



Gartner®

Chief Compliance Officer Leadership Vision 2022

3 Strategic Actions for Success

From Chris Howard, Chief of Research, Gartner

As we head into 2022, we continue to feel the human toll of the global pandemic, but we already know it has been a watershed period in which attitudes and norms have permanently shifted — in our everyday lives and at work.

Living through COVID-19 has increased social awareness — as have growing demands for equity for those who are underrepresented.

Businesses have also changed. For many organizations, the pandemic has catalyzed digital business initiatives, as we adapt to the demands of employees, customers and other stakeholders, who were forced into new digital options that they have now come to favor.

B2B purchasers are happy to buy digitally, without a sales representative; B2C consumers are buying off social media platforms; employees are physically distributed and communicating asynchronously — and IT infrastructures must secure the organization despite this “anytime, anyway, anywhere” way in which we’re operating.

You and your team may be burning out, and it’s never been more important to prioritize your time and energy.

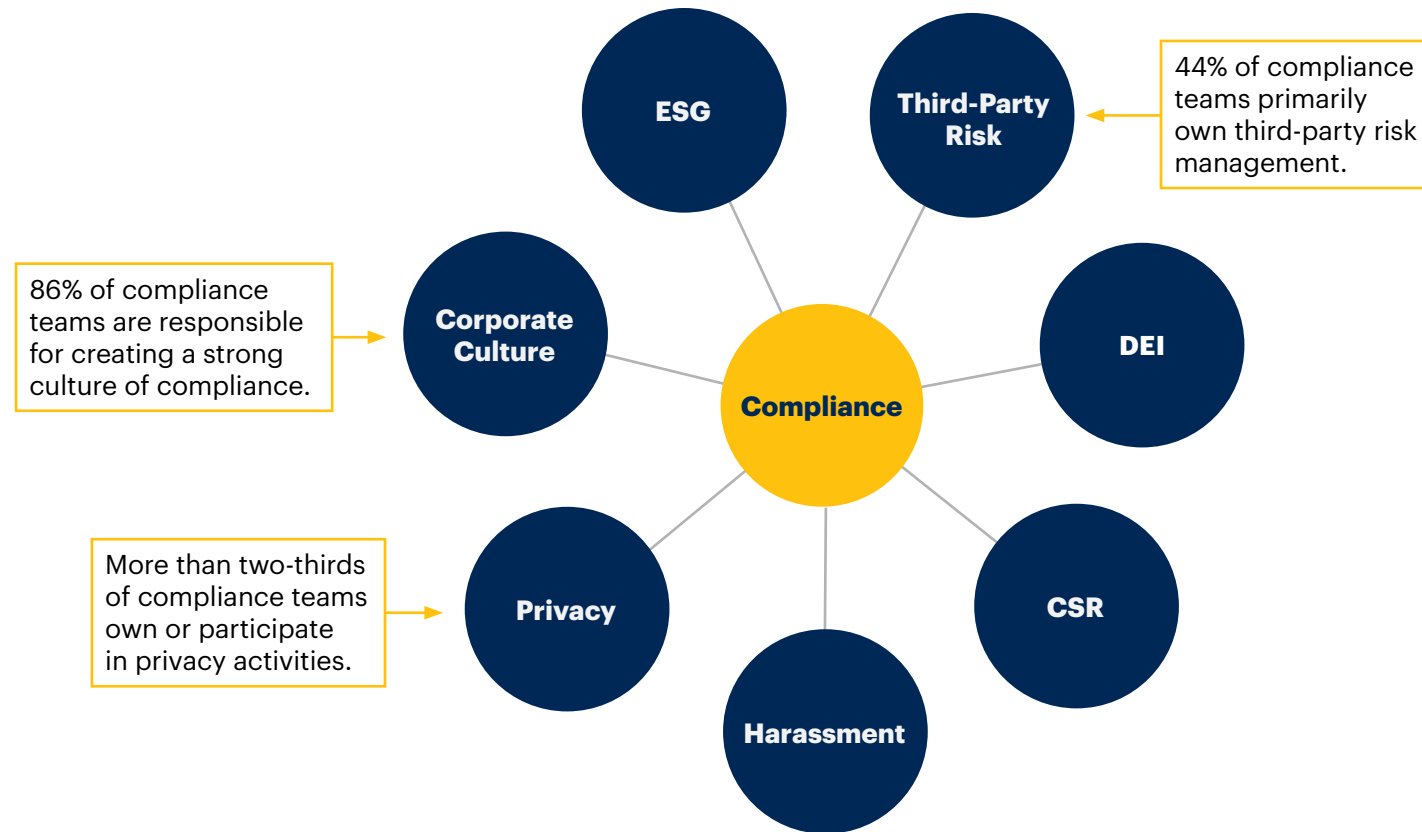
In your role as a leader, you’ve now spent months adapting to change and delivering new solutions at speed. You and your team may be burning out, and it’s never been more important to prioritize your time and energy. To help with that, Gartner Leadership Vision provides top-level guidance to leaders and their teams on where to focus — based on our data-driven research.

We’re providing detailed insights to our clients across dozens of roles, and we’re now excited to share excerpts with the business community beyond our clients. We hope this will help you to focus discussions with your teams, peers and other leaders, so you can more quickly and effectively diagnose priorities and actions, especially as you solidify your strategic plans for 2022.



Chris Howard
Chief of Research, Gartner

An Expansive Mandate for the Chief Compliance Officer (CCO)



Source: Gartner 2020 State of the Compliance and Ethics Function Survey

Trends, Challenges and Actions for the CCO

Changes impacting the chief compliance officer



What work we do

79% of compliance leaders say nonembedded controls can't keep pace with **rapidly changing workflows**.



Where we do work

35% of compliance leaders say hybrid work environments have made manager and peer signals **more distant and less effective**.



How we do work

Compliance technology budgets are projected to have grown **180% since 2019** in response to new business needs.



Compliance leader challenges

How do I adapt risk management strategies in a hybrid work environment?



How can I work with other functional leaders to build a human-centric compliance culture in a hybrid world?



How do I digitalize our function's role in third-party risk management (TPRM)?



Compliance leader actions

Embed controls to reduce risk and noncompliance.

Pursue three opportunities to design a human-centric compliance culture.

Take three steps to prepare for third-party risk management technology and vendors.

Embed Controls to Reduce Risk in a Hybrid Work Environment

Effect of burden on compliance

The burden on employees to remember, understand and execute compliance is overwhelming — and contributes to compliance failures and increased risk.

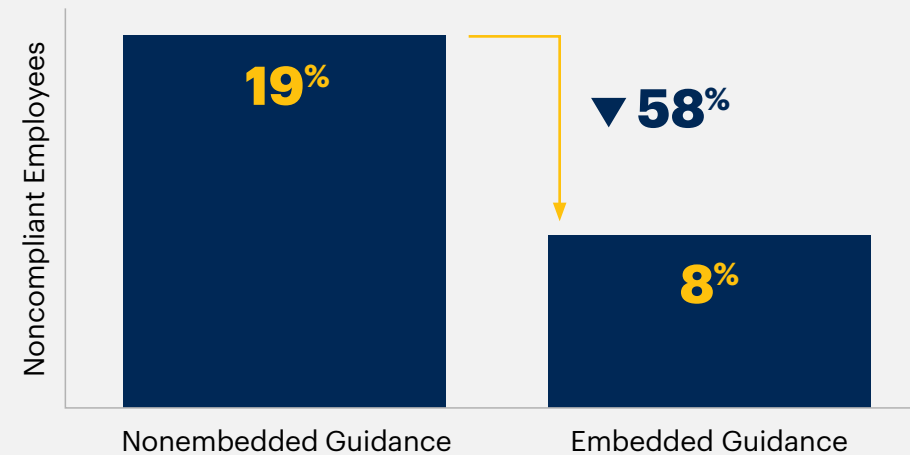
Embedded controls reduce the burden on employees, which leads on average to a 58% drop in noncompliance.

Also note:

- Low-burden employees have 70% less noncompliance than high-burden employees.
- Embedded controls lead to a 30% drop in the number of employees who are highly burdened.

Embedding Controls Reduces Noncompliance

% of employees likely to miss at least one compliance obligation



n = 755

Source: 2021 Gartner Compliance Control Effectiveness Employee Survey

Note: This model is based on whether employees missed one or more compliance obligations in their task, and whether they agreed that compliance guidance was seamlessly embedded into the workflow of their task.

Three Steps to Designing a Human-Centric Compliance Culture

Join diversity, equity and inclusion (DEI) and HR leaders to build equality of opportunity.



Work cross-functionally with DEI and HR peers to ensure all employees are provided fair, consistent opportunities to do their best work in a structure that supports flexibility.

Build a compliance culture that fosters employee trust.



In the wake of social justice movements and fierce political division, identify opportunities for messaging on shared values to build trust among employees working together in new environments.

Work with HR leaders to prepare managers for a new role.



In the absence of peer signals, work with HR peers on more expansive training and messaging initiatives. You must prepare managers for a more expansive role in early risk identification, and train them to provide support for employees in navigating ethical gray areas.

Q: “As you plan for reopening, what is your most pressing priority or concern?”



Maintaining employee trust and engagement remains among the most pressing priorities for legal and compliance leaders as their organizations enter a new hybrid world — far surpassing other risk concerns.

n = 100

Source: The July 2020 Gartner COVID-19 Quick Poll on Culture, conducted during the 2020 Gartner Return to the Workplace Implications for Legal, Compliance and Privacy Webinar

Three Steps to Prepare Compliance for TPRM Technology

		Scenario 1	Scenario 2	Scenario 3
1 Identify the primary owner for TPRM.	Primary owner of TPRM	Compliance	Joint ownership between compliance and procurement	No designated owner of TPRM, and federated ownership across the process
	Scope of risk terrain	Compliance manages multiple critical legal and compliance risks.	Procurement manages multiple critical risks, and compliance oversees risk ID at due diligence.	Risk terrain ownership is spread across functions.
2 Determine the scope of risk terrain and risk management process steps.	Scope of risk management process	Compliance manages multiple TPRM activities, including due diligence and monitoring.	Compliance manages due diligence but has no visibility once the third party is onboarded.	Compliance heads the due diligence process, but no function manages monitoring.
	Foundational support	Compliance owns a central, foundational system.	Compliance adopts a foundational system to address due diligence and onboarding.	Every function in TPRM manages its own foundational system where several systems of record exist.
3 Determine foundational and complementary technology solutions.	Complementary support	Other functions involved in TPRM add complementary systems or tools to fulfill their own requirements.	Procurement adds complementary systems that help monitor quality risks across the duration of the third-party life cycle.	Once the identified owner has adopted a foundational system, other functions that manage critical risks or risk management activities can add complementary systems.

Illustrative scenarios presented
Source: Gartner

Top Take-Aways for the CCO

Embed controls

CCOs are turning their attention to embedded controls to reduce risk. Gartner research validates those assumptions — embedded controls reduce risk by 58%.

But in this unique environment, what should be driving you to embed controls is the recognition that embedded controls reduce employee burden.

Embedding leads to a 30% drop in the number of employees who are highly burdened. And those low-burden employees have 70% less noncompliance than their high-burdened peers.

Build a human-centric culture

CCOs, along with their cross-functional peers in DEI, HR and communications, must rethink how to drive compliance culture objectives in an organizational culture that is human-centric.

Collaborate closely with DEI and HR to ensure employees can do their best work in an environment that allows flexibility and where their managers are also prepared to support them.

In the wake of social justice movements and fierce political division, also identify opportunities for messaging on shared organizational values — to build trust among employees working in new environments.





Adopt TPRM technology

The pandemic shone a light on many organizations' shortcomings in effectively managing the risks of their extended enterprise. You now have an opportunity to capitalize on this momentum and build a business case for technology to support third-party risks.

First, prepare your function for effective adoption and ensure ROI. Work with others in third-party risk management to clarify third-party governance and determine the scope of the risk management terrains and activities that the function will support. Only then can you identify foundational and supporting systems in the TPRM marketplace.

Actionable, objective insight

Explore these additional complimentary resources and tools for compliance leaders:

 <p>Research 4 Models for the CCO Role</p> <p>In today's business environment, CCOs must be prepared to play four distinct roles. Learn more with this research.</p> <p>Download Research</p>	 <p>Research Build a Better Strategic Plan for Your Function</p> <p>Turn your strategy into action with our tools and templates.</p> <p>Download Templates</p>	 <p>Resource Hub Future of Work Reinvented</p> <p>Reinvent where, when and how we work to maximize employees' engagement and productivity.</p> <p>Learn More</p>	 <p>Journal Gartner Business Quarterly</p> <p>Stay up to date with the most compelling research on organizational issues that cut across the C-suite.</p> <p>Download Now</p>
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