

The Impact of Compliance Training

2018

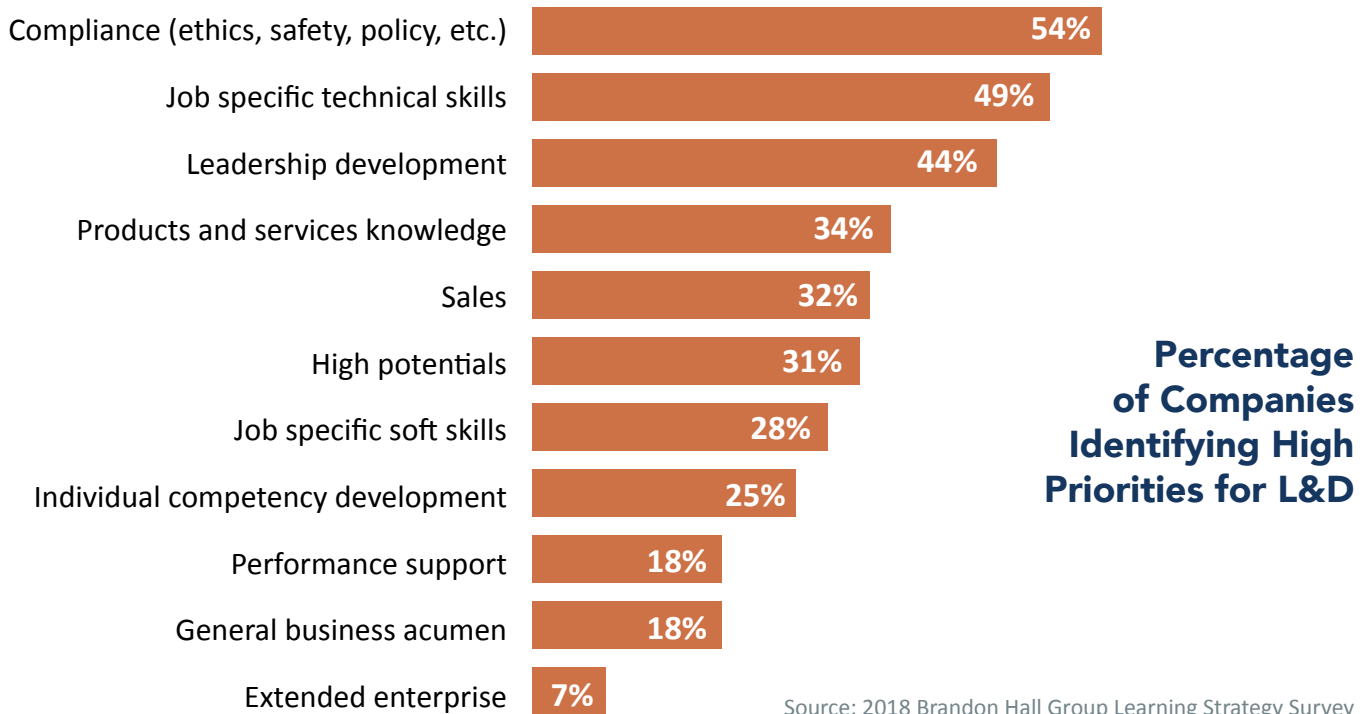


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Compliance is Critical

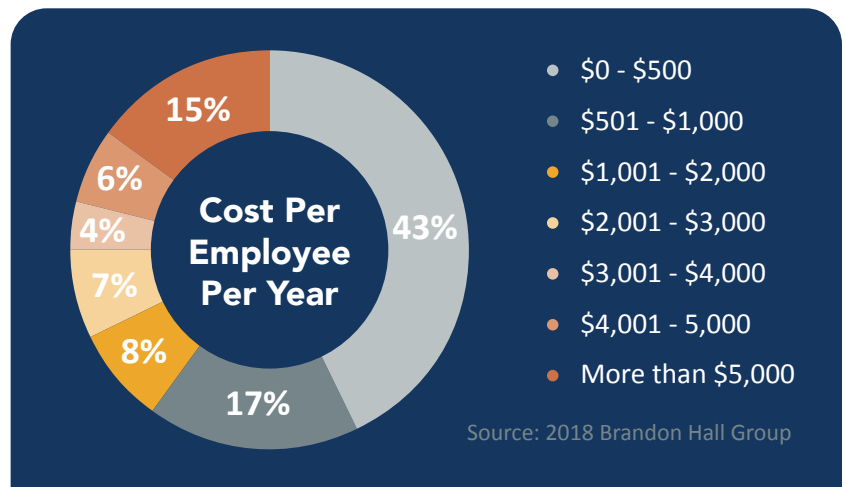
Compliance affects just about every single organization, regardless of size, industry, or geography; and it ranges from something as simple as an employee handbook to complex legal and financial regulations. Because of this, more than half of companies in Brandon Hall Group’s 2018 Learning Strategy Study identify compliance training as a high priority for Learning & Development, more than even job-specific skills or leadership development.



Source: 2018 Brandon Hall Group Learning Strategy Survey

Compliance Requires Investment

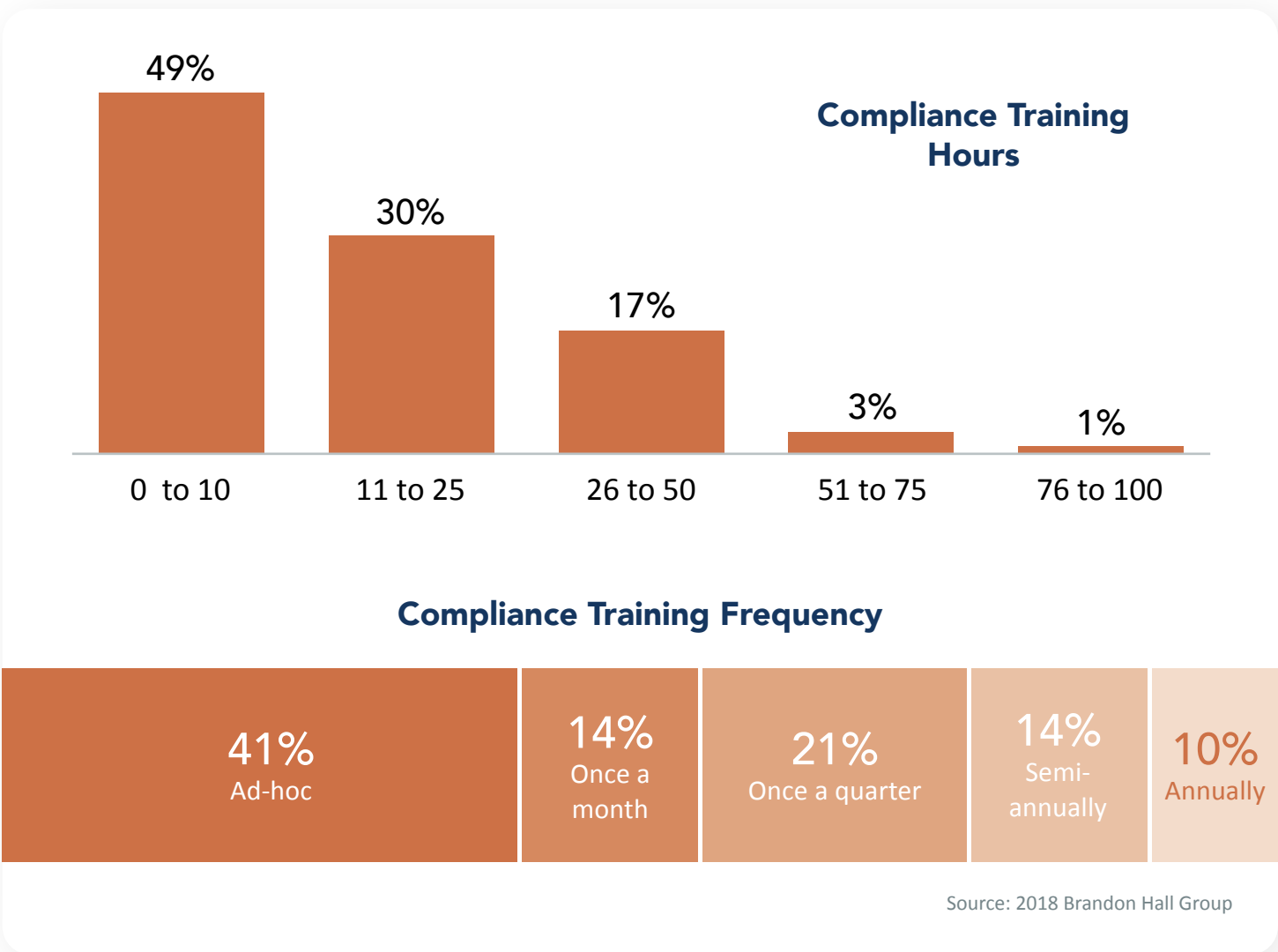
Because of its high-priority status, companies can find themselves spending a lot of money to deliver compliance training. While 43% of organizations spend less than \$500 per employee per year, another 40% spend more than \$1,000, with 15% spending more than \$5,000 annually per employee.



Source: 2018 Brandon Hall Group

Compliance Takes Time

As companies shift to a more dynamic, continuous learning model in most other areas, compliance training remains a very static, event-driven undertaking. More than 40% of companies say that employees engage in compliance training annually. Few companies are delivering compliance training on a more regular basis, which would help make it part of an employee’s overall learning/work experience. In addition, more than half of companies say their employees are spending more than 10 hours per year in some sort of compliance training. Organizations should strive to make that time just as relatable and engaging as all of the other learning that is being delivered.



Compliance Challenges

Despite the recognition of compliance training's importance and the resources dedicated to delivering it, most organizations still tend to think of compliance as a necessary evil or a "check-the-box" exercise. With regard to design and delivery, compliance gets nowhere near the attention leadership development does, despite being a higher priority. Companies need to treat compliance training as the priority it is.

The challenge is that with other forms of learning, we see results and impact when it is done well. With compliance, we only see the impact when it is done poorly. Being out of compliance can lead to fines, lawsuits, accidents and business slowdowns. However, if compliance training is done right, the results are essentially invisible.

Only the negative impacts are seen

Gets arguably the least attention

Outdated content/material

Costs of doing it poorly

Fines

Lawsuits

Accidents

Slowdowns



Typically the first learning experience

Typically the most common learning experience

Hours often mandated

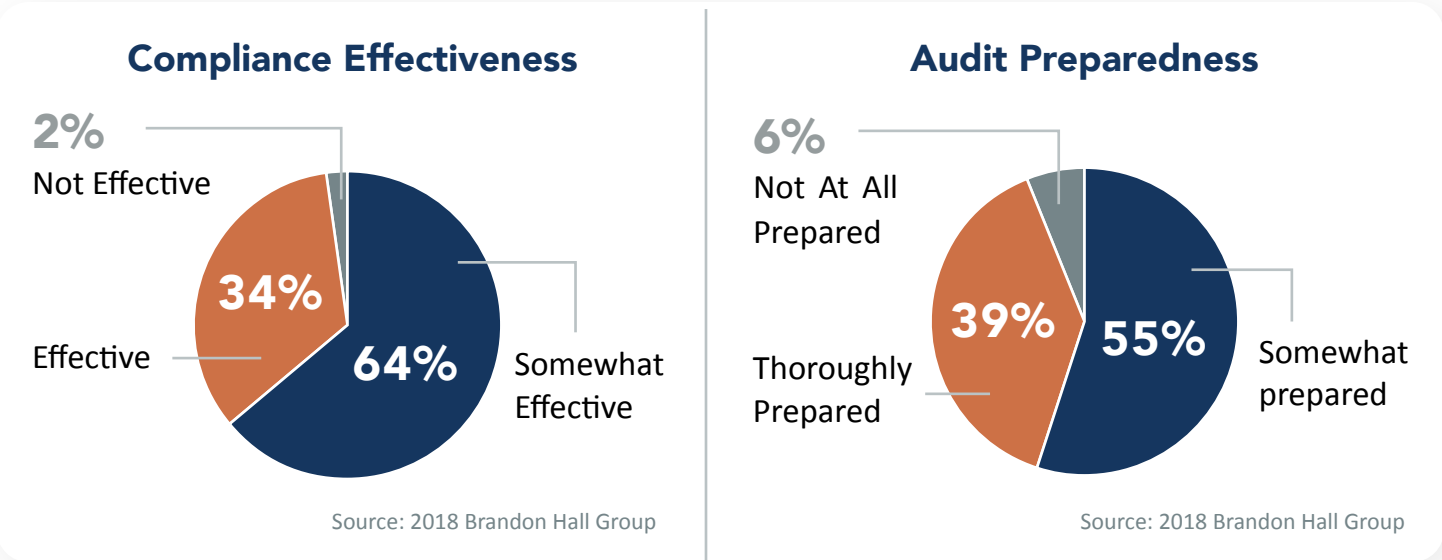


Compliance Opportunities

Not only is compliance training a high priority, it is typically the first learning experience an employee has with an organization. It is also the one type of training that will impact the most employees, and time spent in compliance training is often mandated. This should be driving organizations to create new, better, more impactful compliance training experiences, rather than relying on outdated, unengaging content and courses.

Overall Compliance Effectiveness

Despite its scope and importance, organizations are not getting the return on their investment in compliance training they should. Only 34% of companies report that their compliance training efforts are effective. When it comes to compliance, “somewhat effective” is essentially the same as “not effective.” In other words, two-thirds of companies are falling short of their compliance training expectations. And while other forms of training may have similar effectiveness results, the outcomes are much more serious for compliance. This is evidenced by the fact that only 40% of companies say they are currently fully prepared for a compliance audit. It’s arguable that if a company is not fully prepared, it is not prepared at all. When it comes to an audit, a company is either compliant or not. There is no gray area.



Compliance Effectiveness

When we look at the effectiveness of compliance training, it is clear that those companies that consider their efforts effective are nearly three times more likely to say they are fully prepared for an audit.

Thoroughly prepared for audit

24%

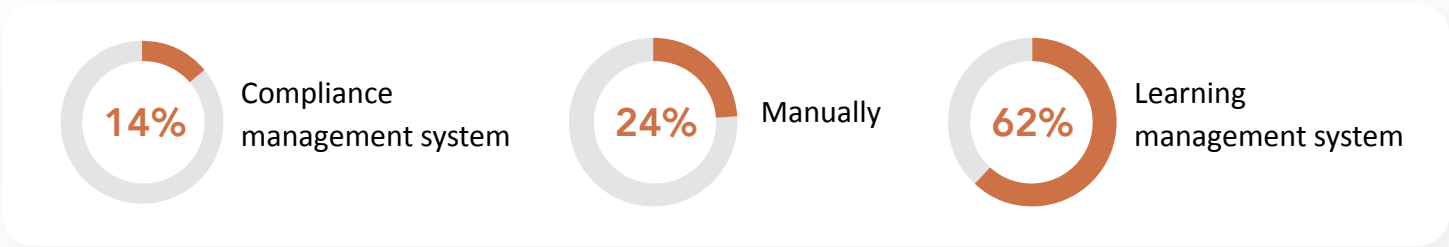
Not at all/
Somewhat effective

69%

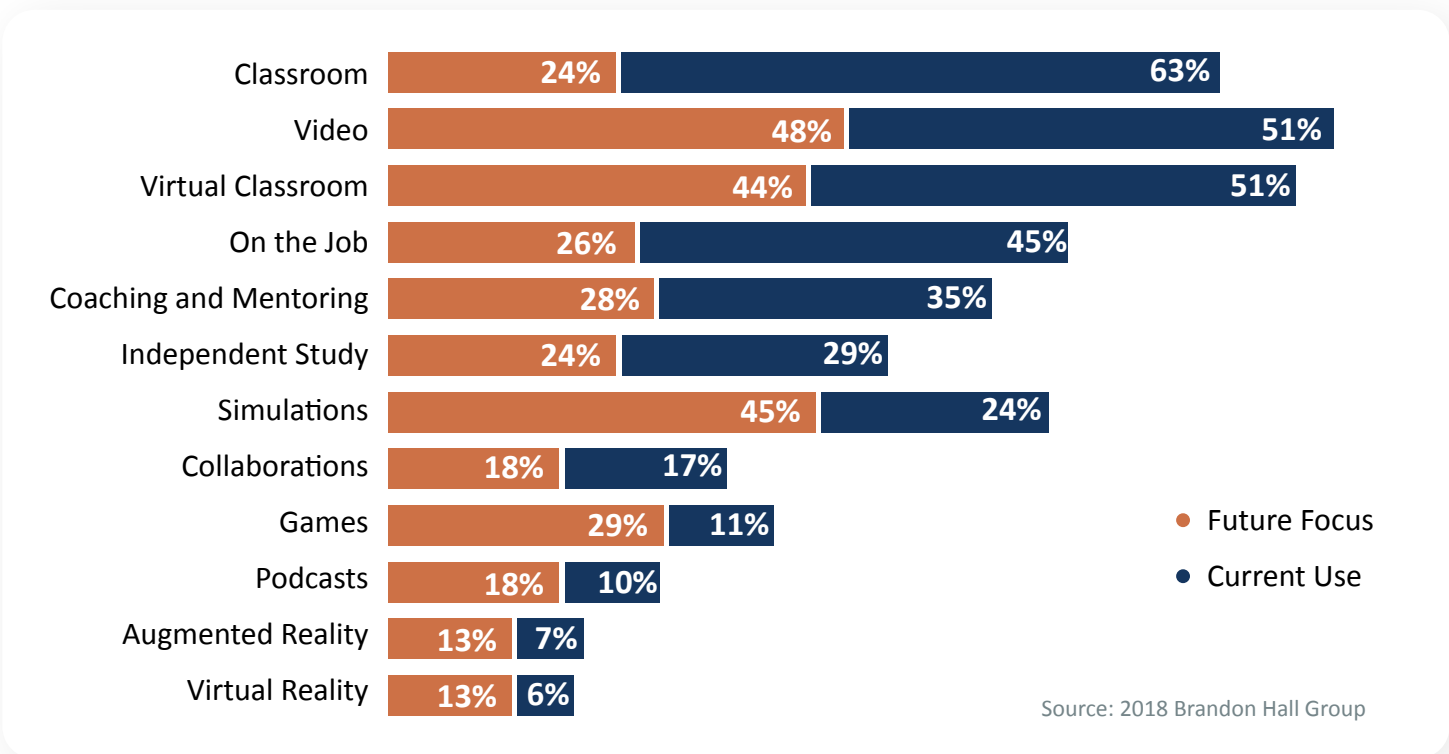
Effective

Compliance Systems

Making matters more challenging is the fact that about one-quarter of all compliance training is still managed manually. That means spreadsheets, intranet sites - even paper and pencil. It also means headaches when it comes to demonstrating compliance. It can be extremely difficult to pull together data stored in various analog formats and make sure everything matches up. As organizations move further along their digital transformation, compliance training has even further to go.



While companies employ a wide variety of modalities for compliance training, in-person instructor-led training is the most common, used by nearly two-thirds of companies. Other common modalities include videos, virtual classrooms and on-the-job training. As we move into the future, however, organizations do not generally plan to use more of these methods. For example, only 25% of companies say they plan to use more ILT in the future, and 26% say the same for on-the-job training. On-the-job training for compliance can be tricky, as the point of compliance training is typically to reduce accidents, ethics complaints, and the like. Therefore companies are seeking to use more approaches like games, simulations and virtual reality in the future.



Strategic vs. Transactional

 <p>TRANSACTIONAL COMPLIANCE</p> <ul style="list-style-type: none"> • Driven by fines/punishment • Checking the boxes • No connection the business • Not seen as development 	 <p>STRATEGIC COMPLIANCE</p> <ul style="list-style-type: none"> • Driven by business • Defines an employer of choice • Improves engagement • Risk mitigation
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As the data has shown, organizations are simply not able to deliver a compliance training experience commensurate with the importance compliance has to the business. By basing everything on the avoidance of punishment (e.g. fines, sanctions, etc.), we have relegated compliance training to an act of going through the motions. While companies are seeking out new ways to strengthen the link between learning and performance outcomes, there is still no connection between compliance and the business. By taking a more strategic approach to compliance training, companies can make it more relevant and engaging. If employees understand how critical it is to the organization and themselves, they are more likely to complete the training, understand it, and demonstrate compliance on the job.

Modern Learning

Contextual

- Role
- Location
- Development path

Small

- Short videos
- Quick updates

Informal

- Everyday
- Ad hoc

Mobile

- Down time
- Moment of need

Social

- Discussions
- Recommendations



The type of learning that drives results in a modern environment typically has these characteristics cited above. There is no reason why the majority of compliance training can't evolve to this level as well. This type of flexible, continuous learning can help diminish the stigma of compliance training being boring and unimportant in the eyes of the learner. At the same time, it can drive results as the training becomes more contextual and relatable.

From the Front Line: SWBC

Headquartered in San Antonio, SWBC is a diversified financial services company which provides a wide range of insurance, mortgage, and investment services to financial institutions, businesses, and individuals. With offices across the country, they are committed to providing quality products, outstanding service, and customized solutions in all 50 states.

Being in the finance industry, the company deals with a wide array of compliance-related issues. Some of these issues are company-wide, while others affect only certain groups within the company. Because compliance stakeholders are found throughout the organization, the learning team needed to make sure they got buy-in to their approach to compliance training. They also need to be able to show the impact the training was having.

To accomplish this, the learning function partnered with the various business units to better understand the different issues and identify the desired behaviors. This made it possible to show that behaviors were changing after the training was delivered. For SWBC, consistency was key:

- Once the impact was proven, SWBC leadership agreed that the Security Awareness course should be required training and must be completed by all employees within 45 days of hire and again annually.
- SWBC utilizes the eSSential LMS by eLogic Learning auto assign the course to all new hires.
- SWBC utilizes the eSSential LMS to run scheduled reports weekly. These reports show anyone out of compliance and are automatically sent to Training & Employee Development and HR leadership for action.
- Automating the process ensures all employees receive the same critical information.



Key Takeaways

1

Compliance covers a wide swath of strategic and operational needs in many types of businesses.

2

Compliance is typically the first learning experience.

3

Compliance should be influenced, if not driven, by the function(s) most impacted by it.

4

Reporting and analytics are critical.

5

Automated management really does help in resource-constrained or widely dispersed organizations!



Authors and Contributors



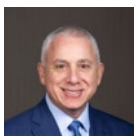
David Wentworth (david.wentworth@brandonhall.com) wrote this report. He is Principal Learning Analyst at Brandon Hall Group, focusing on all aspects of learning and the technology that supports it. David has been in the human capital field since 2005 and joined Brandon Hall Group as senior learning analyst in early 2012.



Mike Cooke (mike.cooke@brandonhall.com) contributed to this report. He is CEO and Principal HCM Analyst at Brandon Hall Group. Mike has more than 20 years' experience in human capital management and the research, software and technology industries. Before running Brandon Hall Group, Mike was co-founder of AC Growth, a research and consulting firm, and VP and General Manager of Field Operations at Bersin & Associates, a global analyst and consulting services firm in all areas of HCM.



Rachel Cooke (rachel.cooke@brandonhall.com) is Brandon Hall Group's Chief Operating Officer and Principal HCM Analyst. She is responsible for business operations, including client and member advisory services, marketing design, annual awards programs, conferences and the company's project management functions. She also leads Advancing Women in the Workplace and Diversity, Equity and Inclusion initiatives, research and events. Rachel worked in the HCM research industry for 15 years and held several key management and executive positions within the Talent and Learning Research, and Performance Improvement industries.



Michael Rochelle (michael.rochelle@brandonhall.com) contributed to this report. He is Chief Strategy Officer and Principal HCM Analyst at Brandon Hall Group. Michael leads a wide range of advisory support and strategic engagements for Fortune 1000 and small-to medium-sized organizations as well as leading and emerging solution providers across the HCM industry. Michael has more than 30 years' experience in HR, IT, sales, marketing, business development, and strategic and financial planning in Fortune 500 and venture-backed start-up organizations.



Richard Pachter (richard.pachter@brandonhall.com) edited this report. He is the Content Manager at Brandon Hall Group and is responsible for editing all types of content related to research. He has experience as a journalist, copywriter, editor, marketer, blogger and social media marketing manager. He also served as the business books columnist for the *Miami Herald* for more than a decade.



Emma Bui (emma.bui@brandonhall.com) is the Graphic Design Associate at Brandon Hall Group. She created the layout and graphics for this report.

About Brandon Hall Group

With more than 10,000 clients globally and 28 years of delivering world-class research and advisory services, Brandon Hall Group is focused on developing research that drives performance in emerging and large organizations, and provides strategic insights for executives and practitioners responsible for growth and business results.

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recognizes world-class HCM programs that transform their organization and achieve breakthrough results. This designation is the next step beyond the HCM Excellence Awards, which focus on a single program, and looks at the department as a whole.



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