

B

G

HIRING YOUR FIRST CHIEF
COMPLIANCE OFFICER:

NAVIGATING UNKNOWNNS



Virtual currencies like Bitcoin are quickly gaining ground, but they won't be widely adopted unless consumers trust that their information is secure. That's why Bitcoin exchange, itBit, wisely hired its first Chief Compliance Officer last May.

“itBit was created with compliance, security and customer experience at its core,” Chief Compliance Officer Erik Wilgenhof Plante said in a news release.

“With this long-term vision, we believe we will be able to build the trust needed to be successful with both institutional and retail investors.”



Many fast-growing companies are finding themselves at this same crucial point, and realizing they need to make compliance a priority in order to continue their trajectory.

They're asking questions that perhaps sound familiar to you.

- How do we know when it's time to hire a Chief Compliance Officer?
- How do we find someone with the right qualifications?
- How can we interview for integrity?

To help you navigate this unknown territory, we're sharing what we've learned over years of compliance recruiting. You'll also hear from compliance expert Dr. Andrea Bonime-Blanc, CEO of **GEC Risk Advisory** and author of "**The Reputation Risk Handbook**" who shares her personal experiences and the knowledge she's gained as a governance, risk and compliance strategist for a variety of companies.

Bonime-Blanc was founding Chief Ethics and Compliance Officer for Bertelsmann, where she established and launched the global ethics and compliance program for 100,000 employees in 600 businesses in 60 countries. She served as SVP of Global Corporate Responsibility and Risk Management for Verint Systems Inc., a data technology company, and also as General Counsel and head of compliance for the global division of PSEG, a leading U.S. energy and utility company.

Recognize the Need

Sometimes it's obvious when it's time to hire a Chief Compliance Officer: your company recently paid a hefty fine for regulatory violations or corruption; you're planning an expansion; or, perhaps you're preparing to go public.

The decision is not always so clear-cut, however. Perhaps you've recognized the need to be more proactive about managing risks, but you haven't quite determined what that looks like.

Long before you post a job listing, Bonime-Blanc recommends **having a candid discussion with the executive team about your risk profile and risk tolerance.**

“What are the primary strategic risks (your company) is facing? What are the primary overall risks? If you’re highly regulated, for example, you’ll have a lot of regulatory risks. If you’re doing business in high corruption countries, you’ll have corruption risks. If you make use of a lot of cyber and cloud and computer based technology, you’ll have those kinds of risk. Depending on what business you’re in and how well you’re prepared to handle your risks, you’ll also have potential related reputation risk. It all starts with a good sense of what your risk profile is.”

-Andrea Bonime-Blanc



Ask yourself:

- **Who is managing those risks now?** — The General Counsel? The CEO?
- **Do we have the staff and resources** —to sufficiently mitigate our most significant risks?
- **What specific skill sets** —could we benefit from most?
- **What is our tolerance for risk?** —To what extent could our company handle sanctions, fines and reputational damage?

Careful consideration of these questions can help your company chart its course going forward.

If you don't have a good understanding of these risks, consider consulting a firm that specializes in risk assessment or auditing.

Define the Role

Once you've decided what you want, it's tempting to jump right into a job description. However, it's equally important to determine how the new Chief Compliance Officer will fit into your company, and what the reporting structure will be. Many CCOs report to the General Counsel, but some report directly to the CEO or CFO.

Consider your company's existing leadership team and its culture as you determine what reporting structure is most appropriate.

"If the CEO is transparent, open and proactively creating an environment of positive energy in the organization that is also compliant with the law, the company will have a different take on who should be the CCO than a company where the CEO may not be that interested in anything but bare-bones compliance because it is a requirement," Bonime-Blanc said. "It's very important for the CEO to look at the risks and look at the culture, then see how compliance and ethics can assist the strategy of the business."

Wherever you decide to place your new Chief Compliance Officer, be sure he or she will be in a position with enough authority and leadership support.

“Think about where the function aligns best to the business goals and where the person’s going to get a lot of support and visibility, yet have the position at the right place in the organization to have some built-in seniority to effect the change.” -Andrea Bonime-Blanc

You also need to make sure your executive team is aligned as you establish the job description. Unless the team agrees on what the reporting structure will be and what specific skills are needed, they’ll never agree on who is the best fit for the position.

Set the Budget

Compliance professionals are in high demand, and pay has grown increasingly competitive. Benchmarking surveys can give you an indication of what to expect, but compensation varies greatly depending on company size, industry, and other factors.

It's important to do your homework and set expectations. A recruiting firm that specializes in compliance hiring can offer advice on what's realistic yet competitive.

Don't forget to factor in other costs your Chief Compliance Officer will need to oversee, such as the costs of administering programs or using risk assessment software to vet third-party vendors.

Recruit With Specific Expertise

Your industry and its most significant risks will determine the specific expertise you need, whether it's experience in cybersecurity, knowledge of financial regulations, or expertise in anti-corruption.

Leadership skills and business acumen are also essential, but can be more difficult to spot on a resume. BarkerGilmore Managing Director, Destree Rickard, who has placed numerous compliance officers over the years, said a common frustration companies have is that compliance can mean very different things depending on the company and the position. It closely overlaps with legal, ethics, and auditing functions.



Companies who've never hired for compliance before have no reference point to measure up which candidates will have the experience the company needs. Without the knowledge of what to look for, companies can make poor hiring decisions, or not make a hire at all.

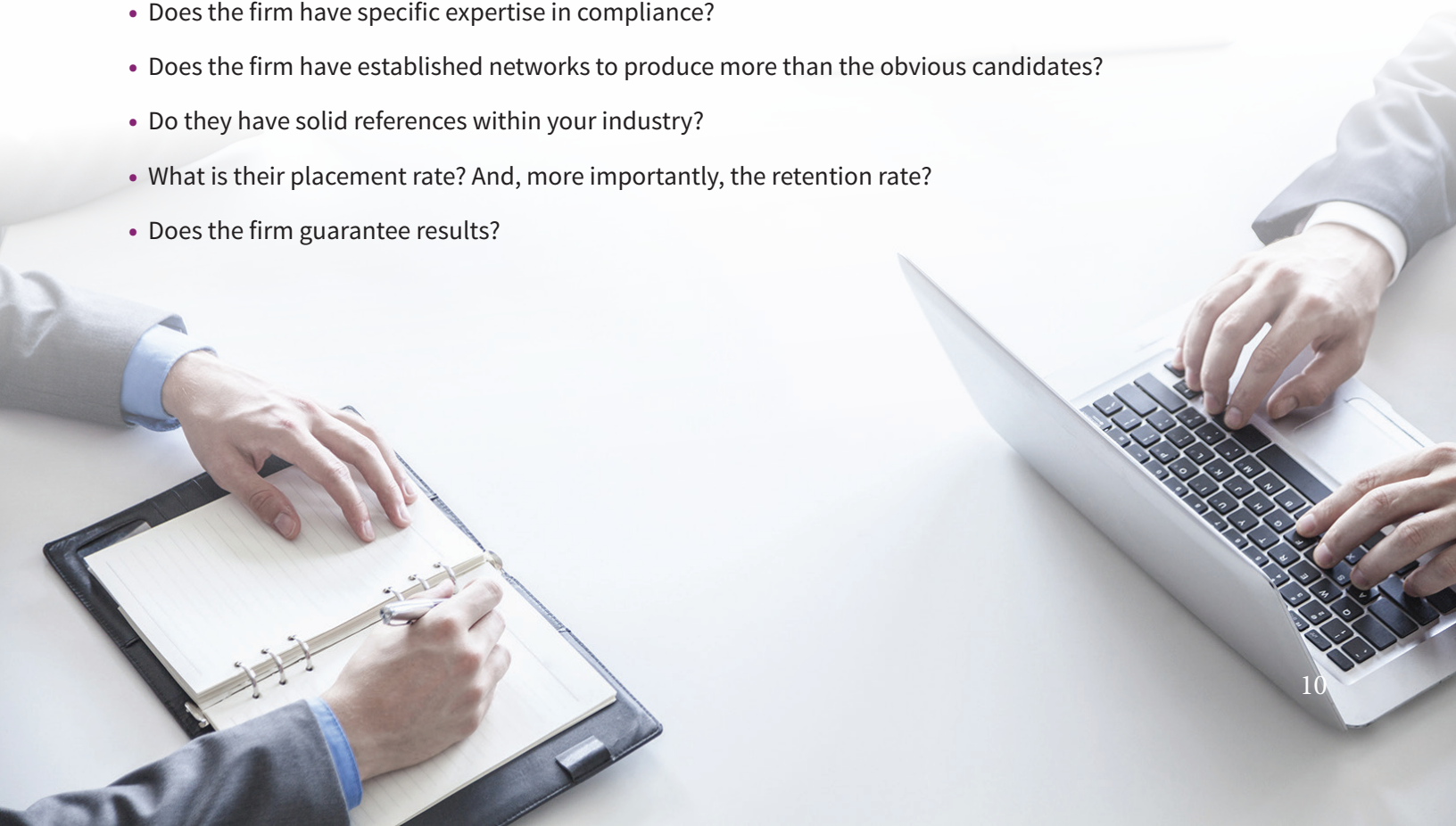
Many compliance resumes look so similar, it's hard to find a single candidate who stands out.

Two candidates may both say they implemented a FCPA compliance program, created a hotline, and trained employees on the code of conduct, but their company sizes and roles within their current employer make all the difference. One may command a \$100,000 salary; the other, a \$600,000 salary. **A recruiting firm can dedicate the time and energy to research potential candidates and recognize the distinguishing factors so executives and hiring managers don't waste time.**

5 Questions to Ask Before Hiring a Recruiting Firm

There are a number of firms eager to take on your chief compliance officer search; the problem is, many are too eager to get a placement so they can close the search, even if it's not the right fit.

- Does the firm have specific expertise in compliance?
- Does the firm have established networks to produce more than the obvious candidates?
- Do they have solid references within your industry?
- What is their placement rate? And, more importantly, the retention rate?
- Does the firm guarantee results?



five

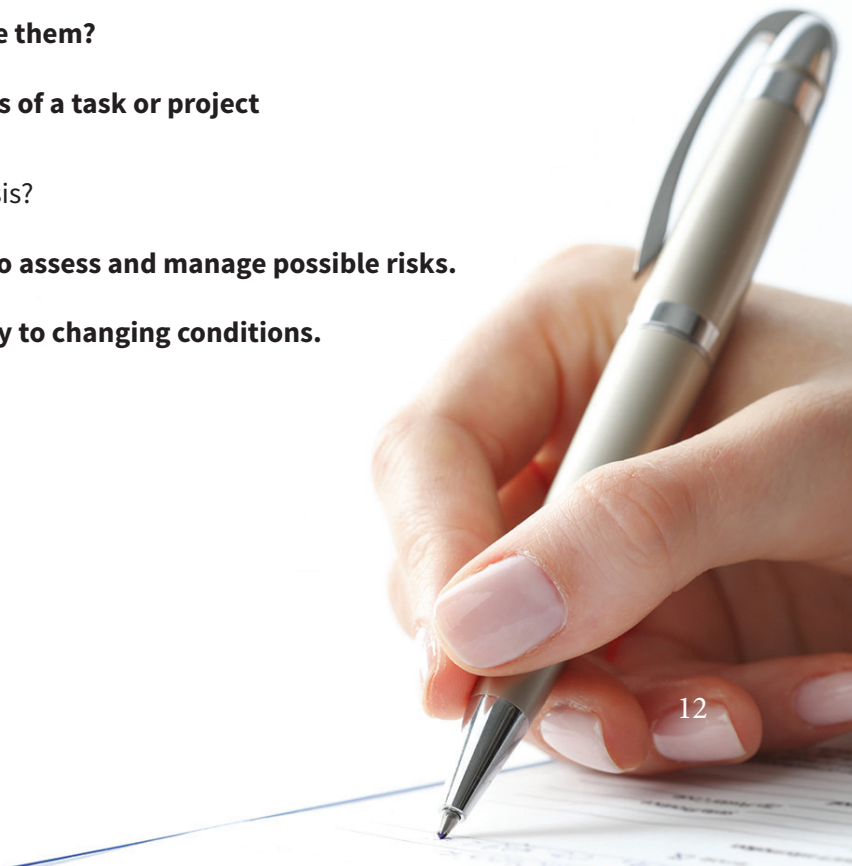
Assess Candidates

Asking the right questions is essential to hiring the best candidate, but many hiring managers or CEOs don't know where to start since this isn't a typical hire.

Aim to ask a variety of questions to assess for competency, behavioral traits and cultural fit.

Here are 10 questions to ask every Chief Compliance Officer candidate:

- **Describe the last compliance program you successfully directed.**
Include key initiatives, challenges, what made it successful and whom it impacted.
- **Tell me about a specific plan you developed or implemented.**
Explain how you convinced staff at all levels to adopt it and how you ensured its effectiveness.
- **Describe a method you have used to ensure monitoring and testing procedures meet the goals of a regulatory program.**
- **Share an experience in which you accurately predicted the regulatory impact of an industry change.**
What methods helped you stay informed of these changes?
- **Tell me about a situation in which the pressure to compromise your Integrity was the strongest you have ever felt.**
- **Describe a time when you had a complex problem to solve.**
What options did you generate? How did you choose the best one?
- **What obstacles have you faced in your current or most recent job, and how did you overcome them?**
- **Give me an example of a time when the details of a task or project were particularly important.**
How do you ensure accuracy on a consistent basis?
- **Describe an effective method you have used to assess and manage possible risks.**
- **Tell me about a time when you reacted quickly to changing conditions.**



Check References

Checking references is Recruiting 101, but it's surprising how often this step is neglected, particularly when hiring high-level executives.

It may be taken for granted that a professional at such a high level would have a spotless background check, or the drive or pressure to fill the role may cause this step to be overlooked. In addition to the standard criminal and employment background check, follow up with references.

Close the Deal

Compliance officers are in high demand, so expect counter offers and be prepared to address them. Consider the other incentives you plan to offer, such as paying moving expenses and annual bonuses.

With so many details to consider when hiring your first Chief Compliance Officer, it helps to rely on the expertise of someone who does it every day.

BarkerGilmore is a top recruiting firm that specializes in hiring Chief Compliance Officers. We use a unique CustomFitSM process designed to attract candidates even before they're on the market for a new position.

Working with a compliance recruiting firm can help you hire your first Chief Compliance Officer to effectively review and evaluate your companies internal regulations.

BarkerGilmore is a top recruiting firm with expertise in hiring legal counsel and compliance officers. To learn more about how we can help you place your first Chief Compliance Officer, [**Contact Us Today.**](#)

B

G

Exceptional Talent. Guaranteed.

www.barkergilmore.com