - Top-down behavior change through training

Stage 4 - Self-driven behavior change

Stage 5 - Full integration of compliance and business strategy

In summary, organizations typically grow from an early focus on compliance training to a mid-cycle focus on behavior and culture to a fully embedded part of the business strategy. This normal progression also shifts the value basis of compliance investments from an emphasis

¹ 2013 Global Compliance and Ethics Benchmarking Survey. Baker & McKenzie. 2013.

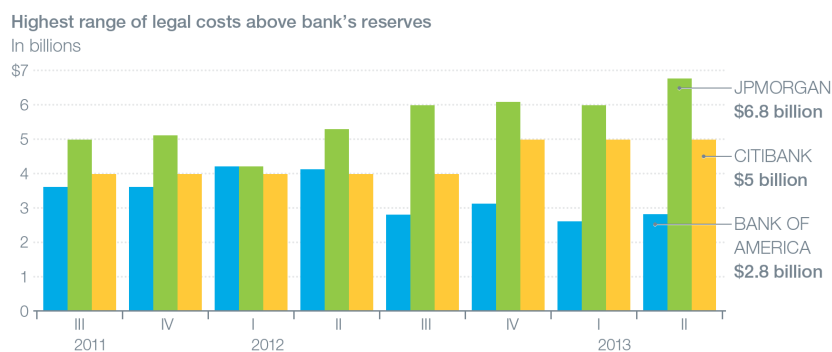
² Overview of Significant Legal Issues Impacting the Workplace, by Michelle J. LeBeau. 2013 National Practice Management Conference. 2013.

on avoiding negative consequences of non-compliance and gradually places a spotlight on a culture of compliance which delivers powerful business benefits. Market research suggests strategically aligned ethical cultures drive positive brand recognition, attract top talent, increase competitiveness, and contribute to employee loyalty.

Stage 1 - Awareness of compliance requirements

At the first stage, organizations pay little attention to compliance and ethics requirements, providing employees minimal resources to meet baseline standards. They hope problems will not occur, and when issues do arise, they typically end up paying vast sums of money in fines, penalties and other damages, as seen shown in Figure 1 below. These organizations may or may not make any compliance training available to employees because, in their view, it is “too expensive.” If they do provide training, it is implemented only after a major violation has occurred to show they are trying to meet compliance standards.

A recent article in *The Times*³ told the story of a bank that was fined a record \$1.9 billion after an investigation into money laundering for terrorists and Mexican drug dealers. The bank must now take on 3,000 more compliance officers, a move that would bring its total compliance staff to more than 5,000, almost 2% of its global workforce, which has shrunk by over 40,000 in the past two years.



Stage 2 - “Check-the-box” training to meet minimum requirements

Stage 2 companies acknowledge that the only way to get the message of compliance organization-wide is to ensure that all employees are afforded appropriate access to training materials. The focus of such programs is to ensure successful completion of the course materials so an adequate record can be generated to demonstrate an effort was made to meet regulations and standards. Some organizations at this level establish rudimentary programs targeted to managers only, thereby putting the responsibility on each manager to ensure that his or her direct reports are made aware of the various requirements that apply to each of them. Other organizations may take a “shotgun” approach and assign the same training to all employees without regard to specific job roles, areas of responsibility or other role-unique attributes.

³ “HSBC Hires 3,000 as Banks Rush to Bolster Compliance.” *The Times Banking and Finance*. Oct. 16, 2013.

⁴ Barclays Research and Company Reports. *The Washington Post*. Aug. 20, 2013.

Fatal occupational injuries dropped significantly in 2012⁵ due to compliance implementation

Preliminary results from the Bureau of Labor Statistics show a reduction in the number of fatal work injuries in 2012 compared with 2011. Secretary of Labor Thomas E. Perez credited collaborative education and outreach efforts and effective law enforcement with the decline in workplace fatalities, saying, “These numbers indicate that we are absolutely moving in the right direction.”

In response, OSHA has undertaken a number of outreach and educational initiatives, such as the National Voluntary Stand Down of U.S. Onshore Oil and Gas Exploration and Production, which was co-sponsored by oil and gas industry employers.

Stage 3 - Top-down behavior change through training

At this stage, organizations understand how training impacts the fundamental behaviors of their employees in the processes and tasks they undertake. Here, companies begin to affect a “top-down” cultural change in working to incorporate lawful practices. Training is seen as more strategic. Assignments are made based on job roles and responsibilities. Site-specific information, including local policies and procedures, in addition to regulatory requirements, is addressed.

An example of this can be found in the practices of Koch Industries, Inc, whose subsidiaries are among the largest producers of polyester and consumer paper products. According to the Skillsoft case study *Koch Industries, Inc.: Managing Compliance Training Through Elearning*, since 2001, Koch companies have been implementing a progressively expanding elearning program, bringing required training to remote sites and simplifying the compliance process for managers.

Stage 4 - Self-driven behavior change

When an organization’s approach to compliance becomes more mature, the focus shifts to empowering individual employees to make informed decisions to reinforce the company’s lawful and ethical culture. This stage is a byproduct of establishing a culture with high compliance awareness. Everyone in the company at all levels shares accountability for following a “higher standard.”

As stated by Bruce Mills, the Training & Development Manager at Hunt Refining Company, at a recent client meeting:

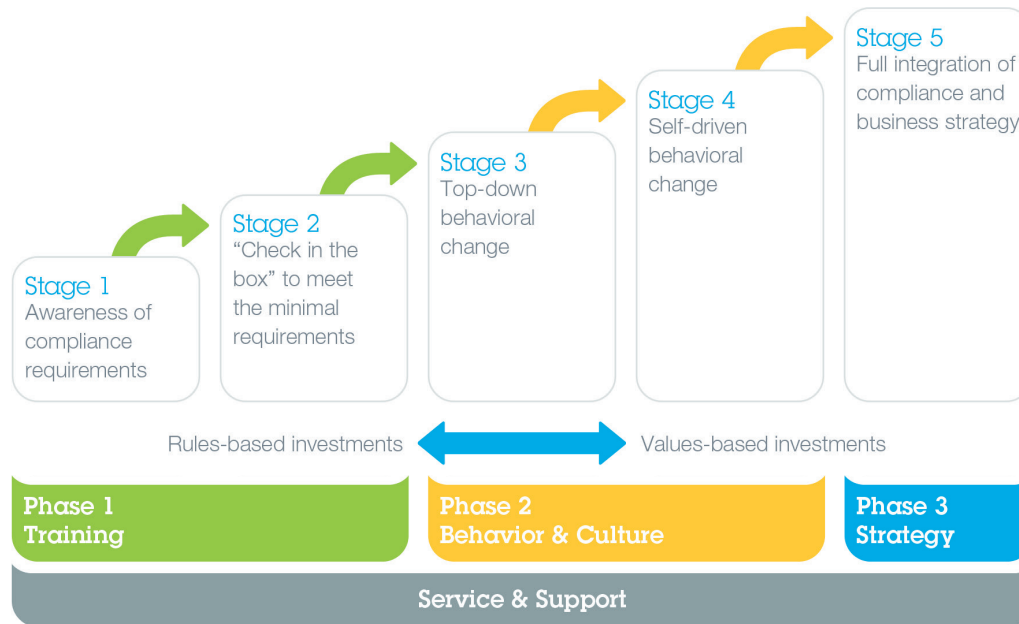
“Too much of how we view compliance training is based on what has to be done to remain in compliance. In an atmosphere where real value is placed on learning and development, a byproduct of training programs is compliance. By taking this view, Hunt Refining Company is utilizing [Skillsoft’s training management tools] to provide the right learning to the right people at the right time. Training & Development staff are now free to build appropriate curricula offerings, partner with the business, and have a real sense of freedom and accomplishment that they are always in compliance in the highly regulated world of oil refining.”

⁵ National Census of Fatal Occupational Injuries. Bureau of Labor Statistics. Aug. 22, 2013.

Stage 5 - Full integration of compliance and business strategy

Stage 5 witnesses the seamless integration of compliance with business strategy, measured as a component of business performance. In accomplishing this level of sophistication, compliance programs are aligned to actually assist organizations in accomplishing their business goals as opposed to serving merely as a function of risk mitigation.

Some large government contractors have noted that many of the opportunities that they are awarded are due in part to their ability to demonstrate the integration of compliance with their business operations.



In order to reach Stage 5, an organization must maintain a comprehensive view of learning in the organization as a whole while recognizing that a company's maturation to Stage 5 cannot happen overnight. By keeping focus on continued growth and maintaining an upward trajectory, a company can continually improve its processes and realize meaningful results along the way.

Compliance and the Skillsoft Learning Growth Model®

When you look at the five stages in growth of compliance in the light of Skillsoft's Learning Growth Model, it can be seen that the Skillsoft Compliance Growth Model follows the learning growth of a company.

The Skillsoft Learning Growth Model was developed by Skillsoft in conjunction with our customers to assist them in successfully integrating technology-based learning (elearning) into their organization (see the white paper at www.skillsoft.com). We found this model works best when both our customer and Skillsoft are in a close, collaborative partnership.

How Skillsoft can help

French romantic writer Victor Hugo said, “Nothing is as powerful as an idea whose time has come.” That is one of the many reasons Skillsoft is in a unique position to assist organizations of all sizes with their movement through the Compliance Growth Model.



Complex and continually evolving regulatory standards are placing increased pressure on our customers to “do the right thing and do it right now.” That’s why we’ve established Skillsoft Global Compliance Solutions: to offer training solutions and management tools to assist our customers in promoting ethical and lawful cultures, reducing legal and regulatory violations and minimize their exposure to operational risk. Skillsoft’s solutions are divided into three groups: Legal Compliance; Environmental, Health & Safety Compliance, and Alcohol & Food Safety Compliance.

Risk mitigation

Skillsoft elearning solutions help companies address key compliance risk areas via video, course materials and tests for ethics, legal compliance, environmental, health and safety, and food & alcohol safety.

Content design

Skillsoft has won many awards for its instructional and content design. Designed for the adult learner, courses use audio, media and interactions to reinforce learning.

Consistency of message

Assurance that the same message is delivered consistently across the entire audience.

Service level

Skillsoft has created an organization that is able to offer a significantly broader range of learning solutions, increased service levels and a greater value to your organization than ever before.

A compliance learning management system

Skillsoft offers a proven compliance learning management system called the Skillsoft Advanced Compliance Module featuring custom demographic labels (e.g. job function, department), curriculum assignments, scheduling, tracking and reporting.

The Skillport Learning Management System with Skillsoft Advanced Compliance Module helps organizations ensure compliance by allowing specific and consistent training requirements to be set and tracked to completion for different customer-defined learner groups (e.g. divisions, departments, teams and job functions). Automated retraining functionality alerts learners, supervisors and training administrators to training status via an email notification system, allowing immediate review of training status for planning and compliance purposes through flexible and robust reporting.

A complete learning package from one of the largest elearning providers in the world

Skillsoft's learning library provides the building blocks of effective learning programs. You can choose from these components to build a rich set of effective, interactive curricula.

The goal of an effective compliance training program is to infuse an organization with the correct behaviors and workplace, task-related best-practices at an individual contributor level. In doing so, businesses can effectively establish a culture of ethics and compliance that protects employees and the organization as a whole.

The key to effective compliance is not "ticking the box" but invoking behavioral change within organizations so employees are doing the right thing when no one else is watching. That being achieved, their concerns about compliance (whether it be safety and health, legal or food safety) go away. This can be done through topical coverage (things like ethics and other compliance education), through equipping the management teams/employees to mobilize this culture via business skills (leadership, communication, accountability, etc.) or both.

Skillsoft has the most extensive elearning catalog in the industry, covering not only Compliance products, but many areas of knowledge requirement including Business Skills, Desktop Skills, IT, Government. In partnership with industry's foremost publishers, industry vendors, analyst firms and business thought leaders, we provide on-demand, instant access to the complete text of thousands of best-in-class online books, book summaries, audiobooks, research reports and best practices, ensuring the best possible learning experience.



For more information or to learn more,
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