

# How to create an effective ethics and compliance helpline

**Efforts to engage the workforce in ethics and compliance directly benefit from employee helplines. Often established to meet requirements of the U.S. Sarbanes-Oxley Act, helplines give employees a means to report potential misconduct and ask questions freely about ethical situations they face on the job, empowering them to become active partners in fostering an ethical corporate culture. Helplines also manage compliance risk by helping companies identify potentially illegal behavior so it can be addressed before it becomes a legal matter.**

**Leading companies reduce their exposure to risk by incorporating five key elements into an effective helpline:**

## **Define goals based on company needs and culture.**

In developing a successful helpline, a company should first set goals appropriate to its business needs and organizational culture. Having clear goals helps the company define and target the activities it seeks to have the helpline monitor and provides insight into the optimal way it might operate.

Most companies share the same three broad helpline goals – to prevent problems caused by violations of ethical and compliance standards, to protect the company from damage when problems occur and to respond effectively to those problems. But specific goals may vary depending on a company's industry, risk profile and priorities.

A chemical manufacturing company, for example, faces higher risks in meeting environmental standards than a retailer.

Companies operating internationally will likely confront gift-giving practices that conflict with U.S. laws prohibiting bribery. By clearly understanding its particular combination of risks, a company can establish more precise reporting categories and investigating channels associated with the helpline.

A company should also determine how it wants its helpline to be used in order to plan and allocate the educational resources needed to teach employees about the process. For example, does the company want a "report first" approach, in which employees are urged to call the helpline first for guidance, or does it prefer a "report second" approach, in which employees turn to supervisors first before calling the helpline? Either could be the right approach, so each company must decide for itself based on its culture and specific needs.

For example, companies operating in highly regulated industries frequently want their employees to seek top-level guidance right away when they have compliance questions – to report first. A helpline staff operating in this setting needs deep training in regulatory requirements, which requires the company to commit resources to support this goal. In contrast, report-second companies need to educate supervisors to be sure they are prepared to respond to employee concerns.

Some companies prefer a mixed solution, urging employees to seek helpline advice first on highly technical issues but to go to supervisors for answers to other questions. In a mixed approach, the company will need to balance education resources to ensure that those likely to receive questions are ready to respond effectively.

### **Establish trust and foster communication to enlist employee support.**

The success of a helpline is ultimately driven by employee usage, so earning employee trust and consistently strengthening it through active communication are essential.

To establish trust, employees need to know from the outset that their identity will be protected when they use the helpline, that they will not be subject to retaliation and that the company will respond to their concerns. To ensure this trust, the company must establish strong policies and be transparent in sharing them with employees. Management needs to state clear guidelines about how they will handle and retain data, and how they will uphold standards of fairness to protect individuals from erroneous, malicious or slanderous reports. Helpline designers must clarify the type of assistance employees can expect when calling, with timetables and rules of engagement that spell out procedures for follow-up after a call is made.

Additionally, management should be specific about the mechanisms created to protect anonymity, and how confidentiality will still be maintained if providing identifying information to certain investigators becomes necessary. Clear data handling policies are crucial in dealing with personal privacy concerns, particularly acute for businesses operating abroad. Companies operating in France, for example, must comply with a self-certification process established by the Commission Nationale de l'Informatique et des Libertés (CNIL), the French agency responsible for protecting individual data privacy rights.

As the company rolls out its helpline system, a vigorous communication effort, including an ongoing system of reminders, is essential to create awareness and enlist employees in the program. Encouraging support from the start creates a partnership between employees and management to make the program a success. All levels of management should participate in communications around the helpline, including messages in staff meetings, e-mails, company publications and everyday operations. Face-to-face, informal communications can often demonstrate the company's commitment to ethical conduct more effectively than formal messages. Such management involvement builds confidence among employees that the organization is committed to ethical behavior and wants their assistance in achieving and maintaining high standards of performance.

### **Respond quickly and consistently.**

Following a helpline call, speed and uniformity are essential in managing the case. A quick response, no matter the severity of the incident, reinforces the importance that management places on its employees' concerns. Quick action reduces the likelihood that employees will grow impatient and take their complaint about illegal behavior to regulatory agencies before the company has an opportunity to investigate and respond.

It can be useful for companies to establish a triage system that classifies reports quickly and directs them to the appropriate channel for investigation. Clear guidelines can help separate real issues from personality conflicts and idle tattling. Substantive issues should be sorted and assigned as appropriate according to a formal system of classification based on risk factors particular to the industry and the individual company. Possible categories in a classification system might include employment issues, audit questions, environmental issues and misuse of company information and assets.

Once a caller's report is assigned to the correct category, the helpline staff should consult a case assignment roster to determine the appropriate channel to investigate the report. An effective case management process also prescribes specific steps in the investigation and stipulates policies involving any follow-up to the helpline caller. Swiftly launching an investigation creates the potential to catch wrongdoers in the act, control information, exonerate the innocent quickly, and, where necessary, inform prosecutors and regulators before they launch their own investigation.

### **Measure program effectiveness by tracking relevant quantifiable data.**

To accurately judge a helpline system's effectiveness, companies must find ways to measure its performance using quantifiable data. Such measurement allows the company to compare and benchmark its helpline operation against the experience of other companies in terms of the volume and nature of calls. It also enables a company to contrast data among its own business units to better understand each unit's risk profile. With this information, companies

can improve their helplines, fine-tune their risk profiles, scrutinize communication levels, track emerging problems and develop more responsive risk management programs.

Meaningful helpline metrics include month-to-month variations in call volume, by site and category. Companies can also track the number of anonymous calls, the time needed to classify a report and the time required to investigate and resolve allegations. Gauging the volume of unsubstantiated reports is also useful, since disaffected workers can present the company with a variety of operational risks unrelated to issues of ethics and compliance.

Integrating quantifiable helpline data in an ethics and compliance dashboard can be very helpful in monitoring the effectiveness of the helpline and the overall program, and identifying the need for corrective action. This type of dashboard integrates and correlates data generated by other ethics and compliance program initiatives, such as education, certification, helpline and incident management.

### **Integrate helpline results into the broader compliance program and company operations.**

Evaluating helpline results in light of other ethics and compliance programs and integrating those results into broader company operations can help improve the effectiveness and strength of the various individual program elements. For example, employee helpline feedback can guide the development of a company's education curriculum. By identifying the areas employees are seeking clarification about or reporting incidents in, managers can tailor education to specific topics. Similarly, companies can integrate helpline results into their certification program to gather attestations or disclosures about areas of concern.

This integrated approach brings efficiencies to the overall program by targeting education and certification to increasingly specific areas of risk. It also increases the impact of the program as the individual elements ultimately reinforce and support each other over time. Integrating employee feedback into the ethics and compliance efforts also makes the programs more meaningful to employees because they recognize that their feedback makes a difference.

In addition, providing helpline data to operations allows executives throughout the organization to review functional questions in light of the concerns employees are expressing. Helpline data often contains significant business indicators that can be useful to management in setting company strategy in areas ranging from financial performance to labor relations. Poor performance at a local site, for example, may be connected to worker dissatisfaction which can be revealed in helpline calling patterns. Or perhaps a drop in profits is related to reports of fraudulent behavior. Overall, helpline results can help managers manage more effectively and ultimately improve business performance.

*An ethics and compliance helpline can serve as a powerful way to engage a workforce and ultimately help foster and fortify a winning corporate culture. A helpline is most effective when fully integrated with other foundational program elements designed to engage the workforce in ethics and compliance, including education and certification.*



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