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Meet May Jane Coulson

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See page 14



29

Some thoughts
on antitrust
risk assessment

Robert E. Connolly

35

Spanish Criminal Code
Reform 2015: Corporate
compliance programs

Maria Hernández

39

Corruption within
Compliance in
higher education

Diane T. Hockenberry

51

CCO Liability:
Mixed Messages
from the SEC

Scott Killingsworth

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Marketing compliance: Essentials to help your compliance and ethics program thrive

- » Applying marketing principles may improve the effectiveness of the compliance and ethics program.
- » Understanding the marketing mix may be beneficial to promoting the essential elements of a compliance and ethics program.
- » Understanding the product life cycle may be beneficial for determining the life cycle of compliance and ethics program activities.
- » Life cycles for compliance and ethics program activities may overlap and stages may vary in duration.
- » Identifying the target market and target audience before compliance and ethics program activities may improve employee awareness.

Promoting awareness and managing the compliance and ethics program (CEP) is a significant responsibility of the compliance officer (CO). Promotion is an element of the marketing mix. By applying marketing principles, such as the marketing mix, product life cycle, and target market, COs may improve the effectiveness of their organization's compliance program.



Johnson

Incorporating the “mix”

According to *The Marketing Donut*, “Poor marketing could not only be preventing you from attracting customers—it could be driving them away in droves.”¹ Here is a revision to consider, “Poor CEP promotion could be preventing COs from attracting employees’ attention—it could be

driving them away in droves.” As COs, the latter is worth considering when reflecting on less-than-perfect training participation and unsigned attestations. The marketing mix is one approach to engage employees.

According to *The Marketing Donut*, “Poor marketing could not only be preventing you from attracting customers—it could be driving them away in droves.”

Traditionally, product, place, promotion, and price are components of the marketing mix.² Over time, several

marketing mix variations included additional components such as packaging, positioning, and/or people (see Figure 1).³ Here is how the marketing mix may add value to CEP.

Product

According to Melinda Emerson, a product needs the right features: It should be easy to use, visually interesting, and well packaged.⁴ As COs, our product is the CEP. The CEP should protect the organization, increase employee awareness, and demonstrate a strong commitment to ethical behavior among employees and the community.⁵ Knowing the organization has the best intentions for its customers and surrounding community while conducting business may satisfy its visual appeal. The right features are incorporating the seven elements of an effective compliance program recommended by the Federal Sentencing Guidelines. These features may vary from size, scope, and resources of the organization. One of the many features of our product is the code of conduct. It is designed with all employees in mind, and it should be written so that is easy to use.

Place

Not having the right location is one reason that many businesses fail. For example, a business may have location in a high-traffic area, but their target customers are insufficient in that location.⁶ When COs remain within the C-suite and/or the CEP remains a stagnant set of documents, this is an informal communication to the organization that CEP is not high priority. As COs, the right location is establishing a presence by visiting operational units, remote locations, workgroup meetings, and other organizational activities. The CO must continuously work towards embedding the CEP into the corporate culture.

Making a conscious effort with limited resources may be tedious but necessary. The corporate culture should reflect the CEP.

Promotion

Without proper promotion to attract your target customer, you won't grow. Promotion and place are equivalent in importance. Awareness is being everywhere. Having a presence at our home office on the residing floor is not an effective approach to promoting the CEP. Establishing awareness requires a combination of traditional and modern marketing tactics. Traditional approaches



Figure 1: The Marketing Mix

include posters, flyers, brochures, newsletters, and promotional postcards. According to Edwards, modern approaches include activities that are ongoing and synergistic such as Internet marketing, social media interaction, and podcasts.⁷

Price

Good promotion starts with a budget. COs must think of the cost to operate the CEP. Often, COs have smaller budgets than the operational units. It is critical to arrange the budget so that it can sustain managing and promoting. A budget item associated with CEP management is continuing education, such as conferences, compliance-related courses, and reference materials. According to Schaeffer, self-assessment and education is important to prevent poor management.⁸ As mentioned in promotion, a budget item associated with promoting the program is marketing materials, such as an Intranet site, social media presence, posters, brochures, and flyers. As new regulations and penalties/ fines increase, COs must budget for staffing, resources, and education. By networking, CO's can compare and establish a benchmark. By continuous assessment, the CO can establish a budget according to their CEP.

Positioning

Support from the board of directors (board) is essential to establish and position the CEP. Management has an influencing role, also. When the board communicates CEP

importance, management will demonstrate their commitment. As a result, employees will accept management's priorities as their own. Effective positioning establishes tone at the top, middle, and throughout the organization.

People

An essential element of an effective CEP involves establishing and encouraging an open line of communication. As COs, we must demonstrate the behavior of the ethical culture that we are attempting to establish. COs must be approachable and consistent, among other qualities. When employees feel comfortable reporting concerns and sharing recommendations, there is evidence of an ethical culture.

Organizations rely on the performance of their products and services for survival. Products and services have a life span. Marketing professionals determine the status of their products and services by using the product life cycle.

Presentation

Several factors contribute to the CEP's success, but overall, an attractive product is a corporate culture that demonstrates congruence with a documented CEP. Documentation must be accessible, organized, and understandable. For example, employees should know the locations of policies, procedures, and applicable job aids. Additionally, employees should know how to act on the information provided.

Stay on track of your "cycle"!

Organizations rely on the performance of their products and services for survival. Products and services have a life span. Marketing professionals determine the status of their products and services by using

the product life cycle. The product life cycle has four stages: introductory, growth, maturity, and decline (see Figure 2).⁹

CEPs require continuous updates and revisions. This is necessary to meet the changing demands of regulations, industry trends, and market conditions. CEPs rely on several activities that contribute

to effectiveness of the seven elements. Compliance activities have varying life spans. Understanding the stages of the product life cycle has its advantages. COs who choose to manage compliance activities using the stages of the product life cycle may improve the probability of keeping employees engaged.

Introduction stage

This is the beginning stage for a product. As COs, this is similar to announcing the passing of a new regulation that may impact our organization. Awareness is low. The organization is in the beginning stage of understanding the regulation, identifying potential impact, and determining the appropriate implementation strategy.

Growth stage

In the growth stage, consumer demand, sales, and profits increase significantly. In Compliance, the growth stage relates to significant increases in awareness and competence. In the past few years, there has been a significant increase in security

Compliance & Ethics Program (CEP) Activity Life Cycle

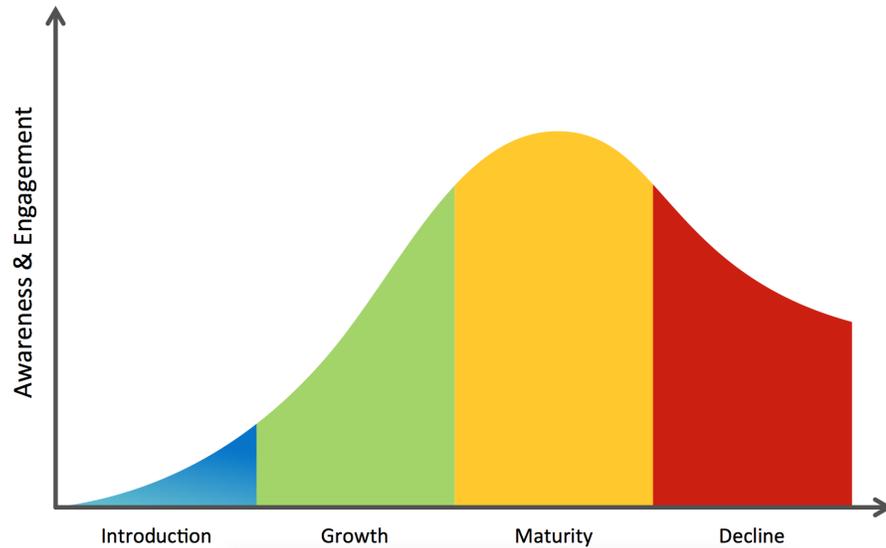


Figure 2: Compliance & Ethics Program (CEP) Activity Life Cycle

breaches. Companies, customers, and the general public are aware of this issue.

Maturity stage

In the maturity stage, the product is established and organizations focus on maintaining market share. For Compliance, privacy is in its maturity stage. Although privacy regulations vary domestically and internationally, organizations are displaying privacy notices on their websites and many have positions dedicated to managing privacy. Customers and the general public are increasing their education on privacy rights and taking steps to protect themselves from identity theft.

Decline stage

In the decline stage, products become less popular as consumer demand wanes. In Compliance, awareness declines as more attention is given to other compliance activities that are in the introduction, growth, and maturity stages. For example, a policy associated with a regulation that passed two years ago may not receive the same amount

of attention as a policy implemented six months ago. Although both policies may be equally important to the organization, employee comfort levels with complying with the older policy may be higher than comfort levels with complying with the newer policy.

Here are two examples of compliance activities using the product life-cycle stages. The first is an overview of a policy and the second is an overview of training.

Policy life-cycle stages

- ▶ **Introduction**—A compliance policy has been created and approved for distribution. Notification of the new policy is communicated throughout the organization. Training schedule is being finalized.
- ▶ **Growth** – Operational leaders review the policy with their teams. They implement the policy by incorporating into their operational procedures. Requests for clarification are appropriately communicated to CO and/or reporting supervisor.
- ▶ **Maturity** – Employees are knowledgeable and complying with the policy. CO reviews to determine whether revisions are necessary to comply with newer regulations and proposed policies. Proposal for policy revision is in place.
- ▶ **Decline** – Employees are knowledgeable of the policy. They may or may not be complying with each policy detail. Employees may reference portions that refer to their team instead of the entire policy. Training and team discussions have not occurred in a long time.

Training life-cycle stages

- ▶ **Introduction** – A training curriculum has been created and approved. Target

audience has been identified. Training schedule is being finalized.

- ▶ **Growth** – Operational leaders notify their teams of the training requirement. They inform their teams of the date and time for the training. If applicable, team begins reviewing pre-training materials and developing questions.
- ▶ **Maturity** – Employees complete training. They begin to incorporate lessons learned into their work activities. They are comfortable with making suggestions for process improvements and/or requesting clarity. CO reviews training to determine whether revisions are necessary to comply with newer regulations, process changes, and/or policies.
- ▶ **Decline** – Employees are focused on upcoming training sessions. Lessons learned continue in daily activities. Reference to training documentation occurs less frequently, if at all.

COs may find that proactively managing life cycles may help with determining the appropriate time to schedule compliance activities to maintain year-round momentum. Additionally, COs using metrics to report CEP status should consider applying stages to each compliance activity for easier reference.

Know your audience!

Marketing professionals develop different strategies to attract and retain customers. The marketing approach for their defined target market is different than the marketing approach for their varying target audience. A target market is a specific, well-defined segment and a target audience is a bit narrower; it refers specifically to the group

of consumers.¹⁰ Similar to marketing professionals, COs must have varying approaches to our target markets and target audiences.

Our target market consists of our employing organization's employees. When communicating compliance objectives and/or conducting compliance training, COs must keep messaging general to attract and engage the varying interests of the audience. Our messaging for this audience can address industry trends, organization-specific opportunities, and emerging risks. When addressing the target market, it is important to keep the messaging broad to ensure that employees understand the message, regardless of their role. An example is general compliance training.

Our target audience varies. The board is a target audience, and the senior leadership team is another. Then, there are other target audiences such as the salesforce, account managers, building engineers, and Information Systems and Customer Service departments. When communicating compliance objectives and/or conducting compliance training, COs must tailor our message so that it is audience appropriate. Each target audience has different requirements and contributes differently to the organization. Messaging should focus on the actual interest and influence of the employees.¹¹ Establishing an ethical culture throughout the organization requires translating the same message to the language

of the target audience. Non-compliance and its impact to client relations may be a suitable message for sales and account management teams. From another perspective, non-compliance and its impact on opening a new location on schedule may be a suitable message for facility engineers. When addressing the board, senior leadership, and front-line management, we must remind them of their roles and how they contribute to an ethical culture.

Summary

COs may improve the effectiveness of their organization's compliance and ethics program by applying marketing principles.

The marketing mix is useful when developing the CEP strategy. Additionally, the product life cycle is useful for planning compliance activities. Finally, identifying the target market and target audience before presentations may improve delivery and target awareness. *

When addressing the target market, it is important to keep the messaging broad to ensure that employees understand the message, regardless of their role.

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