Benchmarking Your Hotline in 2015: How Does Your Data Measure Up?

By Carrie Penman & Edwin O'Mara

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PRESENTED BY

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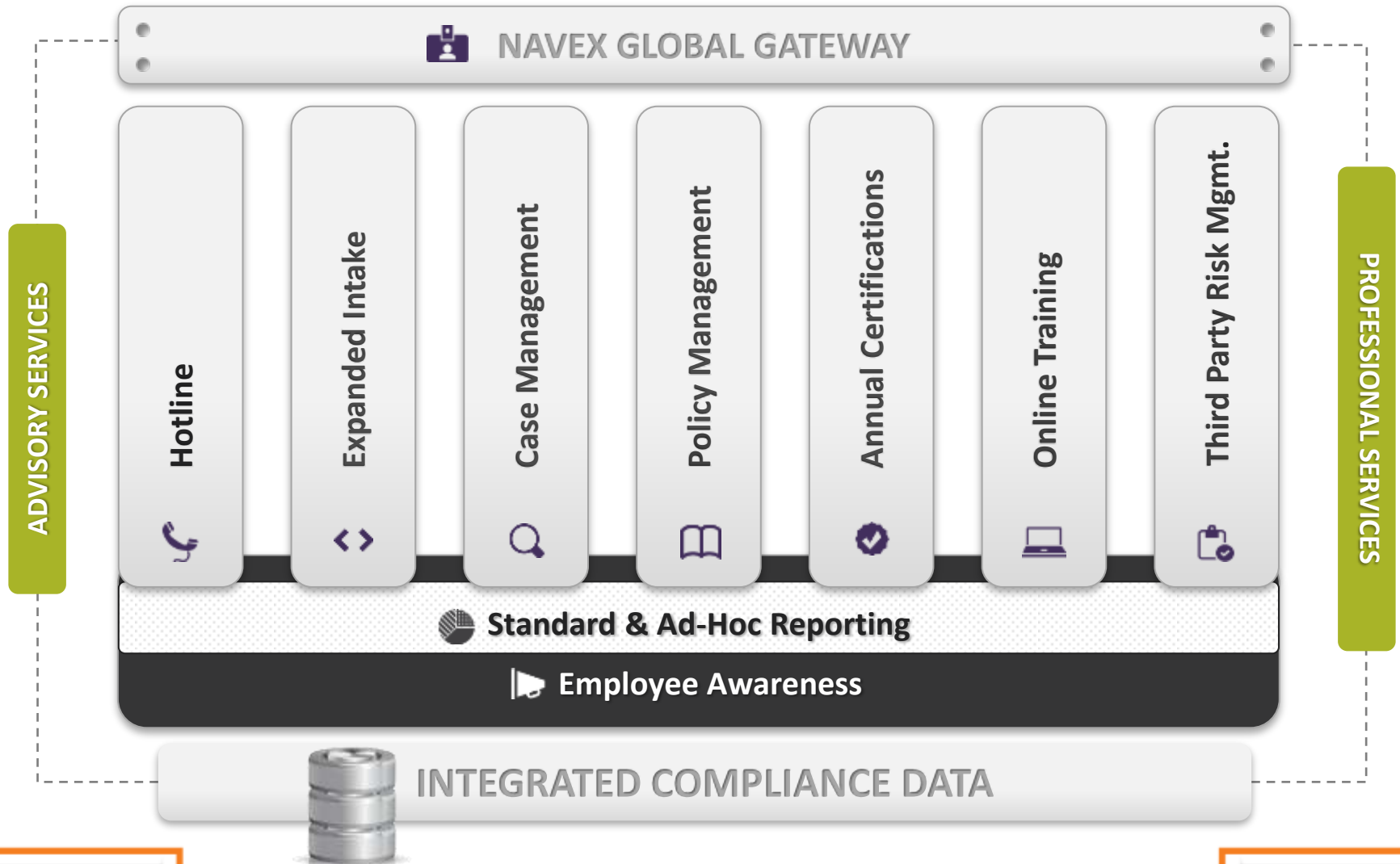NAVEX Global

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Agenda

- Introductions

- Our Benchmarking Methodology

- Business Imperatives of Benchmarking

- Key Findings

- Best Practice Recommendations

- Questions & Answers

- Additional Resources

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Our Ethics & Compliance Ecosystem

NAVEX GLOBAL GATEWAY

ADVISORY SERVICES

PROFESSIONAL SERVICES

Hotline

Expanded Intake

Case Management

Policy Management

Annual Certifications

Online Training

Third Party Risk Mgmt.

Standard & Ad-Hoc Reporting

Employee Awareness

INTEGRATED COMPLIANCE DATA

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Benchmarking Methodology & Business Imperatives

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Hotline Benchmark Statistical Snapshot

- **8,000+** NAVEX Global clients, of those **4,600+** utilize NAVEX Global's Hotline and Case Management systems

- We only use data from clients who received **10** or more reports in 2014

- More than **2,100** clients received 10 or more reports in 2014 (representing **32** million employees)

- These **2,100+** clients received approximately **730,000** reports in 2014

- We use medians (or midpoints) rather than averages to reduce the impact of outliers

  - Normal ranges identify extreme data points as potential areas of concern

  - Medians and ranges provide context for benchmarks

- Our report reflects all intake methods: web, hotline, open door, mobile and email

- Data covers **26 industries**, and an additional **45 sub-industries**

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Statistical Methodology

Median: Midpoint of the data

- Eliminates skew due to company/business unit size and outlier data

- Reflects general trend of all companies/organizations in the database

Ranges: Capture the spectrum of experiences

- Takes into account the variety of cultures

- Flags the most extreme examples as potential areas of concern
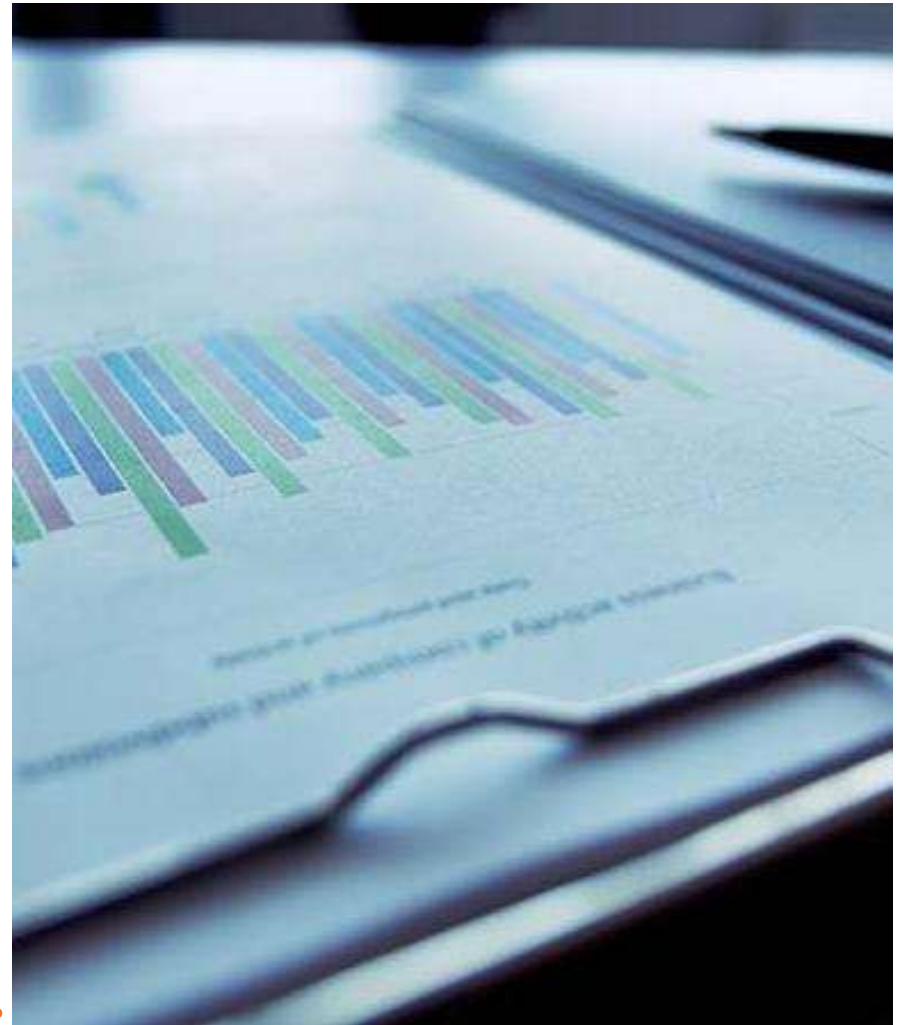
Source: Are You Using Skewed Data to Benchmark Your Ethics & Compliance Hotline?

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The Business Imperatives of Benchmarking

- Accurate benchmarking can serve as a key effectiveness measure

- So much data, but not always clear what it means

- Need to demonstrate program effectiveness

- Reporting meaningful and actionable data to boards and senior executives

- Comparing your performance to peers and others

- Establishing context

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Live Attendee Poll:

Do you currently benchmark your helpline data against other companies?

Yes, we do — 29.6%

No, it has not been a priority — 49.8%

No, but it is now a priority — 20.6%

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Key Findings

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KEY FINDING #1

Report Volume per 100 Employees: Another Year-Over-Year Increase

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Report Volume per 100 Employees

2010 Benchmark		2011 Benchmark		2012 Benchmark		2013 Benchmark		2014 Benchmark	
Call Volume Per 100 Annually		Call Volume Per 100 Annually		Call Volume Per 100 Annually		Call Volume per 100 Annually		Call Volume per 100 Annually	
Median	0.9	Median	1.1	Median	1.2	Median	1.2	Median	1.3
Range	0.2 - 3.9	Range	0.3 - 6.0	Range	.4 - 4.9	Range	.5 - 4.0	Range	0.3 - 8.3

The 2014 median rate represents a 44 percent increase in the *Report Volume per 100 Employees* over the previous five years.

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Live Attendee Poll:

What do you believe is the top driver for the continued growth in reporting?

Increasing sophistication of E&C programs and training — 24.6%

Growing employee confidence in the reporting process — 34.4%

Improved board and executive leadership — 6.7%

Growing media coverage of protections & awards — 11.2%

Government encouragement to report externally — 5.7%

Improved utilization of the case management system — 7.6%

Other — 9.8%

Report Volume by Intake Method

Companies That Track only Reports from Web and Hotline

0.3   8.2

1.3
Median

range of central 80% = 0.3 - 8.2

Companies That Track Reports from All Sources

0.2   8.5

1.4
Median

range of central 80% = 0.2 - 8.5

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Live Attendee Poll:

Do you track all of your reports in one case management system?

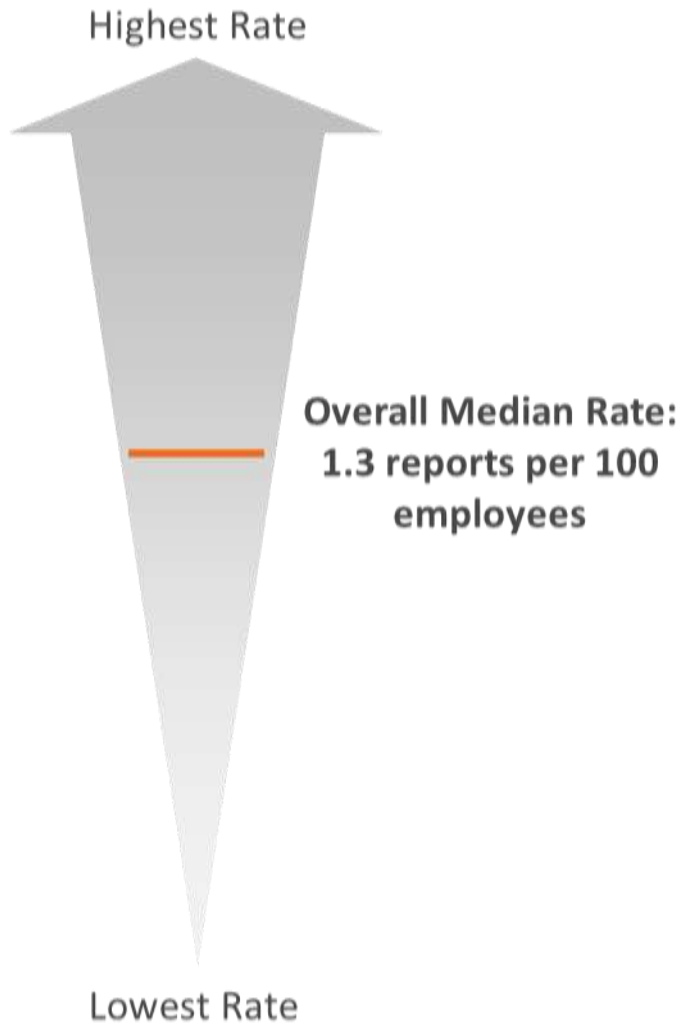Yes, we track reports from all sources in one system — 57.9%

No, we only track reports from hotline and web in our system — 27.0%

We do not have a case management system currently — 8.7%

I am not sure how we track reports — 6.4%

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Report Volume by Industry

Highest Rate

Overall Median Rate:
1.3 reports per 100 employees

Lowest Rate

1)	**Health Care**
2)	**Not for Profit**
3)	**Aerospace & Defense**
4)	Arts & Entertainment
5)	Retail
6)	Energy & Utilities
7)	Automotive Transportation
8)	Commercial Transportation
9)	Mining
10)	Food Services
11)	Pharmaceuticals
12)	**Construction**
13)	**Finance & Insurance**
14)	**Real Estate**
15)	**Consumer Manufacturing**
16)	Government
17)	Business Support Services
18)	Professional, Scientific & Technical Services
19)	Wholesale Trade
20)	Education
21)	Agriculture, Forestry, Fishing & Hunting
22)	Security
23)	Industrial Manufacturing
24)	**Media**
25)	**Electronics**
26)	**Computer Services, Hardware & Software**

Source: NAVEX Global's 2015 Ethics and Compliance Hotline Benchmark Report

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Report Allegation Categories: Numbers Remain Generally Consistent

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Categories of Reports Used

1 **Accounting, Auditing and Financial Reporting**
(i.e. financial misconduct, internal controls, expense reporting)

2 **Business Integrity**
(i.e. bribery, falsification of documents, fraud, COI, vendor/customer issues, HIPAA)

3 **HR, Diversity and Workplace Respect**
(i.e. discrimination, harassment, compensation, general HR and cases marked as "other")

4 **Environment, Health and Safety**
(i.e. EPA compliance, assault, safety, OSHA, substance abuse)

5 **Misuse, Misappropriation of Corporate Assets**
(i.e. employee theft, time clock abuse)

Source: NAVEX Global's 2015 Ethics and Compliance Hotline Benchmark Report

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Remarkable Consistency Across Allegation Categories

Allegation Categories	2010 Median	2011 Median	2012 Median	2013 Median	2014 Median
Accounting, Auditing & Financial Reporting	3%	3%	3%	3%	2%
Business Integrity	17%	16%	17%	18%	17%
HR, Diversity and Workplace Respect	69%	68%	69%	73%	69%
Environment, Health and Safety	7%	9%	7%	7%	6%
Misuse, Misappropriation of Corporate Assets	5%	7%	6%	6%	6%

Source: NAVEX Global's 2015 Ethics and Compliance Hotline Benchmark Report

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Industry with the Highest Median Reporting Rate by Allegation Category

Accounting, Auditing and Financial Reporting
overall median = 2%

Business Integrity
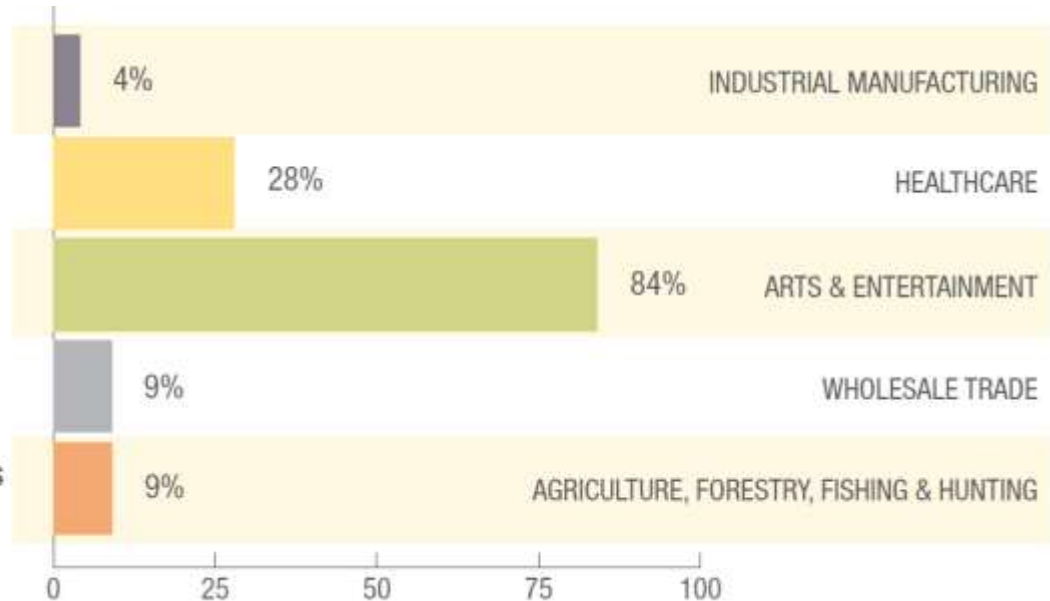overall median = 17%

HR, Diversity and Workplace Respect
overall median = 69%

Environment, Health and Safety
overall median = 6%

Misuse, Misappropriation of Corporate Assets
overall median = 6%

Industry	Rate
INDUSTRIAL MANUFACTURING	4%
HEALTHCARE	28%
ARTS & ENTERTAINMENT	84%
WHOLESALE TRADE	9%
AGRICULTURE, FORESTRY, FISHING & HUNTING	9%

Source: NAVEX Global's 2015 Ethics and Compliance Hotline Benchmark Report

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Repeat vs. First Time Reporters:
Repeat Reporter Rate Continues to Increase

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Repeat vs. First Time Reporters

2010 Benchmark	
Repeat Reporters	
Repeat	24%

2011 Benchmark	
Repeat Reporters	
Repeat	27%

2012 Benchmark	
Repeat Reporters	
Repeat	27%

2013 Benchmark	
Repeat Reporters	
Repeat	31%

2014 Benchmark	
Repeat Reporters	
Repeat	32%

Substantiated Rate	2013	2014
First Time Reporters	35%	40%
Repeat Reporters	38%	42%

Caller Type	Accounting, Auditing & Financial Reporting	Business Integrity	HR, Diversity & Workplace Respect	Environment, Health & Safety	Misuse, Misappropriation of Corporate Assets
First Time Reporter 2014	1%	13%	76%	7%	3%
Repeat Reporter 2014	3%	10%	81%	4%	3%

Source: NAVEX Global's 2015 Ethics and Compliance Hotline Benchmark Report

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Anonymous vs. Named Reporters: Anonymous Reporting Remains Steady

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Anonymous Reporting

Source of frustration for ethics officers and senior leadership because of missing data and inability to talk directly with the reporter
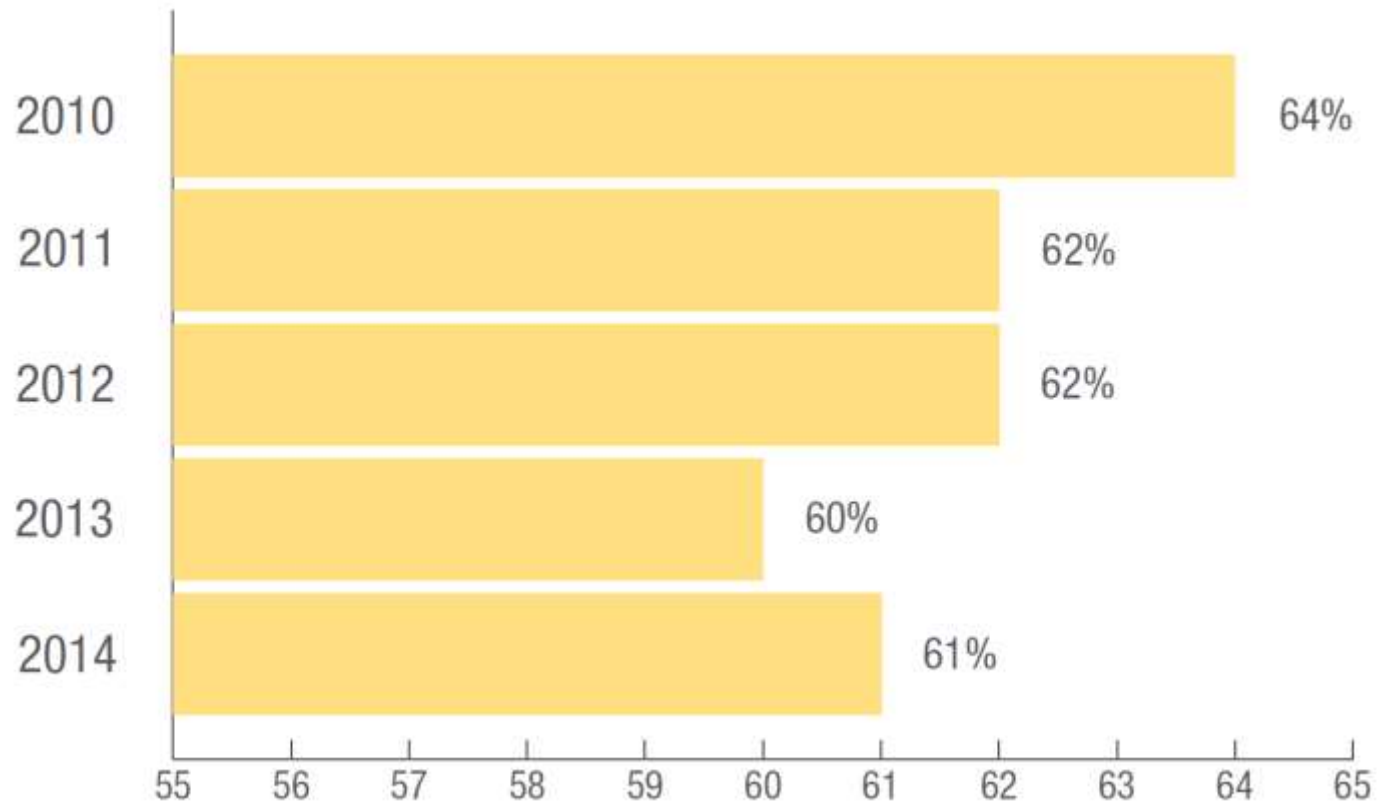
Senior leaders often push back on accepting anonymous calls due to:

- Fear of malicious calls

- Fear of inability to resolve case

- Strong belief that reporters with real issues should be willing to give their name

- E.U. requirements re: handling of anonymous reports

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Median Anonymous Reporting Rate

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Anonymous Reporting by Industry

Highest Rate

↑

Overall Median Rate:
61%

Lowest Rate
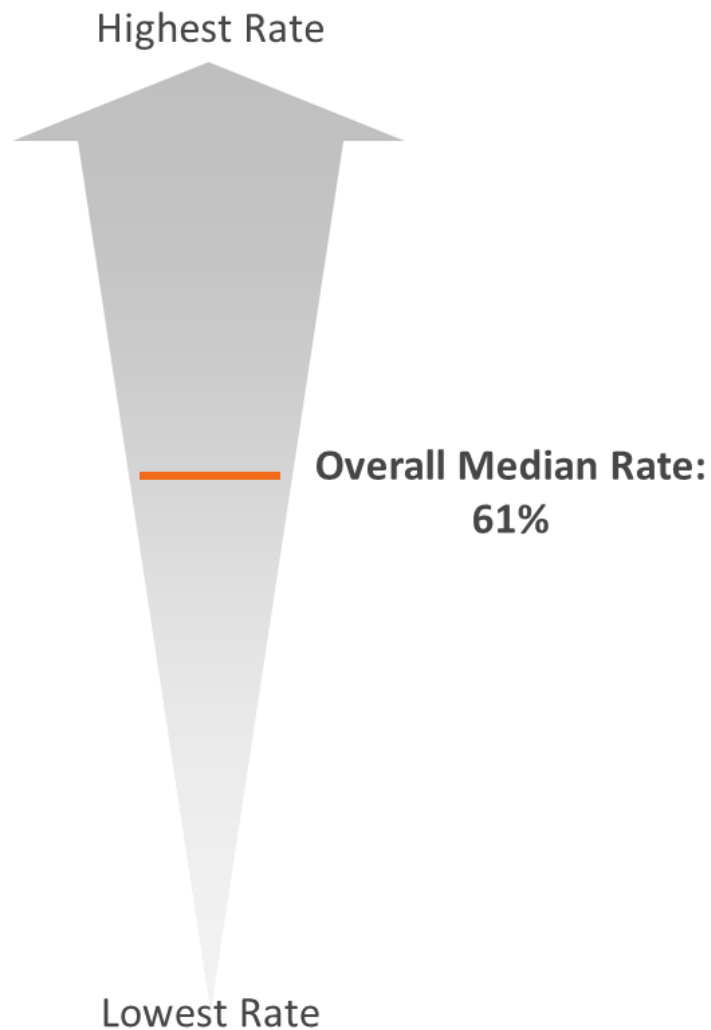
1)	**Education**
2)	**Mining**
3)	**Consumer Manufacturing**
4)	Electronics
5)	Government
6)	Construction
7)	Commercial Transportation
8)	Industrial Manufacturing
9)	Wholesale Trade
10)	Not for Profit
11)	Media
12)	**Health Care**
13)	**Professional, Scientific & Technical Services**
14)	**Business Support Services**
15)	**Retail**
16)	Finance & Insurance
17)	Security
18)	Energy & Utilities
19)	Agriculture, Forestry, Fishing & Hunting
20)	Arts & Entertainment
21)	Automotive Transportation
22)	Food Services
23)	Real Estate
24)	**Computer Services, Hardware & Software**
25)	**Aerospace & Defense**
26)	**Pharmaceuticals**

Source: NAVEX Global's 2015 Ethics and Compliance Hotline Benchmark Report

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Median Follow-Up Rate of Anonymous Reports
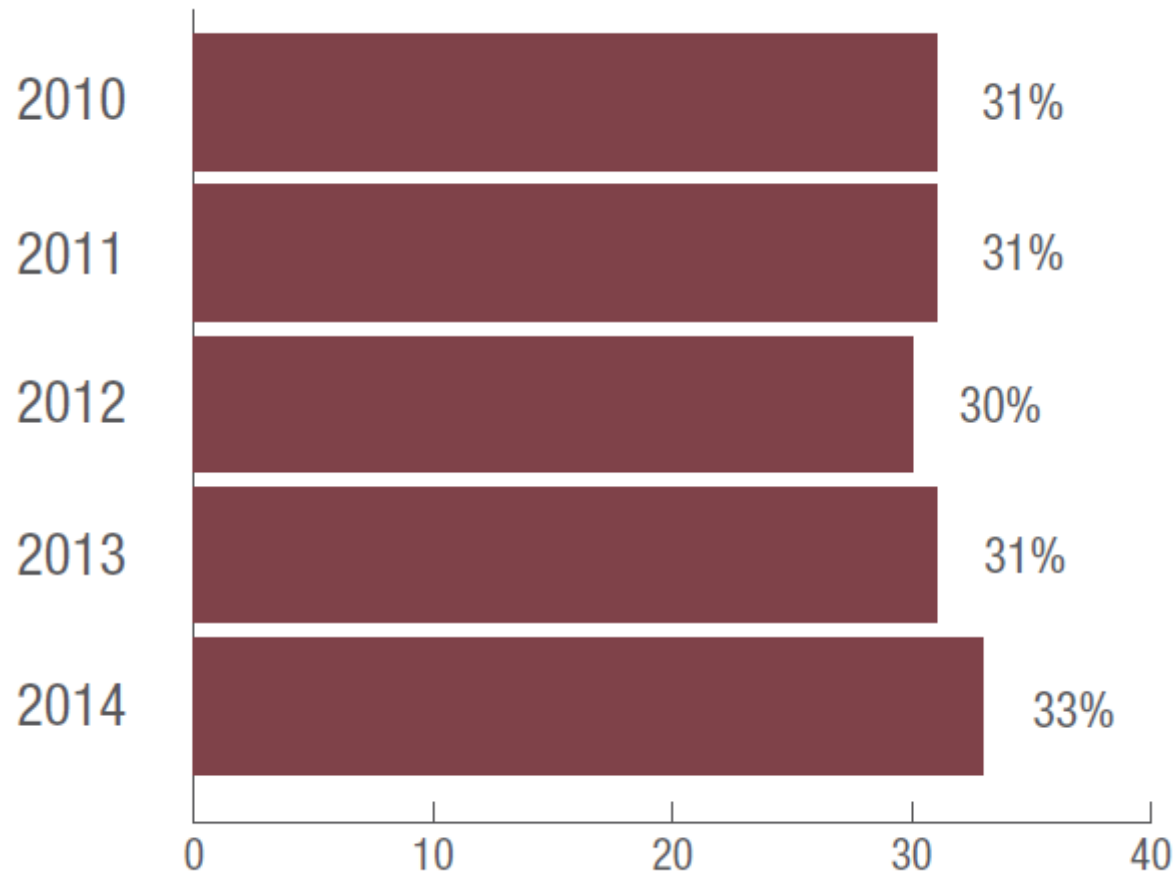
Year	Rate
2010	31%
2011	31%
2012	30%
2013	31%
2014	33%

Source: NAVEX Global's 2015 Ethics and Compliance Hotline Benchmark Report

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KEY FINDING #5

Substantiated Reports:
Substantiation Rate Remains at All-Time High

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Overall Median Substantiation Rate
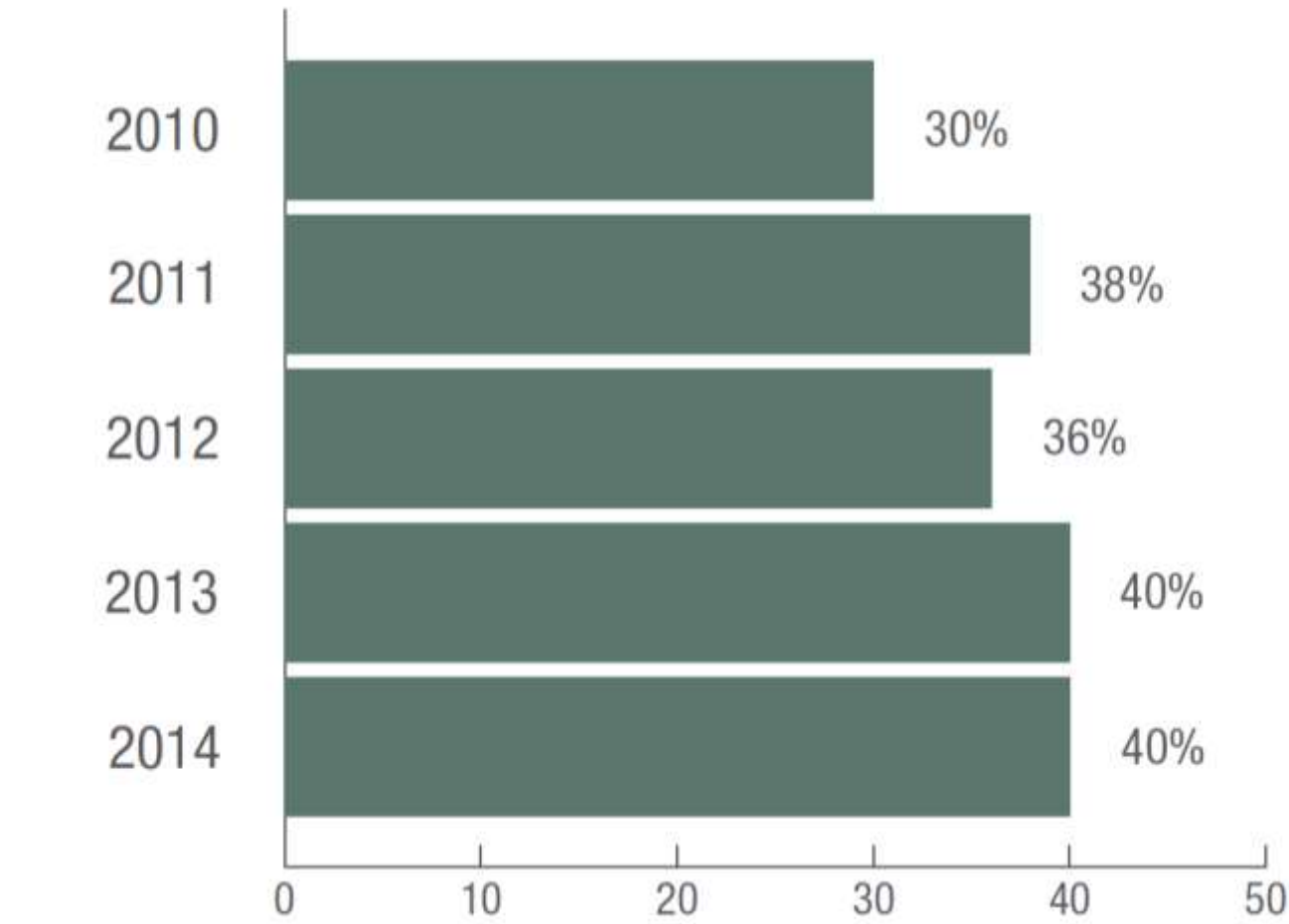
Source: NAVEX Global's 2015 Ethics and Compliance Hotline Benchmark Report

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Median Substantiation Rate by Allegation Category
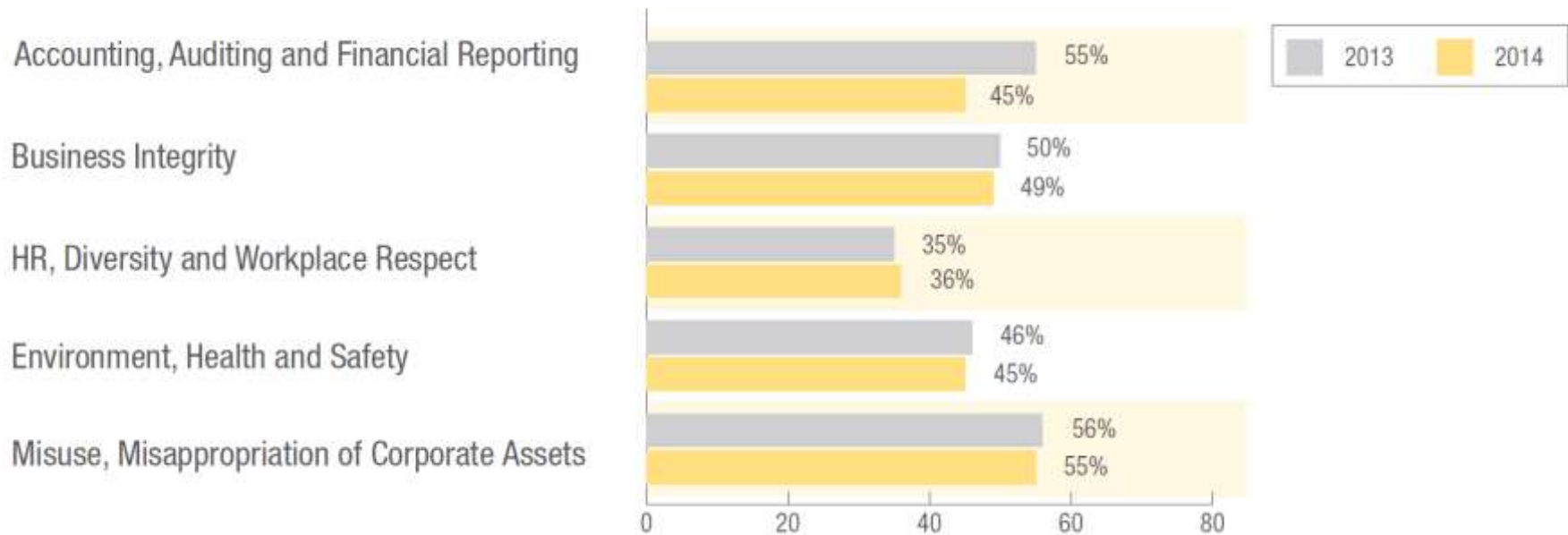
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Substantiation Rate by Industry

Highest Rate

Overall Median Rate:
40%

Lowest Rate
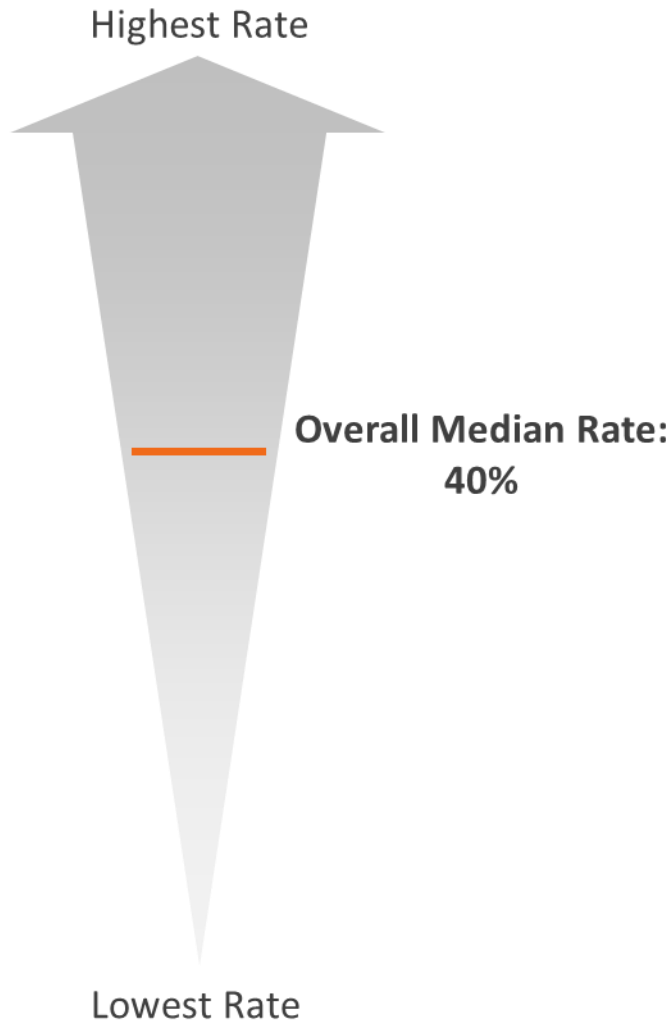
1)	**Pharmaceuticals**
2)	**Media**
3)	**Business Support Services**
4)	Not for Profit
5)	Retail
6)	Arts & Entertainment
7)	Finance & Insurance
8)	Food Services
9)	Education
10)	Wholesale Trade
11)	Construction
12)	**Consumer Manufacturing**
13)	**Automotive Transportation**
14)	**Health Care**
15)	**Professional, Scientific & Technical Services**
16)	Electronics
17)	Industrial Manufacturing
18)	Computer Services, Hardware & Software
19)	Security
20)	Real Estate
21)	Aerospace & Defense
22)	Energy & Utilities
23)	Mining
24)	**Agriculture, Forestry, Fishing & Hunting**
25)	**Commercial Transportation**
26)	**Government**

Source: NAVEX Global's 2015 Ethics and Compliance Hotline Benchmark Report

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Substantiated Anonymous Reports: Over One-Third of Anonymous Reports Are Substantiated

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Substantiation Rates between Anonymous & Named Reporters
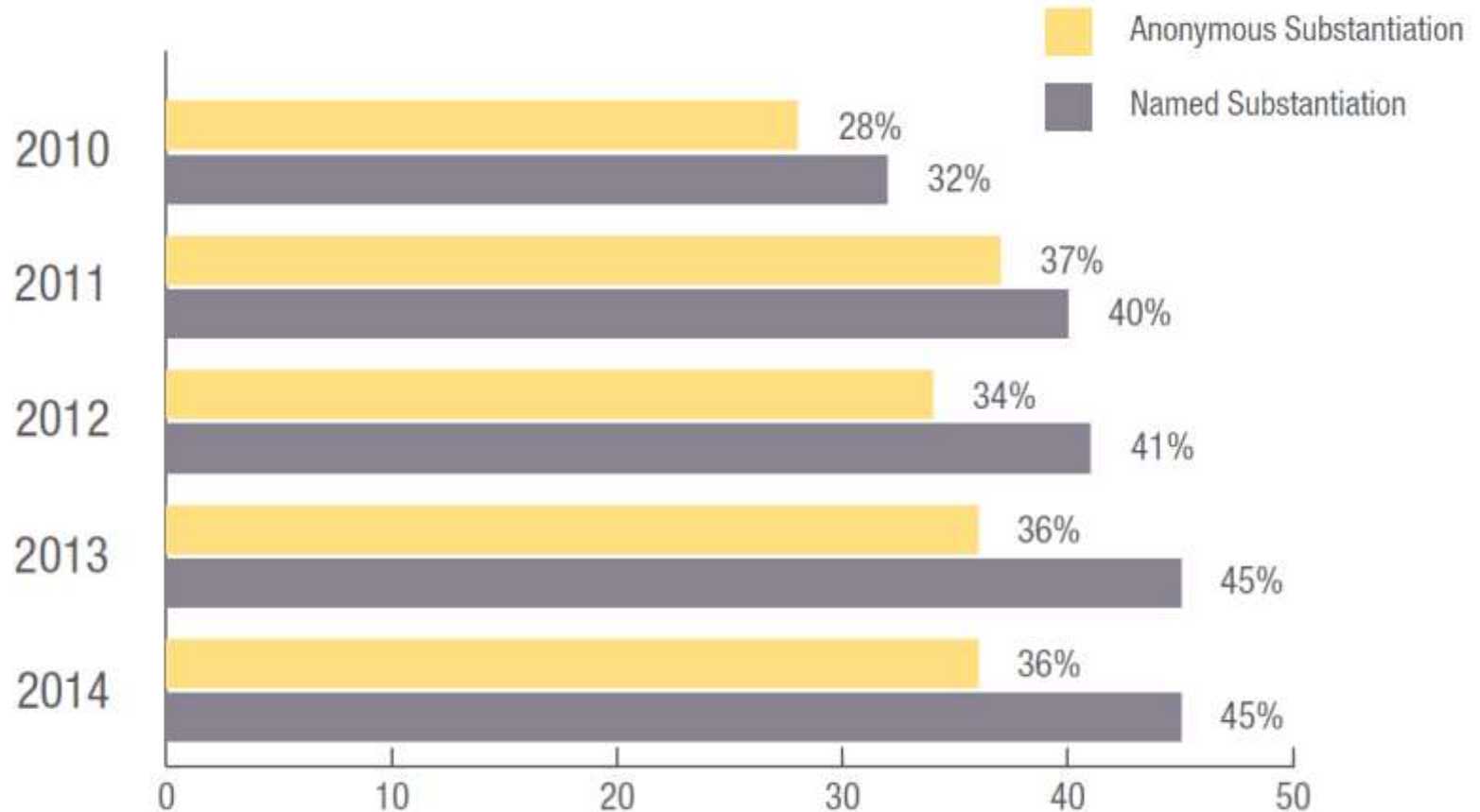
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Case Closure Time:
Days to Close Continues to Rise

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Median Case Closure Time in Days
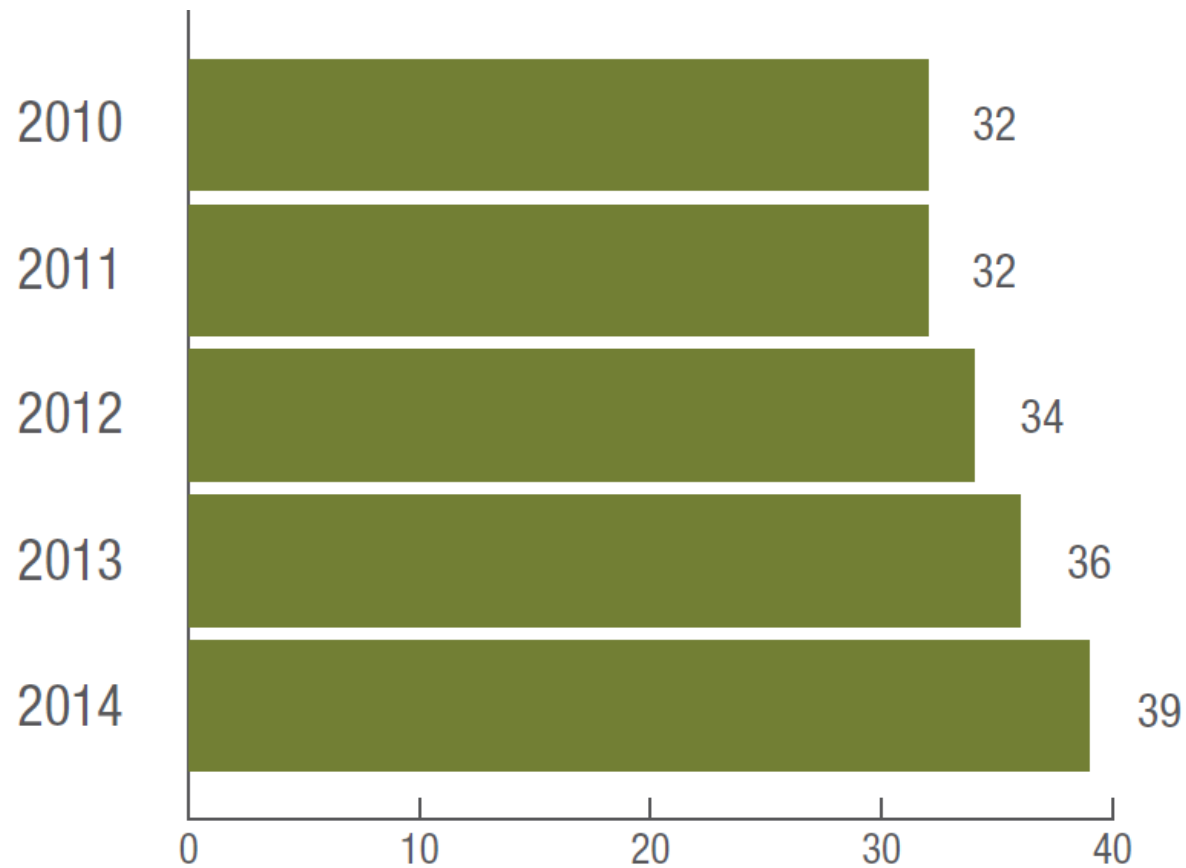
Case Closure Time by Allegation Category (in Days)

Accounting, Auditing and Financial Reporting
- 2013: 46
- 2014: 57

Business Integrity
- 2013: 30
- 2014: 38

HR, Diversity and Workplace Respect
- 2013: 36
- 2014: 39

Environment, Health and Safety
- 2013: 35
- 2014: 33

Misuse, Misappropriation of Corporate Assets
- 2013: 35
- 2014: 44

Legend: 2013, 2014

x-axis: 0, 10, 20, 30, 40, 50, 60

Source: NAVEX Global's 2015 Ethics and Compliance Hotline Benchmark Report

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Live Attendee Poll:

Do you follow up and have input on the outcomes of reported issues referred to HR or other departments for investigation?

Yes, informally   30.8%

Yes—and we don't close a case in the system until we have reviewed and concurred with the   53.0%
findings and any actions taken

No, once we make a referral, we close the case in our system   16.2%

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Case Closure Time by Industry

Longest Time ↑

Median Days to
Close a Case:
39

Shortest Time
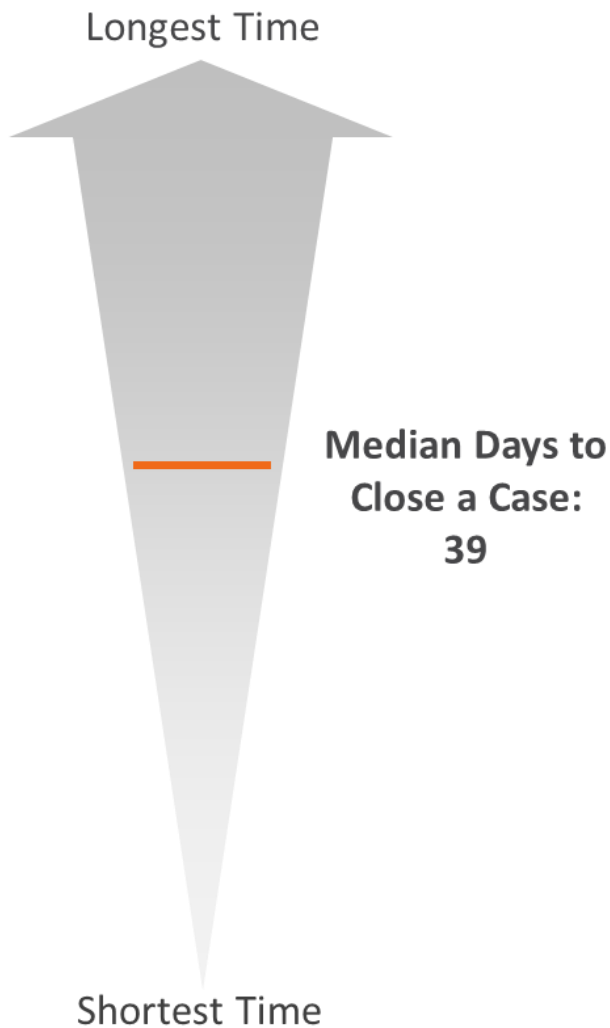
#	Industry
1)	**Electronics**
2)	**Commercial Transportation**
3)	**Not for Profit**
4)	Government
5)	Mining
6)	Computer Services, Hardware & Software
7)	Education
8)	Construction
9)	Automotive Transportation
10)	Energy & Utilities
11)	Pharmaceuticals
12)	**Food Services**
13)	**Consumer Manufacturing**
14)	**Business Support Services**
15)	**Industrial Manufacturing**
16)	Agriculture, Forestry, Fishing & Hunting
17)	Real Estate
18)	Aerospace & Defense
19)	Finance & Insurance
20)	Media
21)	Security
22)	Arts & Entertainment
23)	Health Care
24)	**Professional, Scientific & Technical Services**
25)	**Retail**
26)	**Wholesale Trade**

Source: NAVEX Global's 2015 Ethics and Compliance Hotline Benchmark Report

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Live Attendee Poll:

Why do you think case closure time has continued to increase?

Report volume has increased with no corresponding increase in investigation resources	45.5%
More complex cases	21.5%
Investigative resources are being applied to cases that are perceived to be 'more serious' and therefore lower level cases are on the back burner	21.1%
Other	12.0%

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Report Intake Method:
A Small Change in the Mix Between Phone & Web Reporting

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Report Intake Method

HELPLINE
2013:
36%
2014:
32%

WEB SUBMISSION
2013:
20%
2014:
23%

ALL OTHER METHODS
2013:
44%
2014:
45%

*Benchmark includes only companies who track all intake methods in the NAVEX Global case management system.

Source: NAVEX Global's 2015 Ethics and Compliance Hotline Benchmark Report

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Reports of Retaliation:
Report Volume Still Low, but Substantiation Rates More Than Doubled in 2014

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Percentage of Retaliation Reports in the Database
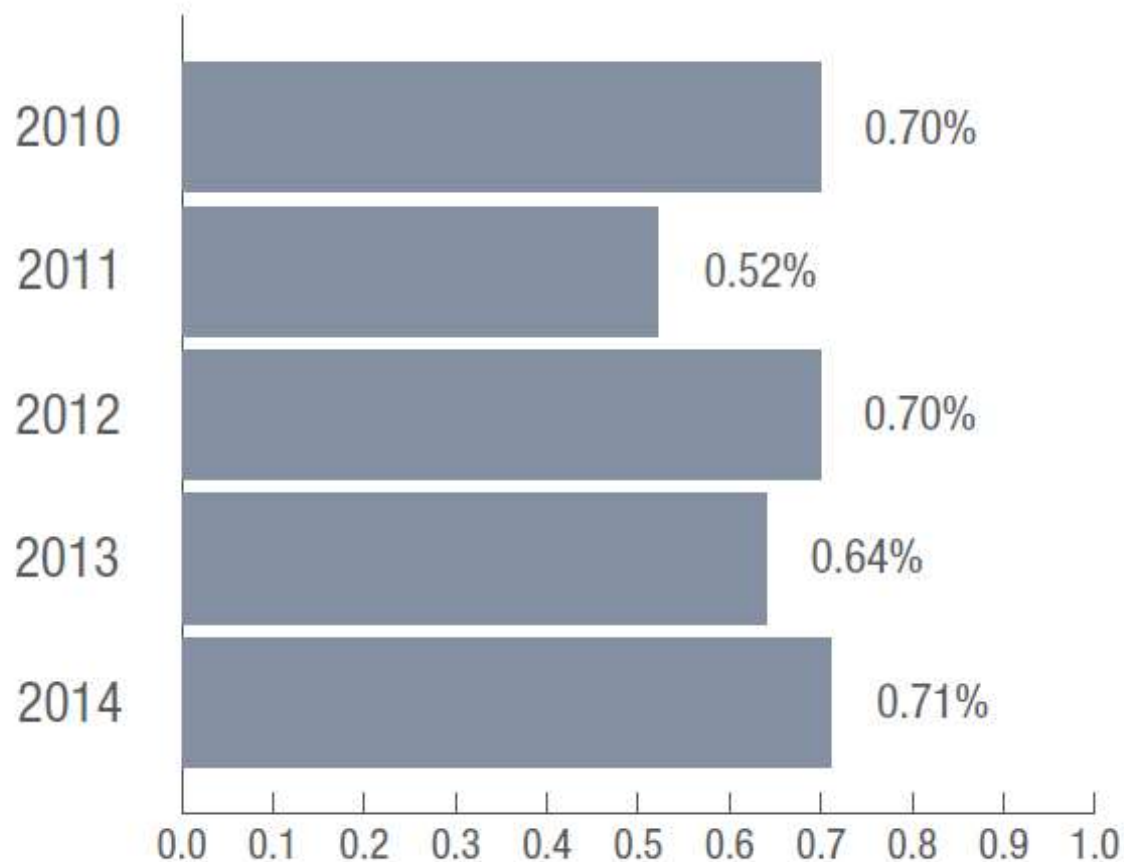
Source: NAVEX Global's 2015 Ethics and Compliance Hotline Benchmark Report

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Substantiation Rate of Retaliation Reports

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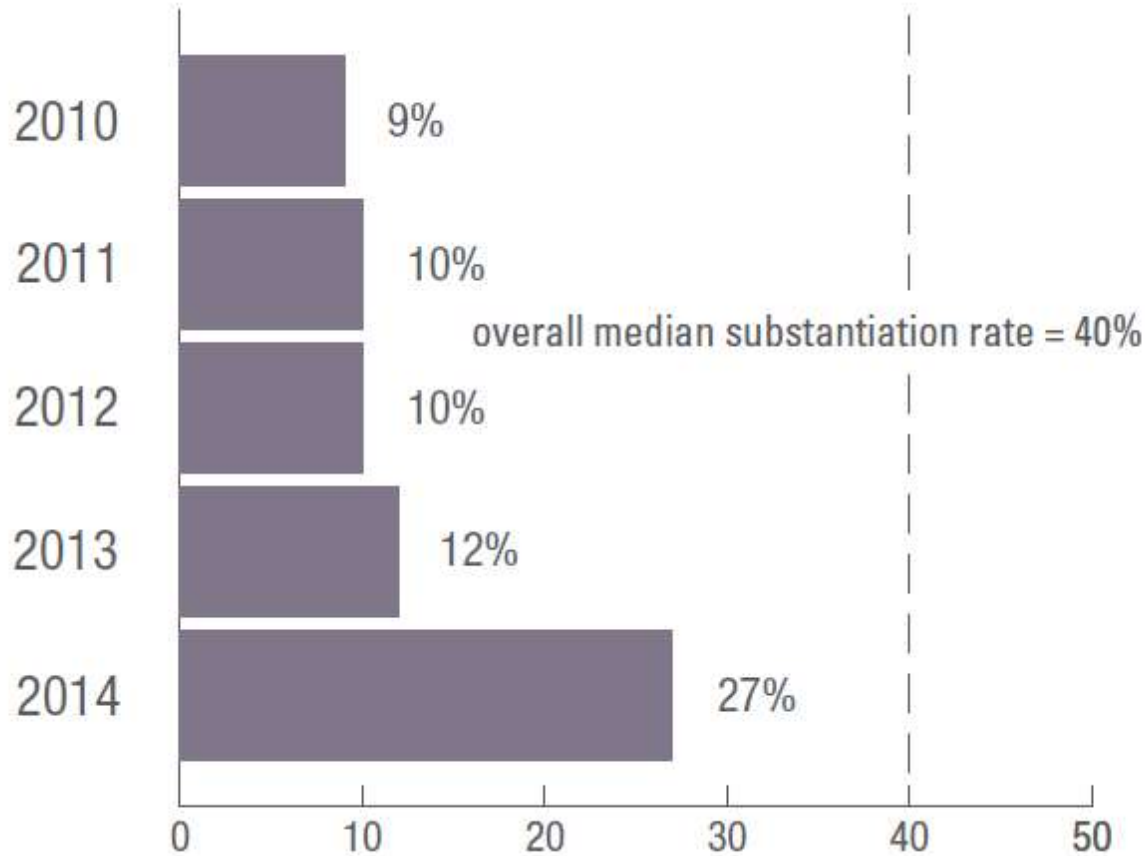
Live Attendee Poll:

Why do you think the Substantiation Rate of Retaliation Reports has increased so dramatically?

Retaliation is increasing overall — 6.1%

Organizations are paying more attention to retaliation claims and are investigating more thoroughly — 36.3%

Increased employee awareness of what constitutes retaliation, and therefore increase in reporting — 47.9%

It is an anomaly — 3.5%

Other — 6.3%

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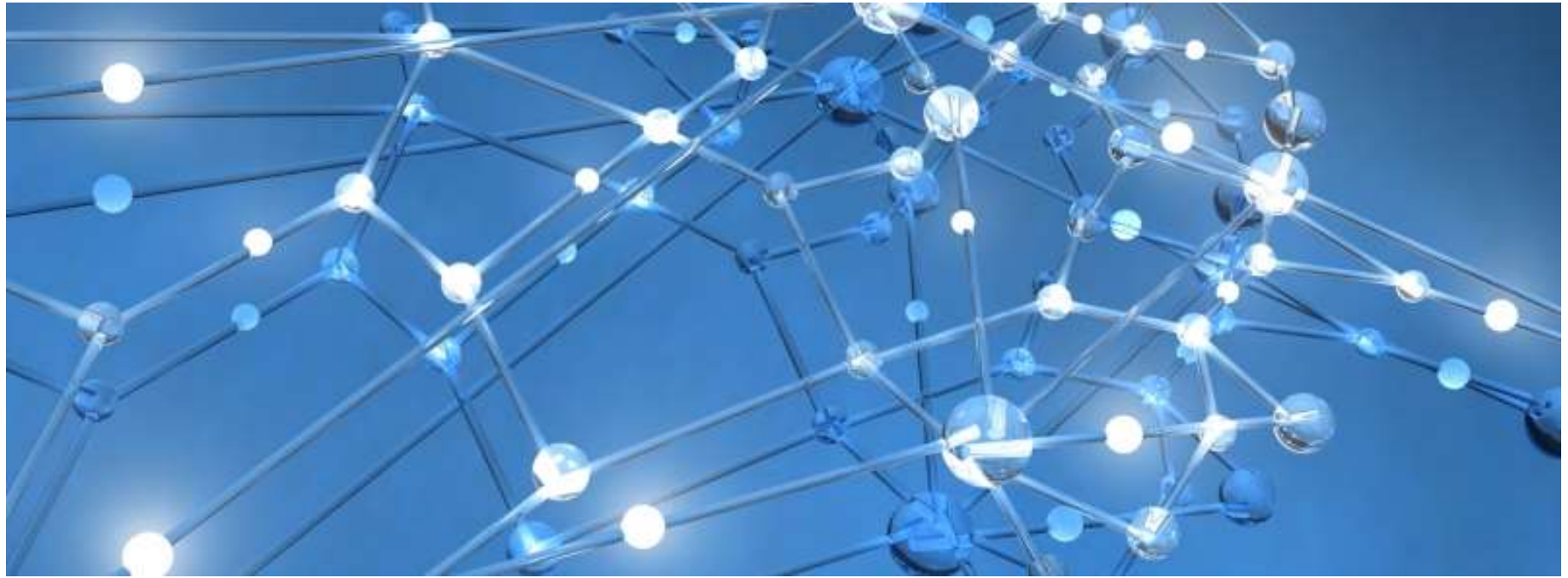
The Importance of Benchmarking with Industry-Specific Data

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Why Industry-Specific Benchmarking is Important

- As our industry ranking slides showed, using accurate industry-specific benchmarking is critical, as there can be striking differences in benchmarks across industries.

- Industry-specific benchmarking can help you, your board and your senior leadership understand critical issues such as:

  - Are our metrics consistent with or out of line with peers?

  - What E&C trends are prevalent or unique in our industry--and which ones should we focus on?

  - Are there opportunities to achieve a competitive advantage by adding focus or resources to an aspect of our E&C program that may be an issue for competitors?

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# Integrity Diagnostics: Turning Metrics Into Action

Source: Advisory Services: Integrity Diagnostics Sample Report

"Using the categories from the Integrity Diagnostics report has simplified our reports and has provided a consistent terminology used among all our internal stakeholders."

- Senior ethics officer at a large financial services company

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Best Practice Recommendations

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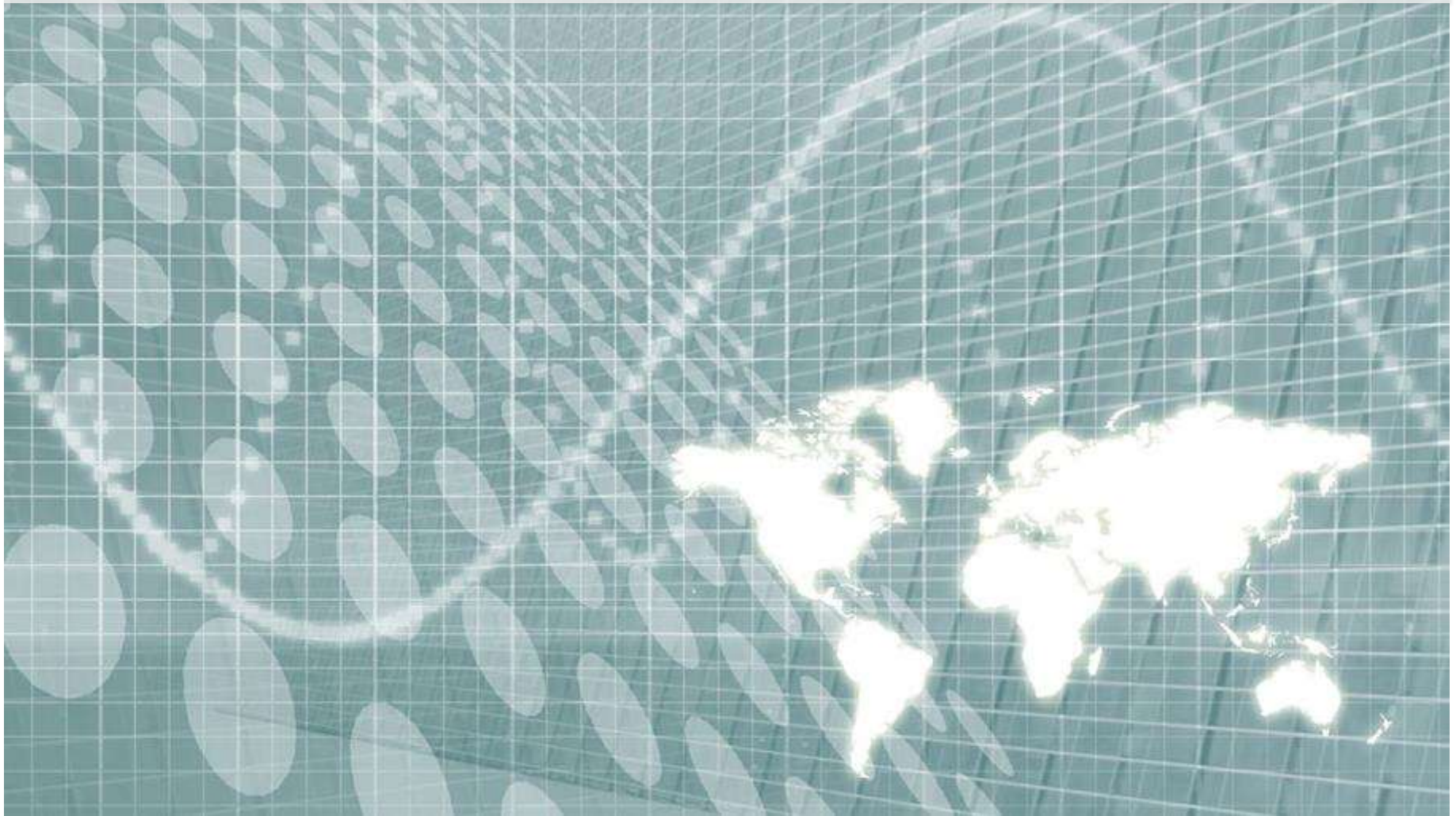
Look For Root Causes of Reporting Trend Changes

Root causes could include:

- Training and communication initiatives

- Published (or rumored) internal cases and disciplinary actions

- Internal restructuring, management changes and layoffs

- Policy changes: code of conduct or HR

- Mergers, acquisitions, or changes in lines of business

- Regulatory changes

- News coverage of issues in your industry, with your competitors or compliance scandals in general

- A real company-wide problem

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Benchmarking Best Practices

Benchmarking is both an art and a science. To get the most out of the process:

- Use a robust case management system

- Analyze your data in different ways

- Research anomalies

- Drill down to locations and businesses, issue types and topics, anonymous calls, substantiated allegations

- Sometimes you don't know it until you see it

- Follow your gut instincts on brewing problems

- Track and report on quality of case management and investigations

- Track disciplinary actions by offense, level of employee or group

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Additional Resources

Ethics & Compliance Matters™ Blog Articles:

- [NAVEX Global's 2015 Hotline Benchmark Report: Three Ways to Put Our Data to Work for You](#)

- [Are You Using Skewed Data to Benchmark Your Ethics & Compliance Hotline?](#)

- [How Does Your Ethics & Compliance Training Measure Up? NAVEX Global's Training Benchmark Report](#)

Integrity Diagnostics™ Solutions:

Get access to industry-specific benchmarks and expert analysis of your organization's program.

- See a [sample report](#)

- [Contact a NAVEX Global solutions expert](#) to learn more

Hotline/Case Management Solutions:

NAVEX Global provides more hotlines—and more advanced incident reporting methods—than any other vendor globally. Learn more about our advanced [hotline](#) and [case management](#) solutions.

Expert Consulting Solutions:

[Learn more](#) about how our Advisory Services team experts can help you identify and address program gaps with framework reviews, program assessments, code of conduct reviews and more--or [request a consultation](#) today.

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Thank You for Your Participation

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