



COMPLIANCE TRAINING

Most public and private companies conduct some level of compliance training on a regular basis for their employees. This training generally involves a high level review of the laws, regulations and policies that are most important to the businesses engaged in by the company and generally involves a significant amount of work for the company's compliance and legal teams.

When accomplished most effectively, compliance training not only arms employees with a solid knowledge base and ability to spot "red flags", but also provides the company's compliance and legal teams with a greater insight into the legal risks facing the company and thereby significantly aids the company's efforts in building the right "compliance culture". For these reasons, compliance training is a significant component of any compliance and ethics program, but not all companies are able to maximize the benefits they should be obtaining from their investment in this effort.

Companies following the five simple rules listed below should be able to achieve a greater return on what is generally a large investment of time, effort and resources.

RULE ONE: *Don't discount the value of in-person training.* On-line training programs can be a cost-effective tool for reaching a large, dispersed audience, but are limited in that information flows one-way, from the trainer to the trainee. In-person training, however, when conducted in smaller groups (i.e. not more than 40 to 50 persons) and by the company's compliance managers or attorneys is an effective forum for two-way communication. In a live setting, the feedback provided to the attorney/compliance manager trainer and the questions asked by employees will provide the trainer with insights into the legal risks facing the company that are otherwise difficult to obtain. In addition, it is not unusual that following such live training, one or more employees will approach the trainer with an actual compliance concern that may not have been reported absent the opportunity provided by this forum.

RULE TWO: *Avoid the temptation of the training "blitz".* Compliance training is usually conducted on an annual basis, which is generally sufficient. Often times companies attack this effort by training the entire employee population in a short window of time once each year. Annual compliance training can be more effective, particularly if an "in-person" training strategy is used, if it is conducted for targeted smaller employee groups on an on-going basis throughout the year. Each employee would be trained once annually, but compliance training would be conducted continuously throughout the year. This approach allows a company with limited compliance and legal resources to leverage those resources to accomplish the live training recommended above. The employees targeted for each month's training should be drawn from a broad cross-section of the functions and teams represented in the businesses of the company (as opposed to training all sales personnel in one month, for

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example) resulting in at least one person in every function having exposure to fresh information monthly. If structured in this manner, the compliance or legal person conducting the training will likewise have a cross-functional view monthly of the legal risks facing the company (assuming the feedback mechanism in Rule One is working effectively).

RULE THREE: *Routinely review materials to ensure they are up to date.* Legal and regulatory requirements applicable to a company evolve over time as these requirements may be changed directly by the government or regulatory agencies or as a result of the businesses engaged in by the company changing either as a result of acquisitions or organic growth taking the company into new industries. Developing compliance training material for the first time can be a significant undertaking and for this reason, once developed, there is sometimes a reluctance to invest additional resources to revisit the content and make the necessary edits, which can result in the materials becoming stale or, more troublesome, inaccurate or incomplete. One of the most significant risks to an effective compliance and ethics program is undertaking compliance efforts, such as compliance training, that promote or validate the wrong outcome. For this reason, companies should continually review their compliance training materials for inaccuracies and incompleteness.

RULE FOUR: *Take the extra effort to tailor training materials.* There is no shortage of quality training materials and policies covering a broad range of legal areas available to a company. To be effective, however, the company's legal and compliance teams should invest time and effort tailoring these materials to the company's specific businesses. A well-placed example reflecting a real-life situation that could be faced by an employee will have greater impact than a general recitation and description of the legal requirement.

RULE FIVE: *Don't train without testing.* Once training is complete, take the extra time to test on the materials trained. Well-crafted test questions will reinforce the concepts trained on. Test questions should be structured as issue-spotting scenarios where the employee is asked to identify "red flags" in a particular fact pattern. Developing such an "issue-spotting" skill in employees is one of the main reasons for undertaking a compliance training program.



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