



**ASSESSING E&C PROGRAM MATURITY:** THE CHIEF ETHICS AND COMPLIANCE OFFICER'S GUIDE TO THE HQP ASSESSMENT TOOL™

**ECI** ethics & compliance  
initiative™

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**ABOUT THE ETHICS & COMPLIANCE INITIATIVE**

The Ethics & Compliance Initiative (ECI) empowers organizations to build and sustain High Quality Ethics & Compliance Programs (HQP®). ECI provides leading ethics and compliance research and best practices, networking opportunities and certification to its membership.

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## Why Use the HQP Framework™?

Chief Ethics and Compliance Officers (CECOs), and the executives and boards to whom they report, often look for benchmarks to assess the quality of the ethics and compliance (E&C) programs. The U.S. Sentencing Commission's Organizational Guidelines, which outline the seven elements of an effective compliance program, and the Department of Justice's Evaluation of Corporate Compliance Program, published in 2019, are good places to start. Both offer helpful guidance on evaluating compliance programs, but they are designed as a framework for a retrospective assessment of compliance programs for companies under investigation. By contrast, the **HQP Framework and the companion HQP Assessment Tool™** developed by the Ethics and Compliance Initiative (ECI) provide a tested and inexpensive means for robust planning of an effective E&C program.

The HQP Framework is based on ECI's 2016 Blue Ribbon Panel report entitled **Principles and Practices of High-Quality Ethics and Compliance Programs (the "HQP Report")**\*. The report defines five foundational principles to frame an evaluation of an organization's E&C program.

“...the HQP Framework and the companion HQP Assessment Tool™ developed by the Ethics and Compliance Initiative (ECI) provide a tested and inexpensive means for robust planning of an effective E&C program.”

\*Go to [www.ethics.org/hqp](http://www.ethics.org/hqp) to download the report.



**PRINCIPLE 1 > Strategy:** Ethics & Compliance is central to business strategy.

**PRINCIPLE 2 > Risk Management:** Ethics & Compliance risks are identified, owned, managed and mitigated.

**PRINCIPLE 3 > Culture:** Leaders at all levels across the organization build and sustain a culture of integrity.

**PRINCIPLE 4 > Speaking Up:** The organization encourages, protects, and values the reporting of concerns and suspected wrongdoing.

**PRINCIPLE 5 > Accountability:** The organization takes action and holds itself accountable when wrongdoing occurs.

Under each principle are specific objectives and a description of leading practices. The **HQP Measurement Framework** provides a tiered maturity model for each of the five HQP principles and their underlying supporting objectives. The framework model and materials are free, and include practical guidance on what program elements to measure, and how to use the framework to build, review, analyze and improve your E&C program.



“...Adoption of the HQP Assessment Tool by organizations is broad and growing, and a variety of industry groups, professional associations and compliance vendors now promote this tool to their members...”



## Learning from the HQP Assessment Tool™

Building on the two reports, ECI created the **HQP Assessment Tool** – an online self-assessment survey tool that provides an objective and holistic evaluation of an organization’s E&C program. While many assessment frameworks exist, the HQP Framework offers several advantages:

- 1 It represents a distillation of hundreds of measurements into **five common sense principles** that are both **easy to understand** and make the self-assessment results easy to communicate;
- 2 The HQP principles, developed by leading ethics and compliance practitioners, academics, white collar crime and whistleblower attorneys, as well as former enforcement officials, **apply to ALL organizations**, regardless of sector, size, profit status, or home country;
- 3 The HQP Assessment Tool allows for **cross-functional assessments** that enable organizations to evaluate and compare particular geographies, business units, and functions, including E&C, human resources, legal, internal audit, finance, sales, and marketing;
- 4 Organizations can **benchmark** their results against other organizations, including those in similar sectors or of similar size;
- 5 The results provide a **solid foundation for boards** and other stakeholders to agree on a roadmap **for continuous improvement**;
- 6 **Adoption of the HQP Assessment Tool by organizations is broad and growing**, and a variety of industry groups, professional associations and compliance vendors now promote this tool to their members; and
- 7 The HQP Assessment has been designed to be **aligned with the U.S. Department of Justice’s Evaluation of Corporate Compliance Programs**.

ECI is pleased to make different versions of the HQP Assessment Tool available for free to ECI member, depending on the membership level, and at a remarkably affordable price for non-members, because doing so drives ECI’s mission, as a non-profit organization, to “empower its members across the globe to operate their businesses at the highest levels of integrity.”

For additional information on assessment tool options and pricing, contact ECI at [myhqp@ethics.org](mailto:myhqp@ethics.org).

# Planning the Implementation of Your HQP Self-Assessment

Deriving the full value of the HQP self-assessment requires a three-step planning process:

- 1 Select the particular version of the HQP Assessment Tool that is right for your organization;
- 2 Identify the specific individuals who should receive and complete the survey; and
- 3 Develop the communications plan for launching the self-assessment and communicating the assessment results

**STEP 1 – Select the Right Assessment Tool.** There are three different versions of the HQP Assessment Tool: the Standard, Process Team and Enterprise versions. In the **Standard** version, organizations conduct a self-assessment based on the results of a single questionnaire. This can be a single person (such as the CECO) acting individually, or one person who consults with others and enters consensus responses. While this Standard version is the easiest version to implement, it does not deliver the full value of the HQP Assessment Tool because it does not incorporate feedback from other functions in a way that can be analyzed. The **Process** and **Enterprise** versions, by contrast, allow for input from employees in other functions. They differ principally in the scope of employees, and the segregation of functions and/or business units represented in the assessment. The Process version allows for 50 participants and four segregations, whereas the Enterprise version accommodates 100 participants and 10 segregations.

*There are variants of the Assessment Tool questionnaire that are specifically designed for the small to medium-sized enterprises—organizations with fewer than 500 employees and no dedicated E&C function and/or staff.*

“The Process version allows for 50 participants and four segregations, whereas the Enterprise version accommodates 100 participants and 10 segregations.”





“A well-executed HQP assessment enables E&C professionals to fairly evaluate the fitness of their organization’s programs, identify potential improvement areas and plan concrete steps to achieve the desired level of program maturity.”

**STEP 2 – Identify Your Survey Participants.** If you choose to implement the Process or Enterprise version, you will need to select the survey participants. You should include employees and functions from areas that are most related to or impacted by the E&C risks in your organizations. In addition, recipients need to have sufficient interaction with E&C processes to possess the knowledge to respond to the survey questions.

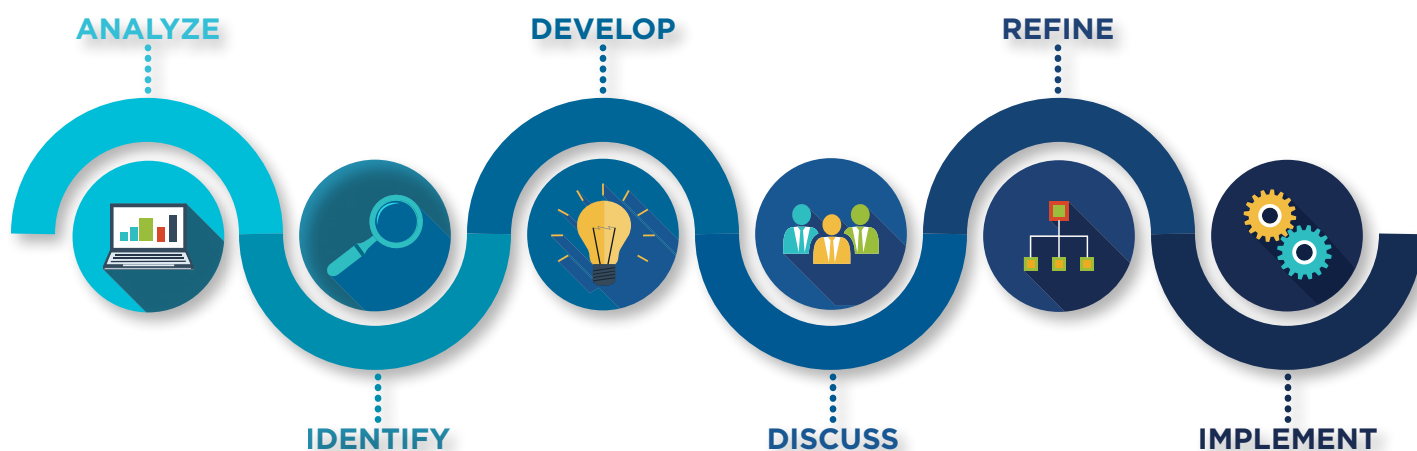
**STEP 3 – Develop Your Communications Plan.** Proper framing of the self-assessment tool is important to achieve the best results. Accordingly, the CECO and/or the CEO should communicate the importance of the survey to key leaders within the organization. That communication should stress the need for thoughtful responses in order to achieve fair results that can be used to improve the organization’s E&C program. These messages can be important to counter any unconscious biases, and in particular a bias towards overrating the quality and effectiveness of the E&C program. The survey itself should be accompanied by a communication that reinforces these messages and informs employees about the amount of time they will need to set aside to complete the survey.

## What to do With the Results

A well-executed HQP assessment enables E&C professionals to fairly evaluate the fitness of their organization’s programs, identify potential improvement areas and plan concrete steps to achieve the desired level of program maturity. To achieve the most out of the assessment, it may be helpful for the CECO, with the assistance of other E&C professionals and perhaps other key stakeholders, to complete the following steps, each of which is described below.

- 1 **Analyze the Data**
- 2 **Identify Desired Maturity Levels**
- 3 **Develop a Proposed Action Plan or Set of Action Plans**
- 4 **Discuss Results and Plan(s) with Senior Leadership**
- 5 **Refine Action Plan(s)**
- 6 **Implement Action Plans and Periodically Report on Progress**





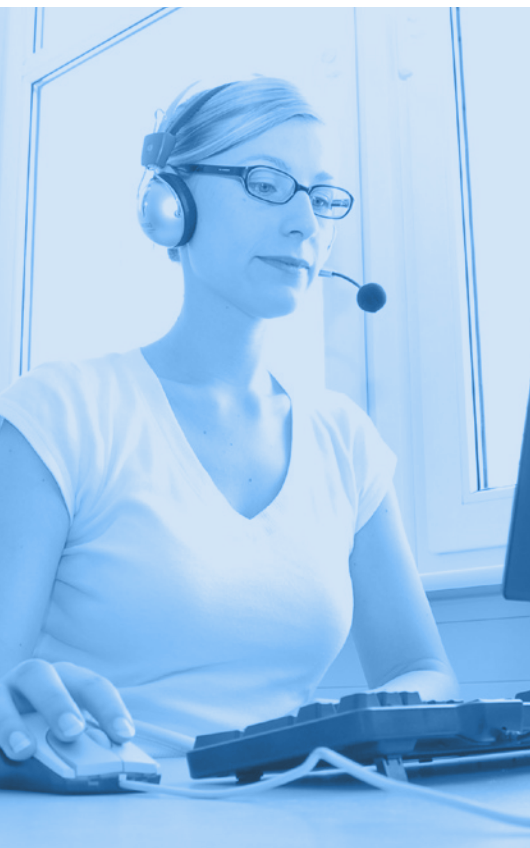
For each step of the process, it can be helpful to speak with peers at other companies who are undertaking a similar HQP assessment process. ECI has several peer working groups designed specifically for this purpose, including groups targeted to specific program issues. For more information on working groups please contact ECI at [membership@ethics.org](mailto:membership@ethics.org).

**STEP 1 – Analyze the Data.** The HQP Assessment Tool results provide rich data that, like all data, require further interpretation. The CECEO should lead a team that analyzes the results. For some organizations, that team will remain within the E&C function. For other organizations, it may be beneficial for the team to include representatives of key E&C partners, such as HR, Legal and Audit, or certain business functions. The purpose of the analysis stage is to develop an understanding of what the data reveal, what questions the data raise, and what areas need further exploration.

**STEP 2 – Identify Desired Maturity Levels.** The next step is to identify the desired end points on the maturity model for each of the five principles. As indicated in the [HQP Measurement Framework](#), the Optimizing level may not be an appropriate objective in all circumstances. Perhaps the organization's E&C program is in the early stages of maturity, or the compliance risks the organization faces are relatively low and stable. Or there may be a consensus that the existing program is working well. Deciding what maturity level is right for your organization is a judgment call that requires an understanding of the strategic priorities of leadership, the organization's culture, the compliance risk landscape, the availability of resources (relative to what



“By taking this return on investment approach for the contemplated changes in each of the five areas, a CECO will be in a better position to allocate limited resources to maximize overall impact.”



is required) and the ways in which program improvements can advance strategic objectives. The desired maturity end point can vary by principle, so that an organization can seek to achieve “Managing” status for one or more principles, while for other principles, the “Adapting” stage may be sufficient in the short term.

At this stage of the process, the CECO may want to seek input from other functions in the organization, such as Law, HR, Internal Audit, and any business unit or central function that would be directly impacted by any proposed program changes. The conversations serve two purposes. They ensure that the CECO has the benefit of different perspectives, and is not operating in a silo. Equally important, they provide an opportunity to build internal support and partnerships. Stakeholders involved in defining objectives are more likely to actively support them and any plan to achieve their implementation.

**STEP 3 – Developing a Proposed Action Plan or Set of Plans.** Once there is an understanding of the objectives, the next step is to outline an action plan to address how to close the gap between the current status and the desired maturity level. For more decentralized organizations, it may be appropriate for respective business units or functions to develop their own action plans, leaving the E&C function to take on the role of overseeing the plan development process. The plans should include changes, if required, to your internal E&C function and actions affecting the larger organization, including investing in any required additional E&C resources. Of course, if there is some “low hanging fruit” that would yield significant impact with relatively little investment, that should be high on the priority list. On the other hand, an incremental improvement in areas requiring a significant investment of new resources may not be the best course of action. By taking this return on investment approach for the contemplated changes in each of the five areas, a CECO will be in a better position to allocate limited resources to maximize overall impact. The action plans should be coordinated with the planning and budgeting process for your function and organization.

**STEP 4 – Discuss Results and the Proposed Action Plan(s) with Senior Leadership and the Board.** Because the Board and senior leadership team are ultimately accountable for an organization’s E&C program, the strategic direction of that program should be decided in conversations that the CECO has with the Board and senior leaders. The HQP Assessment Tool provides credible, robust data to frame conversations

with both groups and to agree on the level (and allocation) of resources needed to achieve the desired maturity level.

Before presenting the plan, it may be helpful to review the HQP self-assessment process with senior leaders to ensure that they recognize the integrity and importance of the assessment data. If leaders question the underlying process, the assessment results will serve as a weak point of departure for designing and implementing program reforms. It may similarly be helpful for the CECO to talk with senior leaders about whether the results ring true based on their experiences. A consensus on the accuracy of the assessment results will align everyone and produce higher quality decision-making. In addition, having an open and honest conversation about perceived “surprises” in the assessment results, particularly where those results highlight unexpected problem areas, may help to avoid a situation where leaders have a latent distrust in the assessment results that negatively impairs their “buy in” for the proposed action plan(s).<sup>1</sup>

**STEP 5 – Refine and Build Out Action Plan(s).** Armed with the approval from the Board and senior leaders, the CECO can refine and develop a more detailed action plan (and/or ensure the same for any action plans delegated to other business units or functions). That plan should include a timeline and sequence of the plan implementation along with supporting internal communications. In devising the plan, the CECO should consider potential roadblocks or unintended consequences so that they can be proactively managed.

**STEP 6 – Implement and Report.** Depending on the nature and extent of the program changes approved by the Board and senior leadership, implementation of the action plan(s) may take several months and perhaps even years. Having proper metrics and monitoring processes in place will be important so that the CECO can periodically assess plan implementation, address areas that may not be proceeding as scheduled, and provide periodic updates to senior leaders and the Board.

“In devising the plan, the CECO should consider potential roadblocks or unintended consequences so that they can be proactively managed.”



<sup>1</sup> Treviño, L., Weaver, G., & Brown, M. (2008). It's Lovely at the Top: Hierarchical Levels, Identities, and Perceptions of Organizational Ethics. *Business Ethics Quarterly*, 18(2), 233-252 (available [here](#)) (presenting research findings that senior leaders often have a rosier picture of their organizations than lower level employees, in part because “bad news” is often filtered out of communications that reach top levels).

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Questions about the HQP Assessment Tool? Contact ECI at [myhqp@ethics.org](mailto:myhqp@ethics.org).

**Quick Links.**

- The HQP Report
- [HQP Measurement Framework](#)
- [HQP Assessment Tool](#)
- HQP Assessment Guidebook
- DOJ, [Evaluation of Corporate Compliance Programs](#)
- US Sentencing Commission, [Organization Guidelines \(Chapter 8\)](#)





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