

TOPICS COVERED // *Trends & Workforce*

THE C-SUITE STAR OF 2025

The Surprising Truth about the Chief Compliance Officer of the Future

Written by Sally Bernstein and Andrea Falcione

“When I get my MBA, I want to build a career as a Chief Compliance Officer (CCO).” Just imagine if that was one of the top ambitions of the best students at the world’s foremost MBA programs and business schools—not the CEO, not the VP of Marketing, not the Finance Director or the IT Leader, but the CCO.

The one who enables sustainable growth. The one who champions organizational ethics for the betterment not only of the company, but also of society. The one who steers the business clear of future problems. The one who helps business managers take the right risks.

As PwC’s State of Compliance 2014 Survey (www.pwc.com/us/stateofcompliance) suggests, that could be the bright future of the Chief Compliance Officer a decade from now. And in some highly regulated sectors, such as pharmaceuticals and life sciences, that future is already materializing.

In the year 2025, business ethics will be front and center, fueled by public intolerance of past corporate scandals. Investors, customers, NGOs, and employees alike, enabled by technological advances such as big data analytics and social media, will be able to monitor and judge corporate conscience—and will have greater power to effect the rise or fall of corporate reputation.

Business growth will require taking greater, but smarter, risks as the pace of change accelerates, and knowing that what lies ahead gets trickier. But growth at all costs will not be accepted. It will require accountability and responsibility, respect and consideration, of all stakeholders. This will be a time when businesses are under pressure to use scarce natural resources sparingly and are heavily penalized by governments for acts of environmental or social damage. It will be a more complex and riskier time—but consequently, a promising time for those who manage the risks to their advantage.

In this future, the Chief Compliance Officer will sit right at the very center of the seismic shifts reshaping business. Across all sectors, those in this role, which barely existed 15 years ago, will be much closer confidants to the CEO, permanent members of the leadership team, and sought-out risk advisors when strategies are being set. Their voices will hold sway and their wisdom will contribute to the resilience of the organization.

Here, then, is a jump forward to look at the Chief Compliance Officer of 2025. How are they spending their time? What issues are they tackling? Why is it just as likely that they could be an MBA graduate as a law graduate? And can a CEO be effective without a CCO?

It will still be compliance, boss, but not as you know it today

Come 2025, many components of today’s compliance function will be largely

The Chief Compliance Officer of 2025 will be closer to the front end of strategy setting, keeping his or her eye on how the strategies on the table might impact resilience.

embedded into the organization, as elements of finance are today. But far from making the function redundant, this will actually free it up to focus on enabling success through better risk management—as opposed to better framework management. Indeed, PwC’s State of Compliance 2014 Survey suggests that some organizations are already heading down this path, although the level of progress varies according to industry and size.

A valued chief in times of change

And here’s why CEOs—as well CIOs, CMOs, and CFOs—will need their CCOs close by their sides in 2025. The business environment is not going to get less risky or complex. Global megatrends, such as technological breakthroughs, accelerating urbanization, resource scarcity, climate change, shifts in global economic power, and demographic shifts, will continue to bring massive surprise and disruption. Not planning for these surprises when setting strategy will only make running the business more challenging later.

The Chief Compliance Officer of 2025 will be closer to the front end of strategy setting, keeping his or her eye on how the strategies on the table might impact resilience. They will be more focused on the strategic risks—those that threaten the sustained growth of the business. They’ll be equipped to see the potential problems ahead and be there to help mitigate them, early.

With an eye on the substantial risk and opportunities that these global megatrends will create, here’s a preview of the increasingly valuable role the CCO of 2025 will play across a number of industry sectors:

- Energy, Utilities, and Power
- Industrial Manufacturing
- Insurance
- Pharmaceuticals
- Retail & Consumer
- Technology

A look at the CCO of 2025

While most CEOs today would not recognize the Chief Compliance Officer

described above, they would surely appreciate having a C-Suite partner who could see the big picture and help the business shift course as outside circumstances change—such as in the case of new leadership in an emerging market, changing legislation, or changing public perception of the company.

So what roles does this person play?

- **Strategic enabler.** The CCO’s role is to help make strategic planning as future-proof as possible. He or she helps the rest of the leadership team understand the growing compliance risks related to strategic goals.
- **Business partner.** The CCO has an enterprise-wide focus, is integrated with business operations, and is often called upon by the other C’s for advice. They know the CCO enables the resilience and durability of their projects, as Compliance reports on the impact of their work on business progress.
- **Efficient operator.** The CCO understands that budgets are tight and seeks to enable synergies across functional areas. So, in addition to being linked in with business strategy, the CCO also makes sure that Compliance team members are working closely and continuously with related functions, such as crisis management, risk management, and internal audit.
- **Information source.** The CCO leverages innovative tools to collect and analyze risk data across the organization. Looking for opportunities and challenges brought on by multiple risk events, or a confluence of changing market conditions, the CCO highlights these with the leadership team to allow for a proactive response.
- **Conscience.** The CCO is keenly aware of his or her responsibility to prevent the organization’s people from getting on the wrong side of any stakeholders. They proactively communicate the strategic importance of good business ethics to all employees, and act as a role model by always doing the right thing, even when it’s the most difficult.

These are large responsibilities. Do today’s Compliance Officers have the right blend of strategic thinking and risk management skills to fill these shoes? Some do, but many do not. And what if the CCO is a very important role that nobody wants? Then again, going back some years, who would have thought the Chief Bookkeeper would become the CFO of today? It’s not that much of a stretch.

So where is this function headed? Is Chief Compliance Officer even the right name for it? Aren’t we actually describing a Chief Resilience Officer or a Chief Enabling Officer? After all, that will be the value of this person’s work come 2025—greater resilience and enablement. In a fast-changing world, can a CEO be truly effective without one?

Author Biographies

Sally Bernstein, Principal, Risk Consulting Advisory, PwC

Sally is a partner in our advisory practice. With over 25 years of diverse experience in manufacturing, risk management, and project management, Sally brings a unique blend of skills, knowledge, and experience to a wide range of clients, helping them improve their processes, better manage process risk, and enhance information available for decision making to support achievement of their strategic objectives. Sally co-leads and co-writes PwC’s State of Compliance Survey and is frequently quoted in media outlets such as The Wall Street Journal, CFO Journal, CFO.com, Investors Business Daily, Thomson Reuters’ Compliance Complete, and Big4.com on building risk and compliance programs.

Andrea Falcione, Managing Director, Performance GRC Practice, PwC

Andrea is the Northeast Market leader in PwC’s Performance GRC practice, specializing in compliance services. She regularly assists clients in designing, developing, implementing, and assessing corporate compliance and ethics programs, including policies and procedures, risk culture surveys, corporate compliance risk assessments, education and communication programs, and reporting best practices. Prior to joining PwC, she served as Chief Ethics Officer and Senior Vice President for a leading provider of ethics and compliance products, services, and solutions. She also practiced law for nine years. Andrea is a member of the Society of Corporate Compliance and Ethics and a Certified Compliance & Ethics Professional. She is admitted to practice law in Massachusetts and Connecticut.