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Gartner for Legal & Compliance Leaders

12 Steps to Take as a New Chief Compliance and Ethics Officer

Essential Steps for New-to-Role Chief Compliance and Ethics Officers

New CCEOs must outline a transition plan to have a successful first year in their new role.

New-to-role leaders have no time to waste once they assume a new position at an organization. As the role and mandate for a chief compliance and ethics officer (CCEO) becomes more complex with changing risks, regulations and landscapes, they must be able to quickly prioritize and execute on key program initiatives to ensure a smooth entry or transition.

But new-to-role leaders often navigate their transitions alone, onboarding themselves while trying to quickly establish a new vision for their program and execute against ongoing, high-impact program activities. These new leaders struggle if they don't have the resources and information they need to assess the current state of the program they are entering and determine next steps for improvement.

As new CCEOs transition into their role, it is important to prioritize all the steps involved in their transition so they can complete them in an effective and timely manner and quickly reach their leadership potential. Use the 12-step process (Figure 1) to help guide your actions through the first year of your new role.

Figure 1: One-Year Plan for a New-to-Role Chief Compliance and Ethics Officer

Day 1 ⟶ First Year

Understanding Program Expectations	Assessing the Current State of the Program	Ensuring the Success of Core Program Elements	Preparing for Long-Term Success
Step 1 Understand the compliance and ethics mandate	**Step 4** Assess program structure and clarify reporting relationships	**Step 7** Identify and mitigate risk to the organization	**Step 11** Reinforce key partnerships and support stakeholders
Step 2 Identify the applicable regulations and industry requirements	**Step 5** Review program staffing and responsibilities	**Step 8** Deliver training and communications	**Step 12** Reassess program effectiveness and report results
Step 3 Set strategic goals	**Step 6** Evaluate program effectiveness	**Step 9** Review corporate standards	
		Step 10 Review the reporting and investigations process	

1. Understand the Compliance and Ethics Mandate

Understand the mandate of the program, and review the existing compliance and ethics responsibilities.

What first steps do I take?

☐ Read the compliance and ethics program charter, as well as any other guiding documentation, to understand the purpose and responsibilities of the program at your organization.

☐ Clarify performance goals and role of the compliance and ethics program based on business needs and existing operating procedures by scheduling meetings with key functional and business partners throughout the organization (e.g., heads of assurance functions, senior business leaders).

☐ Shadow relevant business and functional staff (e.g., lawyers, HR personnel) as they perform compliance and ethics activities (e.g., investigations, risk assessments) to understand what activities exist and how they are implemented across the business.

Understand the critical goals, objectives, roles and responsibilities of the program with Gartner's Quick Answer on Key Components of a Compliance and Ethics Program Charter.

2. Identify Applicable Regulations and Industry Requirements

Review the Federal Sentencing Guidelines and relevant industry regulations to understand what basic elements of the program are necessary to comply with government expectations.

What first steps do I take?

☐ Read key regulatory guidance (e.g., the United States' Federal Sentencing Guidelines, Sarbanes-Oxley Act, and Dodd-Frank, the United Kingdom's Modern Slavery Act, the European Union's General Data Protection Act) to understand the most general regulatory guidelines to follow at your organization.

☐ Follow the regulatory environment to stay ahead of changing industry-specific regulations in the countries in which you do business, and read industry-specific news to identify key industry forces that will affect the organization's business.

☐ Read trade publications and compliance and ethics news articles to increase your familiarity with key compliance standards and leading thinking in business ethics to apply to your program. In addition, learn about recent compliance and ethics failures to proactively avoid similar situations at your organization.

Develop a more iterative compliance and risk management program using Gartner's Board Briefing: Analysis of the U.S. Department of Justice's 2019 Guidance.

3. Set Strategic Goals

Develop an effective program strategy by setting program initiatives and defining a vision for the program.

What first steps do I take?

☐ Review the existing program strategy and responsibilities by meeting with senior program staff to ask what activities they manage and what the most recent program initiatives have been.

☐ After reviewing the program mandate and applicable regulations, articulate a value proposition and brand for compliance and ethics that outlines the benefit of compliance and ethics for individuals and the organization as a whole.

☐ Review required compliance and ethics program activities, view results of any old program assessments, and survey compliance and ethics staff and functional and business stakeholders to find gaps in program capabilities that must be addressed.

Utilize Gartner's Compliance Strategy on a Page template to effectively and succinctly communicate your strategy to your team.

4. Assess Program Structure and Clarify Reporting Relationships

Look at organizational structure to clarify and strengthen reporting relationships.

What first steps do I take?

☐ View peer benchmarks and functional trends for compliance and ethics program structures and reporting relationships, and discuss with your supervisor how they align to your program's structure and roles.

☐ Set a meeting with your supervisor to understand their expectations for your role within the compliance and ethics program.

☐ Meet with the board and senior management to understand reporting preferences and what information they want to hear about the program.

Review Gartner's State of the Compliance and Ethics Function report to benchmark your program's structure against peer programs.

5. Review Program Staffing and Responsibilities

Outline staff roles and assign responsibilities based on program needs.

What first steps do I take?

☐ Review typical roles and responsibilities of compliance and ethics program staff, and document compliance- and ethics-focused roles that already exist at the organization (e.g., liaisons, subject matter experts).

☐ Outline the necessary roles and responsibilities for compliance, and adjust staff roles and responsibilities to ensure they meet program needs.

☐ Ensure compliance and ethics employees are staffed according to the correct one or more organizing principles (e.g., activity, geography, risk) based on program size and needs.

☐ Work with HR to source talent where gaps exist within staff roles and competencies.

Review Gartner's State of the Compliance and Ethics Function report to benchmark your program's staffing against peer programs.

6. Evaluate Program Effectiveness

Review program maturity and the success of program activities to understand what program elements need the most attention.

What first steps do I take?

☐ Measure program effectiveness by looking at any metrics the program has tracked that are tied to key compliance and ethics outcomes (e.g., allegation substantiation rates, training completion rates).

☐ Reach out to internal audit and ask for information about how well the compliance and ethics program is achieving their objectives, as well as any recent investigations information.

☐ Deploy quick business-unit self-assessments to ask about the effectiveness of compliance and ethics program activities.

☐ If the program has conducted a recent maturity assessment, review the results to understand where the program is strong and where it needs improvement.

☐ Based on the maturity and success of program activities, adjust the program's attention on those requiring the most support.
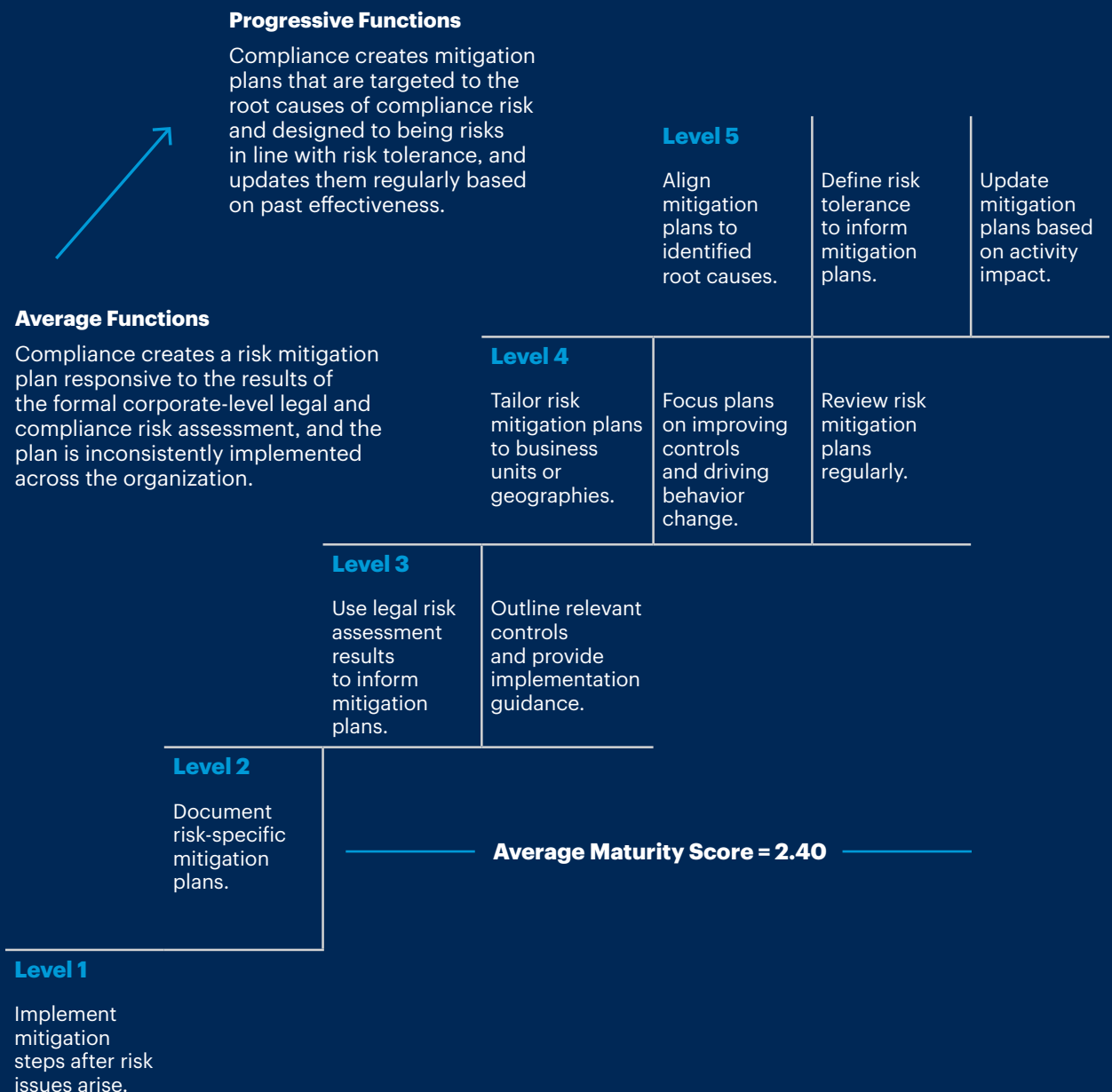
Use Gartner's Legal & Compliance Score for Compliance to assess your program's maturity across 30 discrete activities (Figure 2).

Figure 2. Gartner Legal & Compliance Score for Compliance

Assess your function's maturity across 7 objectives and 30 key program activities using objective, peer-based standards. The focus on activity-level maturity and prioritization provides a clear path to maturity and suggests practical tools, resources and next steps to take to increase the effect of compliance and ethics activities.

Build Risk-Specific Mitigation Plans
Path to Maturity Example

Progressive Functions

Compliance creates mitigation plans that are targeted to the root causes of compliance risk and designed to being risks in line with risk tolerance, and updates them regularly based on past effectiveness.

Level 5

| Align mitigation plans to identified root causes. | Define risk tolerance to inform mitigation plans. | Update mitigation plans based on activity impact. |

Average Functions

Compliance creates a risk mitigation plan responsive to the results of the formal corporate-level legal and compliance risk assessment, and the plan is inconsistently implemented across the organization.

Level 4

| Tailor risk mitigation plans to business units or geographies. | Focus plans on improving controls and driving behavior change. | Review risk mitigation plans regularly. |

Level 3

| Use legal risk assessment results to inform mitigation plans. | Outline relevant controls and provide implementation guidance. |

Level 2

Document risk-specific mitigation plans.

Average Maturity Score = 2.40

Level 1

Implement mitigation steps after risk issues arise.

7. Identify and Mitigate Risk to the Organization

Look at recent risk assessment results to see what compliance and ethics risks are most significant to the organization, and create a risk-mitigation action plan.

What first steps do I take?

☐ Understand the most common compliance and ethics risks organizations face.

☐ Review recent compliance and ethics risk assessment results to understand top risks the organization and specific business units face. If no recent risk assessment has been performed, consider conducting your own abridged assessment to gather a quick understanding of the organization's risk profile.

☐ Work with business units to create specific compliance and ethics risk-mitigation plans that outline objectives, owners, milestones and success metrics for eliminating red flags and reducing risks.

Create a holistic view of your organization's legal and compliance risks and prioritize top risks to help with short- and long-term mitigation using Gartner's Ignition Guide to Conducting a Legal and Compliance Risk Assessment.

8. Deliver Training and Communications

Review the training and communications curriculum to ensure it coaches and reminds employees about their most pressing risks.

What first steps do I take?

☐ Review the existing training curriculum and ensure training topics are based on the organization's needs, including its risk exposure and regulatory compliance expectations.

☐ Work with applicable functional partners (e.g., communications, L&D) to deploy annual training to relevant employee populations.

☐ Develop and deploy relevant compliance and ethics communications that reinforce key messages at the right time and through the right channels (e.g., posters, newsletters, emails).

Define communication objectives, determine target audience and channels, and select metrics to track effectiveness with Gartner's Ignition Guide to Building a Compliance Communication Plan.

9. Review Corporate Standards

Locate, review and edit the code of conduct and other existing policies, ensuring they are housed in a central inventory and shared with employees.

What first steps do I take?

☐ Review the code of conduct and ensure it provides employees with a clear understanding of the connection between organization values, ethical standards, and their own roles and responsibilities.

☐ If the code of conduct hasn't been updated in the past two years, update and publish a new version with the most recent organization and risk information.

☐ Review the existing policy canon, and determine which standalone policies need to be updated.

☐ Ensure there is one clear and consistent policy for each top compliance and ethics risk.

☐ Ensure policies are stored in a centrally accessible location and have the right level of ownership and oversight.

Follow step-by-step guidance to updating your code with Gartner's Code of Conduct Revision Toolkit.
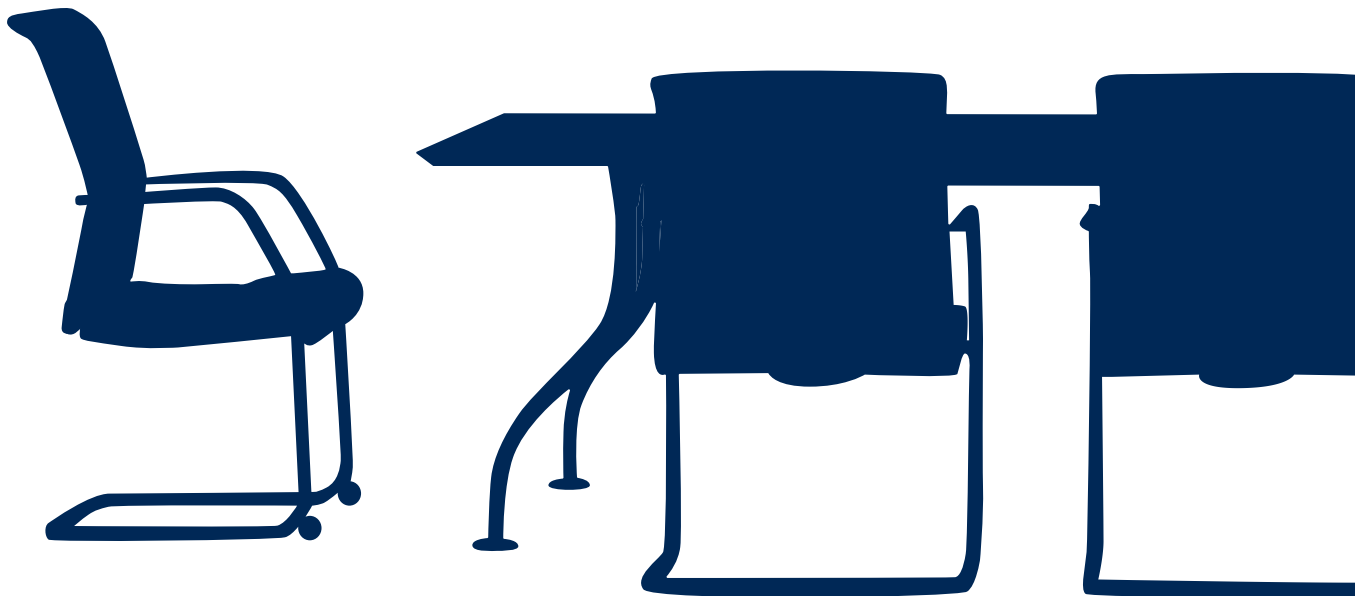
10. Review the Reporting and Investigations Process

Examine reporting and investigations procedures to ensure the program has clear reporting avenues and effective investigation procedures.

What first steps do I take?

☐ Compare allegation rates at your company to your peers' to understand and locate potential reporting issues.

☐ Run a small survey to a sample audience to find out if employees feel comfortable reporting and if managers know how to handle employee allegations.

☐ Ensure there are proper reporting protocols, and enlist managers to foster a culture where employees feel comfortable speaking up. Managers should talk with employees about reporting channels and the nonretaliation policy.

☐ Review guidelines for triaging and escalating reports of misconduct to the appropriate audience, and ensure they facilitate consistency throughout the process.

☐ Confirm there is an available and visible helpline that allows anonymous misconduct reporting and ensure it is being used and promoted.

Read Gartner's Internal Investigations Manual for a comprehensive guide to creating standard investigation protocols and conducting an effective investigation.

11. Reinforce Key Partnerships and Support Stakeholders

Work with business leaders to increase the effectiveness of compliance and ethics initiatives by ensuring they account for business realities.

What first steps do I take?

☐ Schedule cross-functional collaboration sessions with legal, HR, audit and other relevant functions.

☐ Conduct focus groups with frontline staff and managers to understand the business's view of compliance.

☐ Meet informally with business partners to understand their top priorities and expectations for compliance and ethics activities and working with the compliance and ethics program.

☐ Incorporate business needs into program activities to ensure activities account for the realities of business workflows.

Align compliance and ethics program performance to stakeholder priorities using Gartner's Business Alignment Tool.

12. Reassess Program Effectiveness and Report Results

Inform the board and senior stakeholders on risk exposure and program progress to gather senior leader buy-in and ensure support for the program.

What first steps do I take?

☐ Understand compliance and ethics oversight responsibilities of the board by reviewing old board reports and talking with the general counsel and other proximate stakeholders.

☐ Reevaluate program performance along key metrics (e.g., allegation substantiation rates, training completion rates) to assess trends in program performance.

☐ Provide periodic updates on key program risks and trends to business leaders and the board.

Create a compelling presentation with Gartner's Board Report Presentation Builder.

Conclusion

New CCEOs succeed in their first year by understanding functional and business expectations and prioritizing their actions.

New-to-role CCEOs have a lot of work to do in the first year to ensure a successful transition into the organization. But with the right moves, they can target and streamline efforts to have the most impact on the program and organization.

Within their first year, new-to-role CCEOs must:

- Understand program expectations
- Assess the current state of the program
- Ensure the success of core program elements
- Prepare for long-term success

Follow these 12 steps to ensure your transition to CCEO is efficient and successful.

About This Research

To create this white paper, we consolidated existing research and led a series of interviews to learn about current approaches, challenges and best practices to transitioning into the role of CCEO.

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