Case study – User of HPO Clearview

As a fast-moving business, we are keen to continue to deliver outstanding services to our customers and at the same time meet our compliance and regulatory requirements. Observing what is happening in the Financial Services sector and the wider business world we have recognised that culture is a key causal factor in recent corporate failures, business performance generally and customer satisfaction.

However, we face several challenges:

- FCA and PRA compliance requirements require the management team to manage risk posed by our organisational culture to operational and conduct activities, but the question is how?
- At the same time, we know that past audit and risk management techniques have not been as effective as they could, hence the need for change
- We understand that if our culture impacts on compliance risk it must also impact on our business performance.

Our question:

'How do we measure culture and therefore risk to compliance and business performance simultaneously without increasing costs?'

Knowing something new is needed we turned to HPO Risk Solutions with their HPO Clearview product for an answer. What they suggested and what we implemented was something completely unique. What we wanted was something that wasn't just a rework of the past. In our discussion we started to understand the difference in this new approach, mainly that by the time poor performance or compliance appears on an audit report or KPI it is too late. We can't do anything about it, the damage is done. Therefore, why ask questions about what has happened or what people say or record, we need to know what is happening – the reality of the here and now, the culture so we can prevent something happening in the first place.

We also started to take note of the Grenfell Tower inquest, appreciating that the culture must have existed for the disaster to happen. Just like our own poor performance the disaster cannot be undone.

'We wanted to stop checking the past and start understanding where we are going'

HPO Clearview uses block chain technology and delivered online and, in this case, required no human auditors, no questions or right answers, no test or visible scoring system. As we learn it, wasn't a survey either but simply asks about people experience. It seemed too simple.

We selected our people management process as the process to be audited, this being a key process we felt in managing competence and people's performance. This was to everyone who takes part in or is impacted by the process was involved in what was totally confidential.

HPO Clearview was obviously designed in a very specific way; to capture people's experiences and quantify that qualitative forward-looking data into powerful management information we could use. Something we had never experienced before.

'The assessment was simple, quick and all most too easy to be an audit'

All most at the touch of a button the results were analysed in real time. Each experience being analysed against our own business objectives and compliance requirements simultaneously. This provided valuable insights to enable us to identify risks, with the ability to mine the data to pinpoint risks and where in our business risks were emerging.

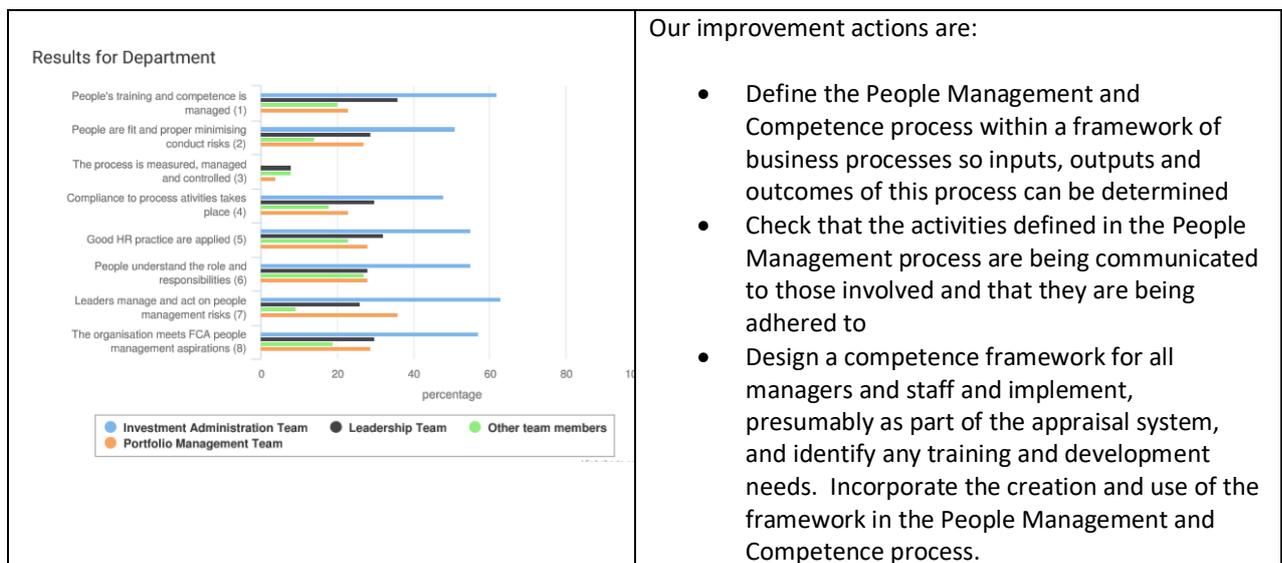The overall score was 41%, broken down the risks against:

Performance Driver	Score%
1. People's training and competence is managed	34
2. People are fit and proper minimising conduct risks	29
3. The process is measured, managed and controlled	7
4. Compliance to process activities takes place	28
5. Good HR practice are applied	33
6. People understand the role and responsibilities	33
7. Leaders manage and act on people management risks	31
8. The organisation meets FCA people management	32

'Somehow, our qualitative experiences of what really is happening had been quantified making our culture visible – showing what we are doing to ourselves!!!'

It is worth pointing out that 40% represents where our behaviour is generally compliant, scores below where risks are emerging and above the degree our appropriate behaviour has been embedded into our management system. The scores are low, not what we would like but reflect the position we are in as we develop as a business. At least we now know and have a far better insight to what is really happening. We are already putting in action plans to address these business and compliance issues.

'the assessment was very accurate, in fact more accurate than our normal audit activity – challenge completed'

Our improvement activity is helped by reports data mining the information. An extract is below:

Results for Department

Our improvement actions are:

- Define the People Management and Competence process within a framework of business processes so inputs, outputs and outcomes of this process can be determined
- Check that the activities defined in the People Management process are being communicated to those involved and that they are being adhered to
- Design a competence framework for all managers and staff and implement, presumably as part of the appraisal system, and identify any training and development needs. Incorporate the creation and use of the framework in the People Management and Competence process.

Where do we go from here?

HPO Risk Solutions have been asked to create a programme that merges human with non-human auditing so that our audits are both backward and forward looking. This will enable us to:

- Measure our culture of any process we have as and when we need to, involving people both inside and outside the business as needed
- Reduce the need for duplicate audit activity and spend our investment in compliance management wisely
- Demonstrate in a very tangible way that we are managing our culture to the regulator and other stakeholders
- Above all make what was previously invisible visible so we can act before it becomes too late.