Building and Sustaining a Compliance and Ethics Liaison Program

An Implementation Toolkit

Preview Publication

Email LRCProductMarketing@executiveboard.com to dive deeper into the complete toolkit.

CEB Compliance & Ethics Leadership Council

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WHAT THE BEST COMPANIES DO

Table of Contents

The complete toolkit provides detailed insight on all topics outlined below.

Occasion for the Toolkit

Target Audience

Key Insights

Summary of Solutions

Navigating the Toolkit

Section I: Present a Business Case That Aligns with Stakeholder Interests

Section II: Deploy a Rightsized Liaison Program Structure

Section III: Select Liaisons Based on Their Expected Responsibilities Section

Section IV: Drive Liaison Development and Engagement

Section V: Manage Liaison Program Performance

Appendix: Implementation Tools and Templates

Occasion for the Toolkit

Compliance programs need to strengthen their impact throughout the organization without significantly increasing resource investments. To achieve this, many programs deploy compliance and ethics liaisons: employees with full-time job responsibilities outside of the compliance program who spend a small portion of their time (usually 5%–10%) helping with compliance initiatives and activities. Interest in implementing liaison programs is growing, with 48% of compliance programs deploying liaisons in 2014—up from 29% in 2010.

Compliance and Ethics Programs with Liaisons
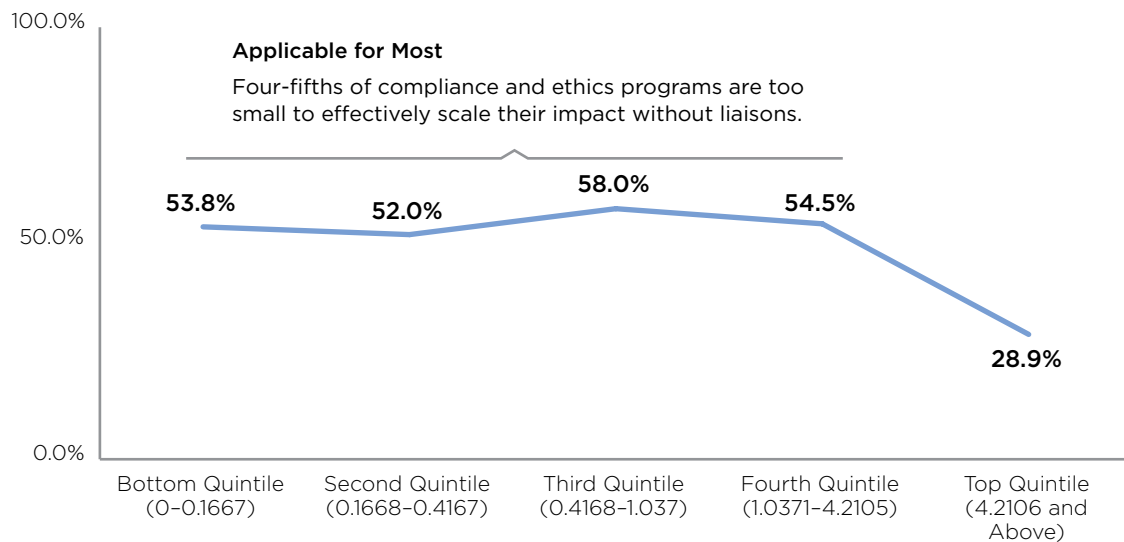*Percentage of Respondents, 2010 and 2014*
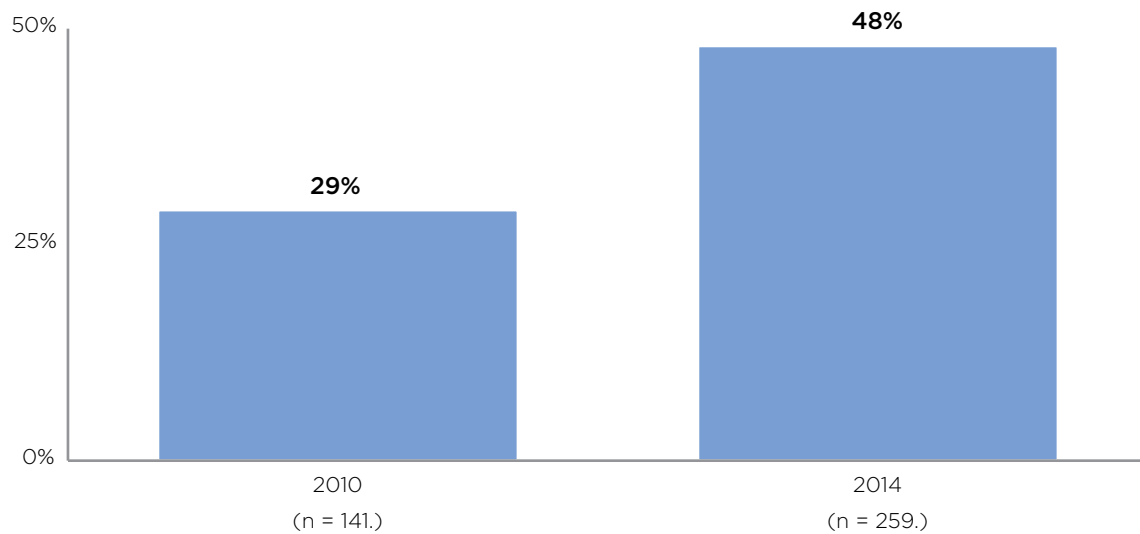
Source: CEB 2010 State of the Function Survey; CEB 2014 State of the Function Survey.

Target Audience

Is a Liaison Program Right for My Company?

A liaison program helps compliance and ethics programs scale their impact throughout the organization given their limited full-time staff. As the figure below indicates, most compliance and ethics programs face full-time staffing constraints and can benefit from deploying a liaison program.

Compliance and Ethics Programs with Liaisons
Percentage of Respondents by Relative Staff Size,[a] 2014

Applicable for Most
Four-fifths of compliance and ethics programs are too small to effectively scale their impact without liaisons.

	Bottom Quintile (0–0.1667)	Second Quintile (0.1668–0.4167)	Third Quintile (0.4168–1.037)	Fourth Quintile (1.0371–4.2105)	Top Quintile (4.2106 and Above)
	53.8%	52.0%	58.0%	54.5%	28.9%

n = 241.
Source: CEB 2014 State of the Function Survey.
[a] Number of compliance and ethics full-time staff members per 1,000 employees.

Who Should Use This Toolkit?

This toolkit can support different stakeholders as they build and maintain a liaison program:

- **Liaison Program Coordinator—**As you begin implementing a liaison program, determine the staff member(s) who will develop and maintain the program's ongoing operations. Liaison program coordinators can use this toolkit as a step-by-step guide to building a liaison program from the ground up. Depending on the size and structure of your compliance and ethics program, the designated liaison program coordinator may be the chief compliance and ethics officer or another full-time compliance staff member.

- **Compliance Staff—**For companies with established liaison programs, liaison program coordinators can share this toolkit with other compliance staff members, who can use best practices and implementation tools to help advance the program's maturity and sustain effectiveness.

- **Liaisons—**Share the tools and templates in this toolkit with prospective or current liaisons to support them in their various liaison responsibilities.

Summary of Solutions

Section I: Present a Business Case That Aligns with Stakeholder Interests

Activity A: Identify Key Stakeholders and Their Interests

Activity B: Create a Customizable Business Case

Activity C: Organize the Business Case Rollout Strategy

Section II: Deploy a Rightsized Liaison Program Structure

Activity A: Scope Liaison Program Size

Activity B: Distribute Liaisons Throughout the Organization

Activity C: Develop a Program Rollout Strategy

Section III: Select Liaisons Based on Their Expected Responsibilities

Activity A: Determine Liaison Responsibilities

Activity B: Understand Liaison Attributes

Activity C: Identify Candidates and Select Liaisons

Section IV: Drive Liaison Development and Engagement

Activity A: Support New Liaisons During Onboarding

Activity B: Equip Liaisons to Perform Effectively

Activity C: Sustain Engagement Through Ongoing Communications

Section V: Manage Liaison Program Performance

Activity A: Drive Individual Liaison Performance

Activity B: Connect Liaison Performance to Compliance Program Outcomes

Implementation Guidance: Consider Embedding into HIPO Program

Section I: Present a Business Case That Aligns with Stakeholder Interests

Challenge

Liaison programs inherently rely on engagement from employees throughout the organization, so program coordinators must make a compelling business case to key stakeholders before starting a program. Unfortunately, key stakeholders are often unfamiliar with the corporate compliance program and potentially skeptical of an initiative that requires time and attention from themselves and their employees.
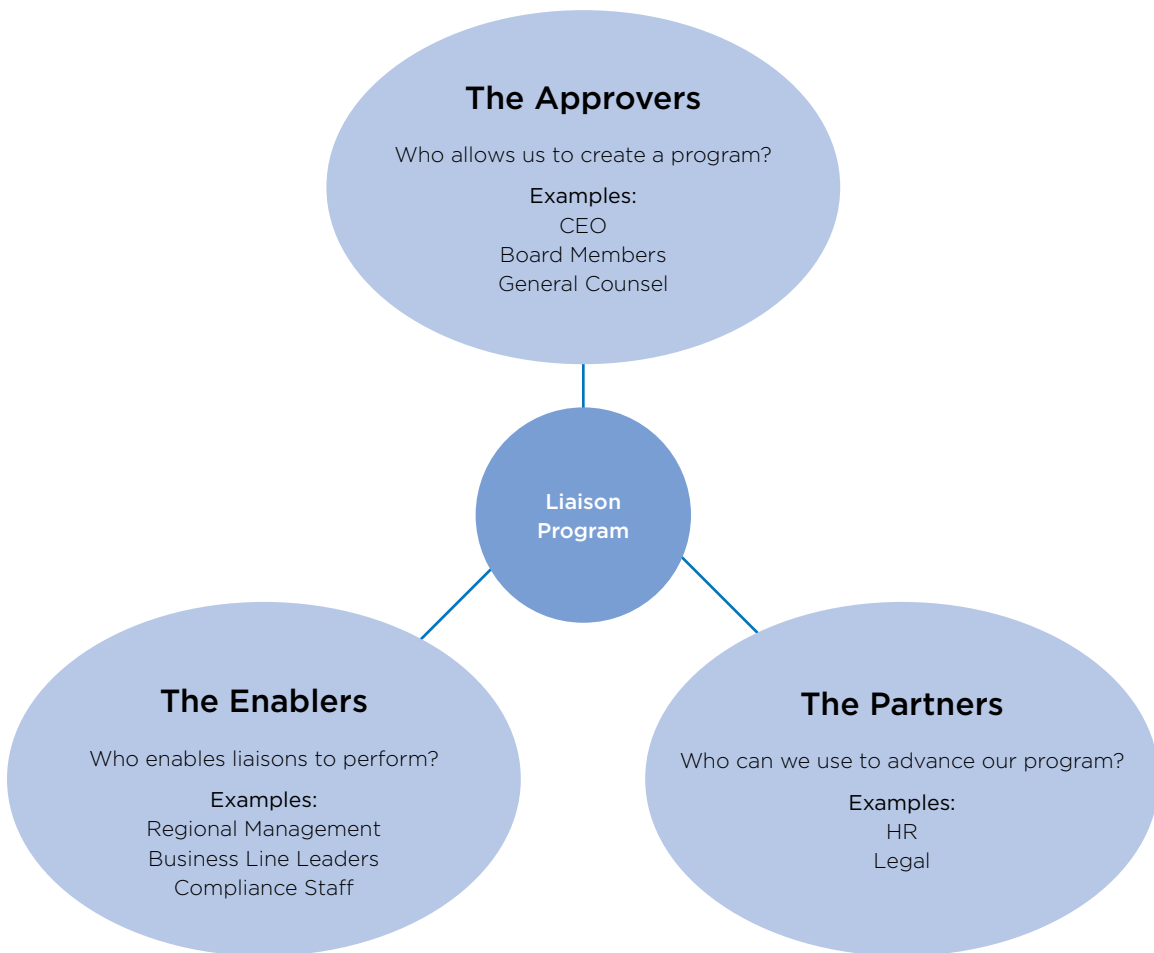
CEB Guidance

The business case for a liaison program must clearly define the structure, mechanics, and goals of the program so that critical stakeholders understand the basic elements of the prospective program. Most importantly, a truly compelling business case must directly address the interests of key stakeholders. When crafting the business case, program coordinators should ask themselves, "What's in it for my stakeholders? What will they get out of this program?" Effectively address different stakeholders' demands and interests by completing the following three critical activities:

Activity A: Identify Key Stakeholders and Their Interests	Activity B: Create a Customizable Business Case	Activity C: Organize the Business Case Rollout Strategy
Action Steps:	**Action Steps:**	**Action Steps:**
1. Identify Key Stakeholders	3. Establish Necessary Points	5. Prioritize Stakeholders' Influence
2. Understand Stakeholders' Unique Concerns	4. Refine the Presentation	6. Determine Business Case Presenters
		7. Consider Existing Forums to Present

Action Step 1: Identify Key Stakeholders

Create a list of stakeholders whose opinion and engagement are critical to creating an effective liaison program. The list should go beyond senior leaders to include employee groups whose active engagement will allow Compliance to maximize liaison utility. To ensure broad buy-in, Compliance should consider a variety of stakeholders, as indicated in Figure 1.1.

Figure 1.1: Types of Key Stakeholders

The Approvers
Who allows us to create a program?
Examples:
CEO
Board Members
General Counsel

Liaison Program

The Enablers
Who enables liaisons to perform?
Examples:
Regional Management
Business Line Leaders
Compliance Staff

The Partners
Who can we use to advance our program?
Examples:
HR
Legal

Source: CEB analysis.

- **The Approvers:** To approve the creation of a liaison program, Compliance relies on senior leadership—often the direct manager of the chief compliance and ethics officer.

- **The Enablers:** Compliance must receive buy-in from senior leaders of the regions and business lines in which liaisons will function. Leaders who have bought into a program will enable their liaisons to perform their duties to the fullest.

- **The Partners:** With the right buy-in, Compliance can tap into the tools and expertise of functional partners such as HR and Legal to more effectively build and sustain a liaison program.

Action Step 2: Understand Stakeholders' Unique Concerns

Identify stakeholders' interests and brainstorm ways to position the business case to address those interests. Due to differences in seniority level, functional role, and geography, stakeholder motivations vary. Compliance should use the list of critical stakeholders from Action Step 1 and identify:

- Each stakeholder's primary goal,
- Their concerns in achieving that goal, and
- How the liaison program can help them achieve that goal.

Use the criteria in Figure 1.2 to identify the critical differences among stakeholders and guide business case customization for multiple audiences.

Figure 1.2: Catalog of Key Stakeholders and Concerns

Stakeholder Group	Primary Goal	Potential Concerns	Positioning of Liaison Program
Corporate Leadership	Long-term growth and stability of the company	▪ Do the benefits of a liaison program outweigh its costs? ▪ Will liaisons be distracted from their full-time responsibilities?	▪ A liaison program requires minimal direct costs due to the use of existing employees. ▪ Liaisons only spend 5%–10% of their time on compliance, which should not detract from their full-time responsibilities.
Business Line Leadership	Market success of products and services in business line	Will the business meet its performance goals if we pull away some of our employees' time and focus?	▪ The liaison commitment is small enough to not affect business performance. ▪ Compliance has limited physical presence at the business line level, so liaisons can help ensure the effectiveness of our controls.
Regional Leadership	Growth of the company's footprint in regional markets	Can the company grow in our region if we allocate more employee time to compliance?	▪ Compliance will support liaisons to relieve the burden of their liaison responsibilities. ▪ Without a physical presence, Compliance fails to fully understand local risks and cultural barriers that can impede growth initiatives.
HR	Engaged, productive, and developing employee base	▪ Do our employees already have too much on their plates? ▪ Do we already have enough development opportunities for employees?	▪ The liaison commitment is small enough such that it will not be overly burdensome. ▪ A liaison program can enable wider employee development opportunities.
Legal	Legal assurance of the company	Are liaisons qualified to manage situations that could expose the company to legal liability?	Liaisons will receive training on how to handle sensitive reports and will not have formal investigation responsibility unless they have the requisite skills.

Source: CEB analysis.

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