

CCOs taking creative approaches to train staff on compliance programs

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When it comes to getting your firm's employees to commit to memory the contents of your compliance manual sometimes a little creativity is in order. One New England-based CCO recently had to conduct compliance training for 42 of her firm's employees. The solution: The creation of a game, including the formation of teams and the awarding of prizes.

Compliance personnel were searching for an effective way to get people interested in reviewing the firm's 40-page compliance manual. Turning to the spirit of competition, compliance staff split the employees into teams and gave the teams 20 questions which had to be answered in 20 minutes. The pop quiz was actually open book-teams could refer to the compliance manual while contemplating the questions-but their time was short.

Some employees knew the answers right off of the top of their head while others had to dig into the manual. The payoff for compliance was that all participants got the answers to the questions when they walked out the door and the learning took place in a fun environment. The CCO reported that the unique training effort proved "highly successful."

Regular communication

For compliance to consistently get the message out firm-wide, regular communication is critical. At the recent **IA Compliance Best Practices Summit 2007** CCOs revealed some of the varied means by which they reach out to their firms' employees. One CCO delivers by e-mail a daily "compliance tip of the day" to employees that can be digested in 30 seconds and contains screen shots and grabs. Employees have come to expect the tip and the daily nature of the delivery allows compliance to be "fresh and in front of our people," said the CCO.

Yet another CCO opted for producing a monthly compliance newsletter. While the delivery is not quite as timely, the newsletter specifically seeks compliance questions from employees, with the answers to the questions appearing in subsequent issues of the compliance newsletter.

Tapping specific groups

Regularly reaching out to key constituencies is critical. To combat the historical tension between marketing staffers and compliance, a CCO created an advertising working group that meets on a regular basis to educate each other. There is a perception that "marketing brings money in the front door and compliance folks make sure it doesn't go out the back door" the CCO said. The new regular contact is paying dividends but the CCO noted that "there is still conflict and always will be."

Another tactic employed by a compliance officer to get all parties involved in compliance matters was to encourage their firm's business people to attend compliance conferences in-person. The compliance officer forwards the brochures of conferences that she too is planning to attend.

A number of other "best practices" emerged at the Summit's Breakfast and Idea Exchange, including:

withholding some records based on privilege and negotiating on e-mail delivery. An IA who had three recent inspections-one marketing material sweep, one books and records exam and one regular exam-was successful on both fronts.

conducting a full blown mock SEC exam. An IA who had recently gone through a growth spurt found this particularly valuable and hired an outside compliance consultant.

preparing to answer questions about the annual review process. An adviser who underwent an exam in January proactively developed a 15-minute presentation for exam staff on how they conducted their annual review which was welcomed by examiners.

implementing a forensic testing calendar in cooperation with the firm's operating group heads. The biggest challenge: Getting the business leaders to commit to timelines.

conducting group interviews versus individual interviews for the annual review. Compliance solutions were better generated in conversation found one CCO.

- **making a key person inaccessible during a business continuity plan test.** While many firms make their sites and data inaccessible, also making a key employee inaccessible and seeing the results can pay off.

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