



ISSUE INTAKE

HOW TO CUT DAYS FROM YOUR **ISSUE**
OPEN RATE AND CLOSES CASES FASTER

Introduction

Managing complaints, investigations, and other issues is a core duty of corporate compliance functions. In a modern enterprise---with thousands of employees, scattered across the world, each operating to achieve different goals---a manual approach to “issue management” is untenable. E&C and HR professionals need a unified system to receive complaints, evaluate their merits, and resolve issues in a timely manner.

The purpose of this e-book is to explore how compliance teams can improve their issue management, especially at the intake stage.

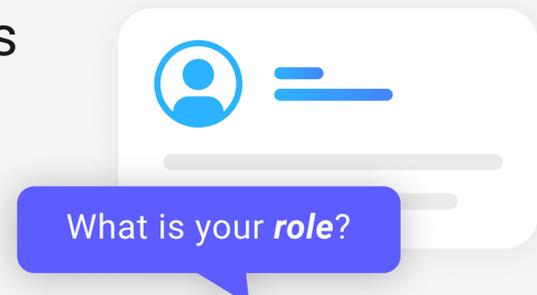
By consolidating your issue intake and case management you can streamline your entire investigations process.

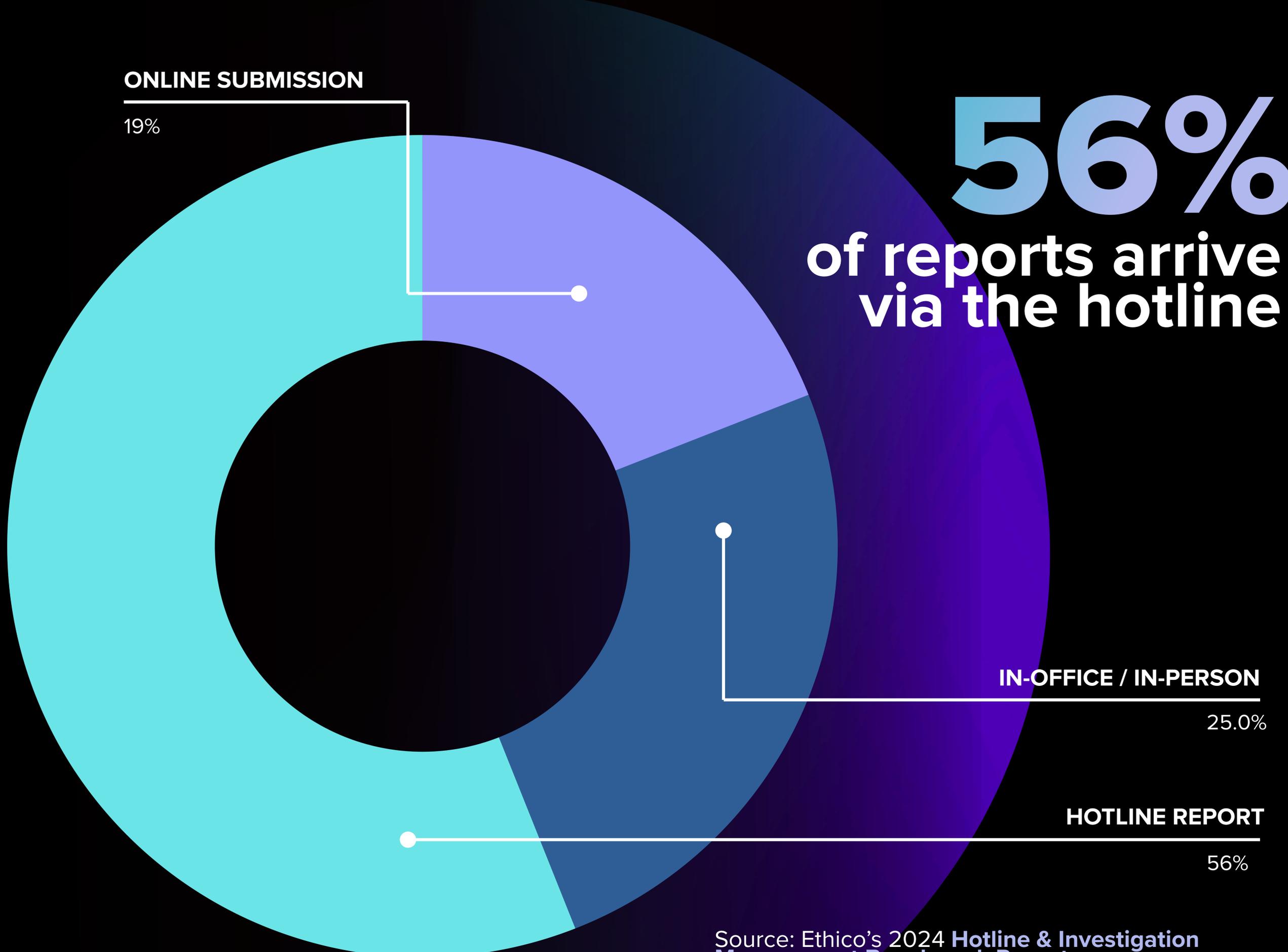
That, in turn, can push down one of your most important performance metrics: case closure times. As the compliance function optimizes issue investigation and resolution, larger benefits, such as greater organizational trust and a stronger speak-up culture, soon follow.

Just a little forethought and foundational improvement can reap significant return on investment down the line.

WHO THIS E-BOOK IS FOR

- Compliance Officers
- HR Directors
- Hotline Managers
- Board Directors





56%
of reports arrive
via the hotline

Source: Ethico's 2024 Hotline & Investigation Management Benchmark Report

1 Issue Intake Matters

IN PRACTICE, REPORTS CAN OVERWHELM

Corporations need an efficient system to receive all reports and resolve them in a prompt and appropriate manner. This is true from a regulatory standpoint (efficient complaint systems are mentioned in the Justice Department's criteria to evaluate corporate compliance programs), and in practice. Without a systematic way to receive, evaluate, and investigate reports, effective investigators get lost in a sea of emails, spreadsheets, meeting notes, and scribbled memos.

All investigations begin with a reporter willing to speak up to bring attention to an issue. *In theory, the more reports that reach your attention, the better.* That means stakeholders will know they can speak openly to your E&C or HR department. Stakeholders wanting to report issues is a sign of a healthy corporate culture.

1 Issue Intake Matters

HOTLINES STILL DOMINATE

The traditional hotline, where an employee picks up the phone to report an incident, still accounts for the majority of reports. Done poorly, receiving reports via the hotline can be a laborious process, fraught with the risk of error or misunderstanding.

That, in turn, can lead to significant problems down the road, from mismanaged investigations to distrust festering in the workforce.

STARTING SMART PAYS DIVIDENDS

To avoid those pitfalls, initial issue intake needs to follow a systematic, empathetic process: one that fosters trust with the reporter, and generates the right information to let you address an issue swiftly and correctly.

2

Importance of Issue Open Rates

All compliance officers grasp the idea that swift investigation and resolution of hotline reports is good. The practical benefits, however, are worth calling out:



HIGH ISSUE OPEN RATES CAN RAISE QUESTIONS WITH REGULATORS, AUDITORS, OR OTHER OUTSIDE INSPECTORS.

They may wonder whether your program is adequately resourced or has the right competency fulfill your role.



SWIFT INVESTIGATIONS FOSTER TRUST WITH EMPLOYEES

When they can see action happening and feel heard that encourages them to bring more issues to management's attention.



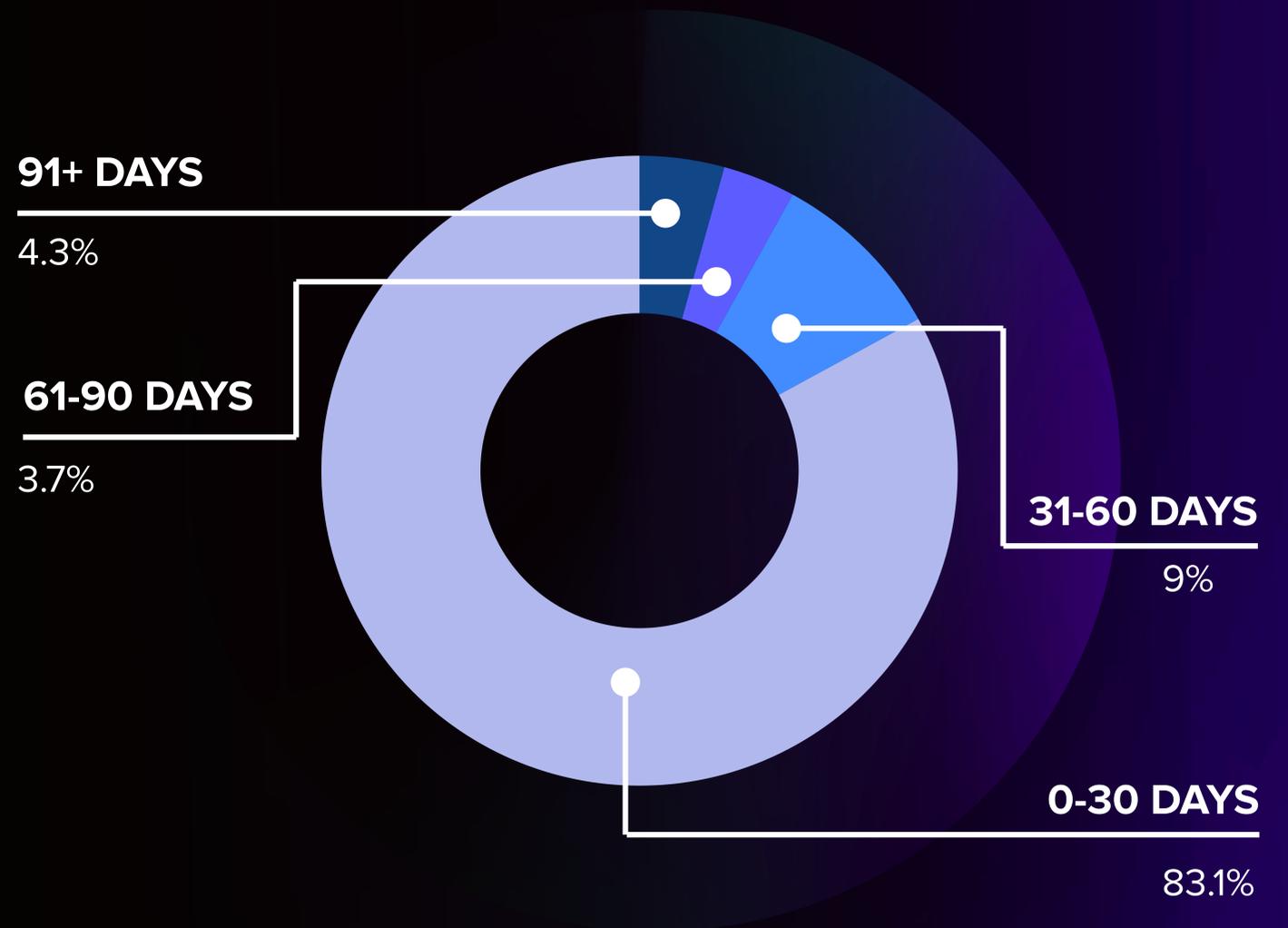
HIGH ISSUE OPEN RATES TRAP INVESTIGATORS IN A **REACTIVE ROLE, AS THEY MUST KEEP WADING THROUGH REPORTS THAT NEED ATTENTION.**

That means compliance teams can't spend as much time developing preventative programs for new risks.

Focus on intake.

First contact with a reporter is critical. It can send an incident down one path, disciplined and prompt; or another, replete with follow-up calls, uncertainty, and needlessly expended resources. The consequences of each path are enormous for program success.

Length of Time Issues are Open



With Effective Issue Intake

53%

**OF ALL REPORTS ARE
SUBSTANTIATED**

47%

**OF ANONYMOUS REPORTS ARE
SUBSTANTIATED**

*Higher substantiation rates mean your intake process is
gathering the right info*

Source: Ethico 2024 Hotline & Investigation Management Benchmark Report

3 Work With The Reporter

Adaptive Interviews

Given the importance of getting issue intake right, and the fact that most reports still arrive via the hotline, your program should embrace the idea of **adaptive interviews**—where the call center employee works with the reporter thoughtfully and carefully to get as much information as possible, and to foster a sense of trust between employee and the organization.

8.1%

Portion of all reports that are **'severe'** and require swift action

Source: Ethico 2024 Hotline & Investigation Management Benchmark Report



From Empathy to Trust to Improvement

All successful relationships, including the one between reporter and their organization, must begin with a sense of empathy: “I must try to understand what this other person is experiencing.”

Adaptive interviews are based on that principle. It lets the reporter feel heard and with that foundation in place, the reporting individual will be more trusting of the entire investigation process. That leads to a reporter’s full participation in the reporting process—everything from providing more information, to submitting more reports, to telling colleagues that the speak-up culture is something the organization authentically embraces and encourages.

That culture is what empowers proactive risk management and true cultural change.

4 Next: Real Program Improvements

Adaptive interviews lead to efficient intake, and that efficiency leads to improvements in key performance indicators (KPIs) across all investigations. Investigators should track those KPIs overtime, both to show regulators that your program satisfies expectations for an **effective program**; and to derive insights about what else should change for further improvement: new policies, better training, more outreach to managers, and so forth.

Creating meaningful improvements requires proper oversight of each investigation. Consider a unified platform for your entire program that allows for investigation progress tracking and custom data reports to gather essential metrics about the efficiency of your investigation process.

$$\text{ISSUE DAYS OPEN RATE} = \frac{\text{TOTAL DAYS OPEN}}{\text{TOTAL CLASES CLOSED}}$$



SUBSTANTIATION RATES SHOULD RISE, as you collect more reliable information.



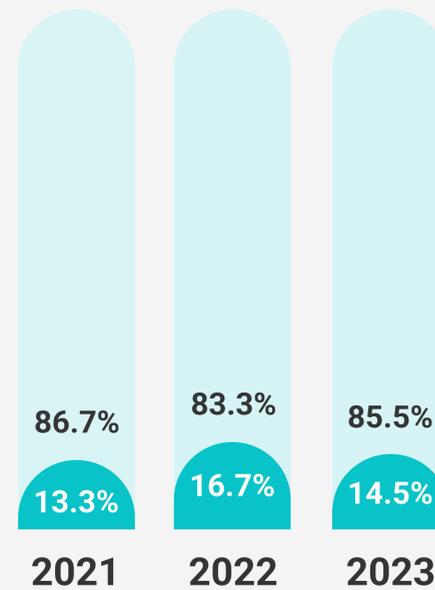
FOLLOW-UP CALLS SHOULD DECLINE, your initial intake gathers more comprehensive case data.



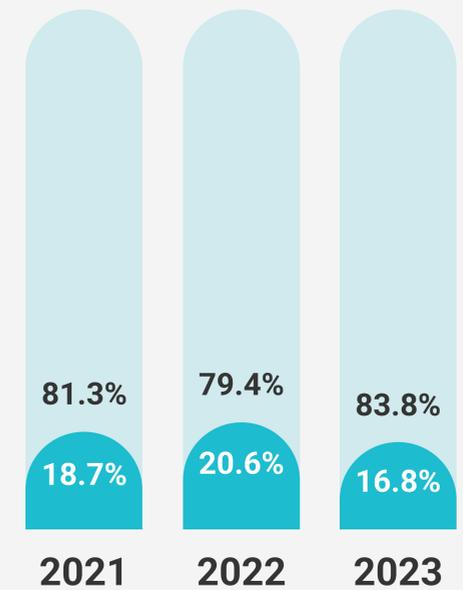
THE GOAL:
To close the majority of cases in one month or less.

EACH INDUSTRY HAS ITS OWN CHALLENGES

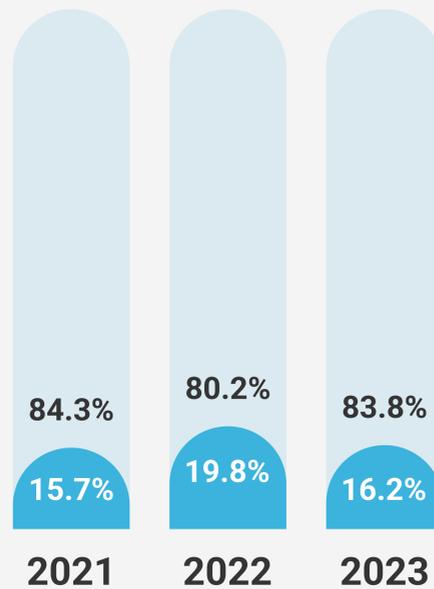
Healthcare



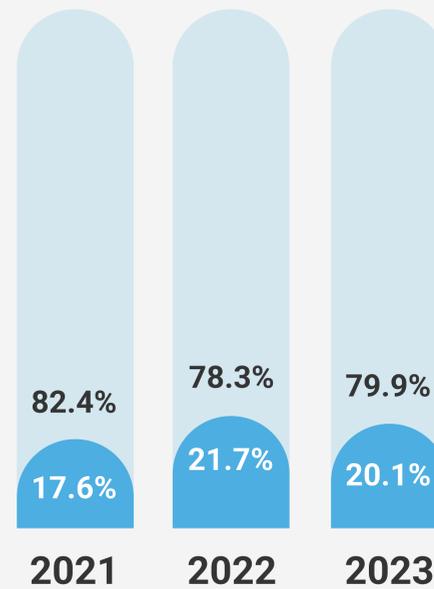
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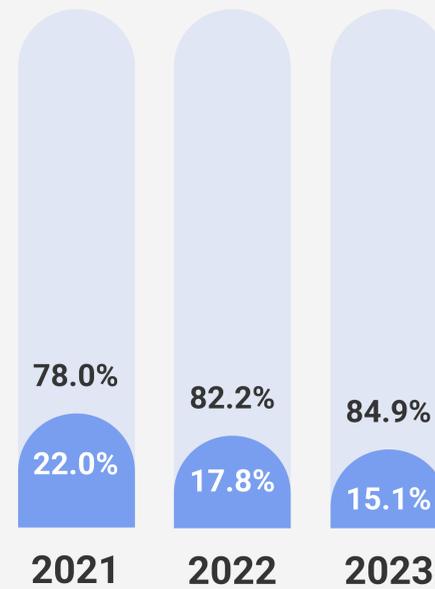
Financials



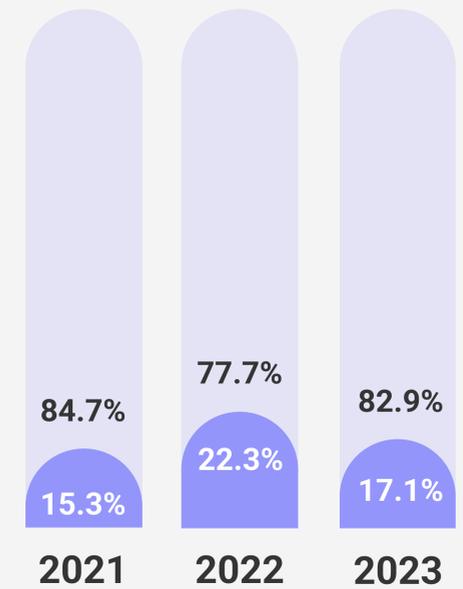
Technology



Utilities / Telecom



Commercial



5 Other Practices for Improvement

After the intake phase, investigations should still implement several other best practices to improve efficiency and generate insights that can lead to better performance across the whole enterprise. Among them:

HONE ESCALATION PROCEDURES

The vast majority of hotline reports are not urgent—but roughly 10 percent of them are, and the subject matter of reports can vary enormously. Internal reporting systems need **strong processes to classify the urgency of a report, and then to escalate it to the right people.**

For example, reports of accounting fraud should immediately go to the audit committee, as well as to senior executives not implicated in the report. Reports of harassment might go to HR, the board, or outside counsel.

USE DATA ANALYTICS

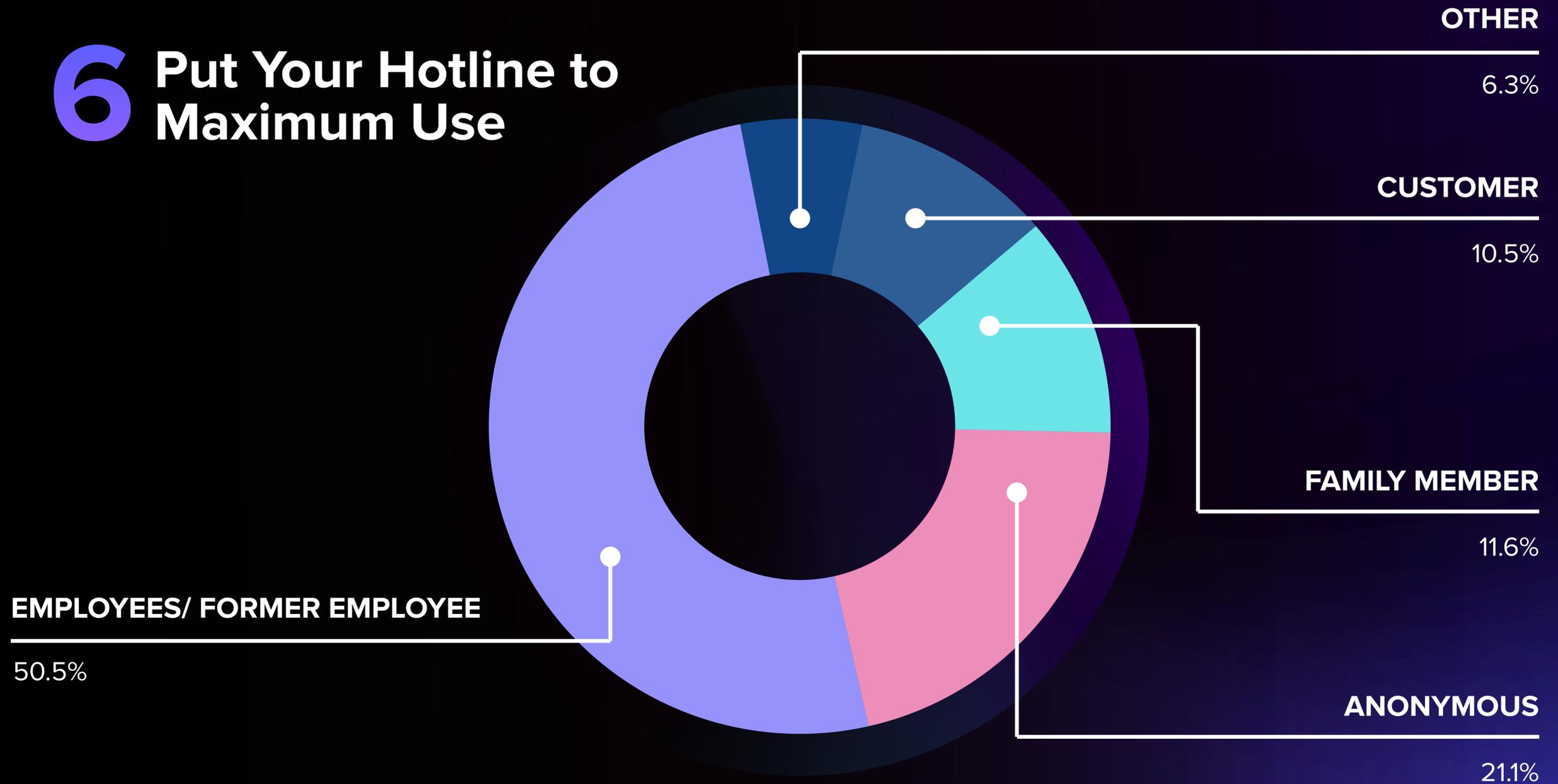
Any large enterprise will generate thousands of reports over the course of a year. That can be valuable raw material to inform changes to policy or internal controls. Reports should be tagged by various criteria (subject matter, location, employment level of accuser, level of the accused, etc.), and you should use data analytics to turn trends in reporting into program improvements.

PRESENT YOUR RESULTS

The best way to foster a culture of trust is to communicate. When possible, tell individual reporters what your investigation found. Or present anonymized summaries in employee newsletters, to let people know that speaking up can indeed bring results. For employees to submit a report, they first must know that the hotline exists. **Internet communication is now the most common awareness channel cited by employees — 61.7% percent in 2023, up from 49.1% in 2019.**

Ideally, your organization will promote hotline awareness through many channels. The more awareness there is, the more you can leverage the hotline's potential.

6 Put Your Hotline to Maximum Use



Hotlines don't need to be restricted to employees. For example, in 2019, nearly 38 percent of all reports come from people other than employees. A hotline available and advertised to outsiders can provide a wealth of information - particularly about third - and fourth parties, where the compliance officer might have poor visibility into potential misconduct. Accepting reports from outsiders might require more attention during the intake phase, but the overall benefits, from corporate culture health to intelligence about potential misconduct, are well worth it.

Conclusion

As global business becomes more regulated; as social media allows employees and third parties more avenues to broadcast their discontent to large audiences; the importance of strong internal reporting capabilities and a corporate culture that embraces speaking up will only become more important.

An effective, robust intake process supports both of those goals. **Adaptive interviews** foster a direct relationship with the reporter, and helps to identify the necessary, crucial information during that first contact.

The success of a good intake program will then become apparent in several KPIs that a hotline program would typically use, from substantiation rates to follow-up calls to case open rates.

Effective intake will, ultimately, lead to more cases being closed more quickly and that efficiency is what regulators and boards want to see.

E&C and HR departments can also use their hotline programs to identify policy changes that might be necessary, internal controls that don't work, or bad habits of the corporate culture that need to change. Your investigation process can become the strategic lever your organization needs to create a sustainable culture of growth. **It all starts with effective, holistic case management.**

About Ethico

For over 25 years Ethico has provided leaders who care with corporate integrity solutions that help to crowdsource risk intelligence at scale, improve the bottom line, and reinforce an authentic culture of integrity.

The Ethics & Compliance Optimization System (ECOsystem) is our next-gen integrated risk management platform informed by people working every day to make their workplaces better. It has actually-integrated modules for each of your major goals.

Next-gen workflows eliminate busy work and automatically prioritize your most important risks. Flexible analytics turn data into insights so you know what's working and what's not.

This single integrated platform, supported by our award winning customer service, gives your team the leverage it needs to reduce risk efficiently, gather smart risk intelligence at scale, and reinforce an authentic culture of integrity.

From case management and conflicts of interest/disclosure software, to issue intake and e-learning focused on the human element, to sanction monitoring and exit/stay interviews that drive a positive culture, and incident and third party risk management streamlined to make your life easier -- we are committed to helping you find the right risks while working smarter to make your world better for everyone.

We serve over 9 million employees in more than 150 countries. Our team of highly-trained, compliance-minded professionals has helped E&C leaders investigate over 10 million reports, using leading-edge tech that enables employees to report misconduct without fear of retaliation.

Ethico makes ethics easy by empowering those who care most to **Make The World A Better Workplace.**