

## Conducting a Needs Analysis and Developing a Training Plan

### Overview

Many organizations struggle with constructing a solid Compliance training program. Its not a hard chore, but one that requires attention and research. The common perception is that we need to do what the regulators want and focus less on the real risks that are paramount to an organization. Regulators want organizations to mitigate risk and control it in a fashion where there are no concerns. Sometimes regulators will suggest or recommend a topic for inclusion, but if it doesn't make sense from an organizational structure then why include it. There are few regulators that require certain training topics, which obviously need to be included, but beyond that, it's purely about the risk profile of an organization.

The goal of this whitepaper is to illustrate the steps that it takes to create a robust Compliance training program. Each step details how to go about it, what information is necessary and why it's important. The end goal is to educate staff in their responsibilities so that risk can be mitigated through training. Training is only one pillar, but if a pillar isn't sound the entire structure can be impacted.

We will start out by going step by step through a need's analysis and the research that's necessary to gather all the relevant information. Once the need's analysis is complete, we will then walk through the formulation of the training plan. This whitepaper is not about doing a "tick the box exercise," it's about doing right by your organization.

The key component to remember is that a training plan is not set in stone and will change during the course of a year. It's what we call a "living document." Finally, after the training plan is complete, we will walk you through best practices for the approval stage.

Important note: This should only be used as a guide when developing a Compliance training program. Individuals familiar with Compliance training should be involved during the process.

## Needs Analysis

A needs analysis should not be taken lightly. The overall goal is to ensure from a Compliance training standpoint that all organizational risks are covered. During the need's analysis stage, the key is to gather as much data as possible to formulate your training plan. If certain data is missed, the organization, the Chief Compliance Officer (CCO) and you could be on hook if the regulators come in for an examination.

In order to cover all your bases, a solid project plan must be in place. Think of it as being a project manager where you lay out the approach, timelines, milestones and the approval process.

In my experience, there are four steps for conducting a thorough needs analysis:

1. Understand the organizational goals and objectives,
2. Collecting Data,
3. Analyzing data, and
4. Discussions with key stakeholders.

Each step must be followed to ensure that the organization is covered as whole. During my entire career, I have never had one audit issue or regulatory action. This is because I followed a project plan and knew what was expected from an internal and external perspective. Do your diligence now and rest assured, you and the organization will be covered.

As mentioned, you want to make sure everyone the organization is covered through applicable training and/or communications. Most individuals will focus on existing full-time staff, but do not forget about new hires, part-time staff, consultants, and contractors in your need's analysis. This is an important aspect that some will miss but remember that a needs analysis resolves all the risks in an organization.

### Step One: Understand the key organizational goals and objectives

When creating your summary for a need's analysis, you need to understand the organizational goals and objectives as well as expectations from the regulatory side. In the financial industry there are several regulators, but your organization will only have certain number depending on the products and services offered. The applicable regulators and what products or services covered should be included in your summary.

Do your regulators require certain compliance training topics that need to be trained on? This should be included in your summary as well, along with the applicable rules and regulations. In addition, organizational locations should be included as well.

Also, include how you will handle non-FTEs in addition to existing staff. Will new hires, consultants, contractors and part-time staff be trained the same as FTEs or will there be a separate curriculum?

Lastly, the methodology used for your need's analysis needs to be included. For example, if it's a risk-based approach, explain the details. Maybe something like: a risk-based approach was used to identify the key risks within the organization, prioritizing the compliance training program around these risks.

The summary should be detailed, providing an overall view of what and how you are targeting full compliance coverage through training.

The data derived from your need's analysis should be included in your training plan. Meaning, there should be a column included such as source of where the training entries originated (i.e., risk assessment, audit or examination.). This is covered in detail in the training plan section.

The key is to show a linkage throughout the process. If audit or a regulator conducts an examination, you will be able to show a detailed audit trail of each training entry.

### Step Two: Collecting Data

This step is important since you are gathering information to feed into your discussions with members of the organization and ultimately feed into the development of the training plan. Its never a bad thing to have too much information. The more prepared you are, the better equipped you are to discuss all the elements that might or might not be included in your training plan.

There are two steps to collecting data for a need's analysis. First, is internal and second is external. We are going to discuss the internal data first.

#### Internal Sources of Data

##### **Compliance Department**

The first source of data is derived from a discussion with the CCO. The CCO should be able to provide a direction regarding key focus areas. Whether it's from senior management, communications from regulators, insight from the industry or just some general areas of concentration. It's also the appropriate time to get the CCO on board with your approach, expectations and level of due diligence you will be conducting. Remember, the CCO is going to be a key player when it comes time to approve your training plan.

Compliance Officers with and without coverage areas are also a must have discussion. Compliance Officers aligned to specific business are familiar with the personnel, products and services offered. They typically have a good relationship with their business, so it helps to get their insights.

Compliance Officers without a coverage area are sometimes called "support" areas (Such as Central Compliance, Financial Crimes Compliance, Monitoring & Surveillance, Regulatory Affairs..). A meeting with the Compliance Officers at this stage is important, but most likely you will meet with them again after the meetings conclude with the department heads and senior leadership to go over your findings.

When meeting with the Compliance Officers you may want to ask some of the questions below:

- What type of risks have you found over the last year in your coverage area (or throughout the organization)?

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- Have there been any issues with staff not following P&P, errors found in exception reporting or interactions with management that raised some concerns?
- Are there any key focus areas that should be considered?
- Do you think there are any areas that require refresher training?
- Besides the department head, is there anyone else you should meet with?

### **Risk Assessment**

The Risk Assessment is one of the most important pieces of information that you will need to consider. A Compliance risk assessment is the foundation of a strong Compliance program. It determines the levels of risk throughout the organization. It generally involves identifying the current and future risks for an institution's structure and business activities and then evaluating the institution's procedures to control and mitigate these risks. Depending on the framework used for the risk assessment, you want to concentrate on all the medium to high levels of risk, but don't forget about the low levels.

### **Internal Audit**

Audit is an independent body of an organization and responsible for evaluating whether the different departments are following their policies and procedures. On an annual basis, audit typically announces their plans on which areas of the organization to review. This will help you with the prior year's audit and what could come in the current year. Once you are in possession of this information it's important to review all the details to see what necessitates training and/or communications. This information will feed into the discussions with the departments and members of Compliance. When conducting a needs analysis it's essential to review the most recent audit reports for each department.

### **Regulatory Examinations**

Did your organization go through an examination in the prior two years? This information is crucial as a source of data and should be requested from your regulatory affairs area. If your organization was examined it's important to review the findings and see if any action is warranted. A regulator will come back in the future to see if these actions were addressed. For example, if your organization was cited for a lack of controls in the Operations department, was training or communications part of the action? If so, this is something that needs to be added to your overall collection of data and then your training plan.

### **Last Year's Needs Analysis**

Reviewing last year's needs analysis is another must have. It's a great starting point for putting the current years plan together. This is important to analyze what occurred last year and the reason behind it. You are essentially looking for:

- What themes were uncovered last year?
- What occurred during the conversations with Compliance and the departments?
- What information came from regulatory exams, audit findings and risk assessment?

### **Compliance Communications**

Compliance communications can come in a variety of forms. It could be an awareness message, regulatory updates or newsletters. Sometimes this information might not have been included in the previous year's training plan. This is a nice source on the type of information that should be added to your data inventory. Also, check the target audience to see if it was disseminated to the entire organization or only to certain departments.

### **Other sources of data to consider:**

- 1) Technology or Chief Data office: Since there might be some information relating to cyber security, security breaches and privacy. This is something to consider since these have been areas of focus from regulators in the past.
- 2) Human Resources. Most information is sensitive when it comes to personnel, but I typically look at the turnover rate in each department to see if there are possible risks. Also, HR might have a schedule on non-Compliance trainings occurring in the new year that you might want to retrieve to see if there might be potential overlaps with timing. Its important to have a staggered training schedule throughout the year.
- 3) Legal: See if there are any recent legal actions against the organization or any department. There might be some relevancy here, but it's something to check out.
- 4) Operations. There might be some good information about issues uncovered in reporting, processes not being followed, or issues identified such as red flags that were escalated to management.

### **External Sources of Data**

#### **Regulators**

Each financial organization answers to different regulators. Regulators typically provide an annual summary of what they are targeting for examinations in the year. This information can drive a little more focus towards certain training topics.

Some regulators have annual training requirements for staff, especially if they are licensed through a regulator. Check all the requirements from each regulator and include this information in your need's analysis. This should be part of your basis for the training plan.

### Industry trends and changes

In the financial industry, things change all the time. This includes new products that are offered, how business is conducted and so on. Some research should be conducted with the help of a subject matter expert to determine if anything needs to be addressed for your organization.

### Step three: Analyzing the Data

When analyzing the data, you need to be organized and structured on how the material is compiled. Ideally, a solid approach would be to place the data into a program such as Excel or another project management tool. This way the data can be easily searched, filtered, or sorted.

Placing the data into a specific format is also important. This will allow you to review the data to see the consistencies, trends, and themes. Once your format is set, it's now time to start inputting the data. For each entry, you'll want to be as descriptive as possible. I've included an example below to illustrate.

Source	Department	Topic	Description	Pre-Meeting Comments	Post Meeting Comments
Risk Assessment	Equities (Trading)	Regulatory Reporting	Trades are not being reporting in a timely matter to the regulators. High risk.	Discuss with Trading and Compliance coverage area to determine if training and/or communications are necessary.	TBD
Audit Report	Operations (Loans)	Policies & Procedures	Deficiency in controls due to P&P not being updated with current protocols.	Find out if the P&P will be updated shortly and whether training will be required.	TBD

The format can assist in identifying:

- 1) Overlapping topics between departments
- 2) Potential topics for annual training
- 3) Additional follow-up questions
- 4) Issues that should be brought to the attention of covering Compliance Officers

5) An appropriate budget

There might be some additional follow-up questions that need to be addressed after analyzing the data. This is an opportunity to schedule a few catch-up meetings to determine if there is a basis for your data collection. Most of the catchups will be with audit, the risk assessment team, regulatory affairs and legal. Getting as much clarity as possible is important so if it comes up during your meeting you will be prepared. Also, you don't want to lose your credibility by not being prepared or understanding the data collected.

**Step Four: Discussions with key stakeholders**

A key component of this step is to make sure all your discussions are documented. It's not only important in this step, but any step in the process. Think of it like an audit trail that you can always look back at for reference and, if you are examined (or audited), you want to have this information easily accessible. This information should be included in your appendix of the need's analysis.

At a minimum your documentation should include:

- Who attended. Name, title, department, and role.
- Date, time and place of meeting.
- Discussion points.
- Action items and next steps, if any.

After your annual discussions are held, there should be periodic checkpoints during the course of the year to see if there are any changes to a particular business occurred that necessitates training or, if a regulator issues amended or new rules and regulations. Remember, a training plan is a "living document" and will change throughout the year.

Now that you have all your data together, it's now time to schedule meetings with your key stakeholders. Since you will be displaying your findings to one or more stakeholders, find a meeting space that has enough room for everyone and has some type of technology to display your findings. Also, you may want to print out copies for each participant in case anyone wants to take notes.

When the meeting occurs, bring all the relevant information with you. Anything you need in addition to handouts, including: non-compliance training initiatives for scheduling and overtraining purposes, departmental findings and last year's training plan information. Be over prepared!

**Chief Compliance Officer (CCO)**

At this point, you can meet with the CCO, but it's not 100% necessary. Typically, you may want to until all your meetings are complete, including departmental and meetings with the compliance officers. The CCOs role really comes in the next part of the process when the training plan is complete.

**Compliance Staff**

Before you meet with the business, you should first meet with members of Compliance. If you are going step by step in the process, this would be your second meeting with them. These meetings should include business aligned Compliance Officers and anyone in a "support" role. You will need to review each relevant

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data point to see if training and/or communications will be necessary. If some of the entries you uncover are not relevant for training purposes, at least you will have a further understanding of the issues in case something changes in the future.

#### Department Heads or Senior Leadership

After meeting with members of Compliance to determine which topics are relevant, the next step is to meet with department heads or senior leadership. If you are meeting with a department, you may want to consider bringing along the covering Compliance Officer. This serves not only to help with discussing the training topics, but also for relationship purposes. The covering Compliance Officer is the direct point of contact for the department, and you do not want to go over their heads.

These meetings are important and not just from a content perspective. This is where you get buy-in to pursue the goals and objectives of the training plan for changes that may shift the compliance culture of the organization. When presenting the materials, always remember that they are not as educated as you on Compliance. They are experts in their business lines, but always know the risks that apparent in their line of work. Keep it simple and let them understand your rationale. Also, be prepared to discuss other non-Compliance trainings that are happening within the firm. You will be asked.

## Creating the Training Plan

Now you are ready to start compiling the training plan. For the sake of ease, an Excel template has been included to help you with a foundation for the details to include. This list is very comprehensive, so only use what is needed to help with tracking and reporting purposes. There are numerous fields included, but your organization might require additional information.

#### New Hires

Most will focus on existing full-time staff, but do not forget about new hires. If your firm has a high employee turnover or you want to shift the compliance culture, it's important to train new hires appropriately.

New hires come into the organization with possible little to no understanding about the firm, regulators, and the policies and procedures followed. You may want to consider a curriculum such as:

- 1) A broad Compliance presentation for all new hires;
- 2) Enrolling staff in suite of online trainings to provide foundational knowledge; and
- 3) Meeting with the Compliance Officers responsible for that coverage area for them to understand the pertinent policies and procedures.

#### Consultants and Contractors

Consultants and contractors are hired to work on a specific project or temporarily assume a role in your organization. The question is, how much risk do they pose? Think of the roles of contractors and consultants throughout your organization to determine how much risk they pose. Most, not all, operate as



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normal full-time staff. You may want to consider having them, at a minimum, take the new hire online training modules for those who are on premises for more than 90 days. For other trainings, you need to determine how much training they require based on their roles and responsibilities. Part-time staff still pose a risk even though they are working less than 40 hours per week. Consider an appropriate curriculum for them as well.

When developing the training plan, there are certain questions you need to ask yourself, such as:

- Do we have the necessary resources internally to deliver all the components of the training plan? If not, can you leverage external firms to deliver a portion of the training? The only negative is that if you use an outside firm, there is a credibility aspect. Also, what happens when questions arise post training and the external firms are the only ones who can answer the questions? Online training can be a solid substitute in this case if done correctly.
- Is the schedule staggered appropriately throughout the year? Make sure it doesn't coincide with important times of the year such as organizational initiatives, busy times for certain departments and non-compliance trainings? Check with other departments and especially HR to see the plan for non-Compliance trainings.
- Do the Compliance Officers delivering the training have the necessary skillset to deliver effective and impactful presentations?
  1. If not, consider training the Compliance Officers on developing those capabilities. These areas may include presentation skills, understanding the target audience, adult learning methodologies, how to build effective PP presentations and case studies. The goal is to equip the presenters with the necessary skillset to deliver affective presentations. You want the information to be retained, relevant to staff's day to day and responsibilities and also, meaningful.

#### Method of Delivery

When determining the method of delivery, you need to consider certain factors. These factors will aid you in deciding which method to utilize. Don't consider a method or allow the sponsor to dictate the method before doing a need's analysis on the training initiative and determining the right fit. Please have an open mind. These are some factors to consider when determining the appropriate delivery method:

- Geographic location of staff. If staff are spread through numerous locations and resources are limited, you may want to consider online training or even a campaign of awareness messages.
- Resources. If resources are limited, you may want to strongly consider online training. Ideally throughout your training plan, you want balance between classroom delivery and online training.
- New rules & regulations or policies and procedures. Strongly consider doing classroom-based training if there is new information to convey. Staff need a forum to ask relevant questions and, hear from others who deal with similar aspects. If it's a refresher, consider an awareness message or online training. This information can be included in the online annual training.
- Foundational information. This information is typically best served via online training unless a department specifically asks for a delivery in a classroom setting. Remember, always be conscious of resources.

### Building Effective Training

Building effective training doesn't have to be difficult, but in order to achieve the main goal of mitigating risk and employee retention, you want the materials to be impactful and meaningful.

- Retention. The best way to grasp this concept is to look at the [Learning pyramid](#). This shows how people best retain information. Utilize an approach that works best for your target audience.
- Creativity. With every training, regardless of if its classroom or online, you want to be creative with the subject. Try incorporating pertinent case studies or regulatory actions that best suit the audience.
- Interactivity. Engaging your audience is important. It not only helps with retention, but it allows them to be part of the training delivery. Exercises that incorporate real life examples and get employee involvement are also key.

### Effectiveness Measurements

Measuring the effectiveness of the training delivered is essential when evaluating a training initiative after it concludes. You need to determine which trainings to evaluate, not all have to be considered. Some like to use a model such as Kirkpatrick, but in every model, there are similar ways to determine the effectiveness. They are:

- Assessments. This is easiest way to determine if someone understands the information conveyed. They can be used in a classroom setting, but always in online trainings since its self-study. The assessments or quizzes should not be complex especially if the training occurred over multiple hours. Don't determine a set number of questions, look at the material to see how many questions are warranted.
- Feedback Forms. They are tough to gauge since Compliance trainings are mandatory and staff must attend, but they can provide information on whether the instructor was effective, and the materials were easy to follow.
- Behavior. This is the best way to determine if the knowledge gained during training is being implemented in the attending staff's day to day responsibility. There are a few ways this can be determined.
  1. Reporting. Are staff making fewer errors prior to the training?
  2. Management feedback. Do the managers feel that the information is being applied?
  3. Stakeholders. Check to see if the stakeholders see a difference in the work quality.

### Creating Efficiency

After your training plan is complete and prior to approval, you will need to look at themes, trends, costs, resources and schedule. Here are a couple of things to keep in mind to make sure efforts more efficient:

- Budget. Always ask for more funds than needed. During the year, the training plan will change, and you might be asked to add more initiatives due to regulatory changes, updated policies and procedures, new products and services offered, new systems and management mandates.

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- Review all the training entries to determine if there are any overlap of topics between departments. It's always a great idea to train more than one department at a time if there is work flow that impacts both areas. It's also great for relationships between departments.
- Saving time. The goal is also to save time since you are taking staff members away from their desk. So, if you can produce one training that covers multiple topics and they are related, your audience will appreciate it.
  1. For example, if you have two regulations to discuss and they are somewhat intertwined, its better to have an hour and half spent, than two hours.
- Overtraining. Determine which topics as a percentage of the training plan are included. The goal is to see if there were any concentrations that may lead to overtraining.

### Approvals

At this point, the training plan is complete and incorporates all the information gathered during the need's analysis. The next and final stage is getting approvals.

You'll need to determine who needs to approve the training plan in order to get started on delivering.

Typically, in an organization it can be as simple as the CCO. Once you determine the approval process the next part is putting a presentation that shows a high-level overview of the needs analysis findings and the topics in the training plan.

Since the training plan is typically large in scope, senior level officials will not review each entry, except for maybe the CCO. When presenting the plan for approval to a board, steering committee, or any governing body of the organization, you want to make sure you have a well thought out and high- level presentation. The presentation should include: this year's themes and objectives, changes from last year, matters that require inclusion and rationale, timeline, and large initiatives such as annual firm-wide trainings.

As mentioned, it's extremely important to keep all your documentation together. If you are ever asked to produce information for a regulator or internal audit or if someone in the organization doesn't recall a conversation, it's important to have all your documentation ready.