

barkergilmore

2018



Compliance
COMPENSATION REPORT

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Introduction

BarkerGilmore is pleased to present the 2018 Compliance Compensation Report.

The first annual Compliance Compensation Report will be a highly valued piece for compliance professionals at all levels looking to benchmark their compensation against that of their peers. It will also serve as a tool for hiring managers and human resources departments seeking to build their organization's compliance department and retain top talent in the industry.

Within the last half decade, there has been a significant increase in the need for top compliance talent across all industries. Now more than ever, C-Suite executives and Board Members are recognizing the importance of the compliance function and are finding ways to integrate it within their organizations as an independent entity, separate from the legal department. Consequently, the role of the Chief Compliance Officer is evolving, and more compliance executives are earning a seat at the table as business leaders and decision makers.

With the evolution of the compliance function underway, compliance officer compensation is in a state of flux. Organizations are now challenged to find ways to attract new talent that meet the higher standard for compliance and are pressured to incentivize retention for current valuable compliance leaders. The 2018 Compliance Compensation Report attempts to provide guidance, trend analysis, and benchmark data for employers and job candidates alike as we enter this new age of compliance.

BarkerGilmore acknowledges the importance of compensation breakdown for companies and their human resource departments to formulate pay strategies and for compliance officers looking to expand their roles or leverage experience for new positions. While this report aims to provide a comprehensive breakdown of compliance department compensation structures, we advise that there are several additional variables that must always be considered when dealing with compensation figures. These variables include an individual's unique experiences, abilities, and interpersonal skills, as well as the company's financial position and the strength of the local economy.

To present the most valuable and reliable data, BarkerGilmore has combined its expertise in executive compliance recruitment and consulting with extensive survey data to highlight a diverse array of compliance officer compensation. The information in this report is meant to provide general guidelines, and while it delivers extremely detailed information, we urge readers to consider the multitude of factors affecting the results and to focus on overall data trends displayed in the graphs and charts.

Key Compensation Trends

- 1. Annual Salary Increase Rates:** The median annual salary increase rate for all positions across industries is 4.2%, with the industrial & manufacturing sector experiencing the highest median increase rate of 7.1% from 2016 to 2017. The technology and healthcare & life sciences sectors experienced the lowest increase rate at 3.2% and 3.3% respectively.
- 2. Peer Comparison:** 45% of all respondents believe their compensation is average and comparable to their peers at other organizations. 25% feel their compensation is above or significantly above average, while 27% believe they are underpaid. Compliance officers in the industrial & manufacturing industry express the highest levels of satisfaction, with 43% reporting compensation above or significantly above average. Those in the consumer and financial industries express the greatest dissatisfaction, with over 35% reporting compensation below or significantly below average.
- 3. Who's on the Market:** Only 34% of respondents indicate that they will consider a new position within the next year due to compensation issues. Those in the consumer industry report the greatest likelihood of a job search in the next year¹, while those in the industrial & manufacturing industry are least likely to engage in a job search². Overall, the majority of compliance officers are satisfied with the compensation in their current roles.
- 4. Public vs. Private:** At all position levels, a statistically significant difference exists between the compensation of those at publicly-traded companies and those at private companies. At the Chief Compliance Officer level, this disparity is much less noticeable for CCOs who hold law degrees than for those without law degrees. The size of the gap between public and private organization compliance officers is especially noticeable for CCOs and other high-level Managing Compliance Officers due to the Long Term Incentive (LTI) compensation component. LTI is much higher for public company employees and non-existent for most private company employees.
- 5. Education Matters:** Across all position levels, compliance officers who hold law degrees earn significantly more than those without law degrees. When assessing non-law degree respondents, those boasting an advanced degree report higher compensation at the CCO and Managing Compliance Officer levels, while Individual Contributors tend to earn about the same amount whether they hold an undergraduate degree or an advanced degree.
- 6. Gender Pay Trends:** On average, female compliance professionals earn 72% of what their male counterparts earn. The gap is largest at the CCO level, where females earn only 65% of the total compensation that their male counterparts earn. The disparity decreases as position level decreases. While the gap is extremely evident for higher level roles, males and females at the individual contributor level earn very similar compensation.

¹ 42% with high or very high probability

² 81% with low or very low probability

Survey Design

BarkerGilmore conducted an online survey from March to May 2018 to assess compliance officer compensation trends for the year of 2017. The 18-question online survey was administered to a random sample of compliance officers at various levels of seniority within different sized public and private organizations across the United States. The following table presents the data categories captured by the survey through a combination of closed and open-ended questions answered by over 800 individuals from an assortment of different industries and company sizes.

Table 1: Key Survey Terms

Term	Description
<i>Position</i>	Chief Compliance Officer (CCO) – the lead compliance professional in an organization Managing Compliance Officer – a compliance professional with at least one direct report, who is not the lead compliance officer Individual Contributor – a compliance professional who does not have any direct reports; may hold a compliance director, manger, or analyst title
<i>Education Level</i>	Highest level of education completed
<i>Base Salary</i>	Current base salary
<i>Bonus</i>	Most recent cash bonus; expressed in dollar amount or as a percentage of base salary
<i>Long Term Incentive (LTI)</i>	Value of most recent long term incentive award
<i>Total Compensation</i>	The sum of the current base salary, most recent cash bonus, and estimated long term incentive value
<i>Salary Increase Rate</i>	Percent increase in base salary from 2016 to 2017
<i>Industry</i>	Commercial segment in which the company is situated
<i>Company Revenue</i>	Annual company revenue
<i>Organization Type</i>	Determination of company status: publicly-traded, private, or non-profit
<i>Location Type</i>	Classification of area in which the company is situated: major metropolitan/large city area, mid-sized metropolitan/city area, or small city/rural area
<i>Compensation Relative to Peers</i>	How respondents feel their compensation compares to that of their peers at other organizations
<i>Likelihood of Compensation-Motivated Job Search</i>	Likelihood respondents will be looking for a new position over the next year due to compensation issues

BarkerGilmore takes protecting the privacy of those who participated in our compensation survey seriously, since confidentiality is the cornerstone of our business. The information provided by survey respondents has not and will not be shared with anyone.

Data Methods & Analysis

Measure of Central Tendency

This report utilizes median as the main method of standardization for the sample statistics collected from the 2018 Compensation Survey. The median can be described as the middle or central value in a given sequence of numbers. In an even set of numbers, the median is calculated as the average of the two middle numbers. This survey report applies median calculation for all numeric data reported.

Missing Data

While our survey data are nearly complete, we acknowledge the data that are missing due to non-response or misinterpretation. Some respondents opted out of answering a specific question, while others provided unsuitable answers to questions. Since very few cases of missing data occurred, we chose to employ list-wise deletion on a question-by-question basis to eliminate incomplete or inappropriate responses.

Position Breakdown

This report contains data from three distinct classes of compliance officers³: Chief Compliance Officers, Managing Compliance Officers, and Individual Contributor Compliance Officers. These three classes are largely determined by seniority, experience, and management level, causing compensation to vary across positions. Therefore, the greater part of this report is dedicated to the analysis of compensation trends for each individual position classification.

Prominent Determinants of Compensation

After extensive statistical analysis of the survey data, the following factors appear to impact compensation significantly across all three positions: company type, company revenue, industry, gender, and education level. Therefore, the following analysis breaks down compensation by these prominent indicators for all three positions.

Disclaimer of Approximation

The data displayed in this report were collected from a wide variety of compliance professionals whose compensation figures are highly dependent on a multitude of different intervening variables. For the purpose of simple interpretation, the complex statistical relationships that resulted from these variables are not included in this report. Thus, the proceeding trends should be considered approximations of compensation data that are ultimately contingent upon numerous influences taken together.

³ Refer to Table 1 for a detailed description of the three position classifications for compliance officers.

Survey Response Breakdown

**This section displays response rate and general characteristics of the survey respondents*

Response Breakdown by Position

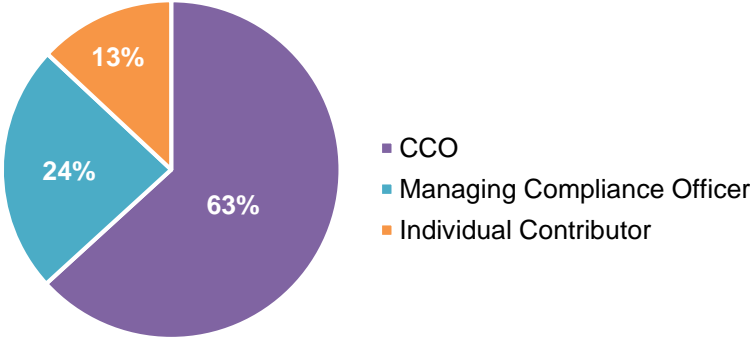


Figure 1.1 Response Distribution by Position, %

Response Breakdown by Organization Type

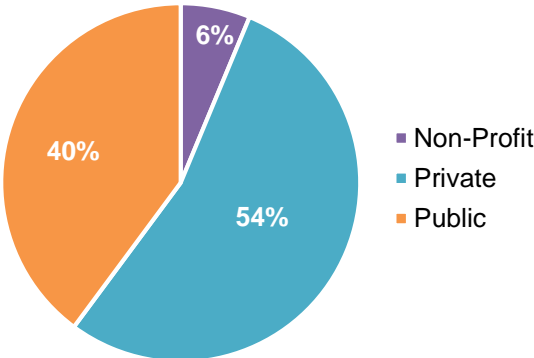


Figure 1.2 Response Distribution by Organization Type, %

Response Breakdown by Location Type

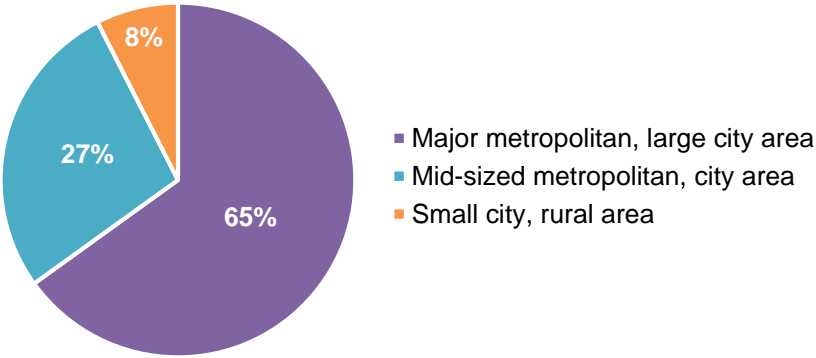


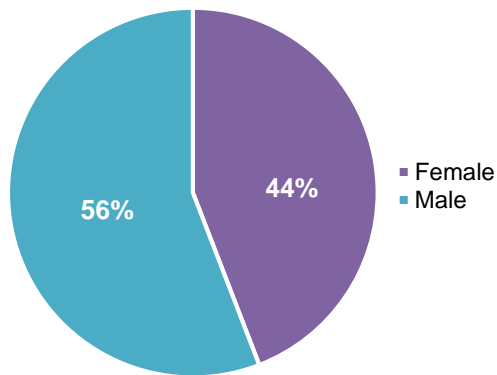
Figure 1.3 Response Distribution by Location Type, %

Response Breakdown by Company Revenue



Figure 1.4 Response Distribution by Company Revenue, %

Response Breakdown by Gender



	<i>Chief Compliance Officer</i>	<i>Managing Compliance Officer</i>	<i>Individual Contributor</i>
Female	65%	21%	14%
Male	62%	26%	12%

Figure 1.5 Response Distribution by Gender and Position, %

Response Breakdown by Law Degree Credentials

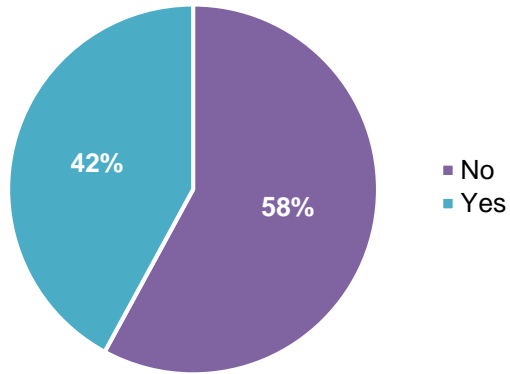


Figure 1.6 Response Distribution by Law Degree Credentials, %

Response Breakdown by Education Level for Non-Law Degree Respondents

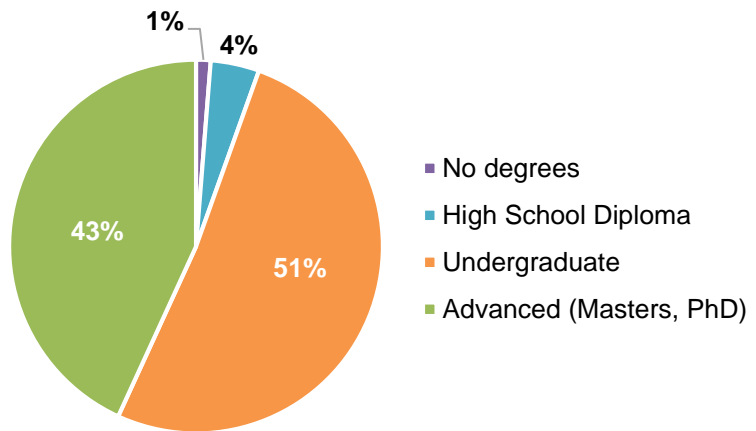


Figure 1.7 Response Distribution by Education Level for Respondents without Law Degree Credentials, %



Collective Compliance

COMPENSATION TRENDS

Compensation Relative to Peers by Industry

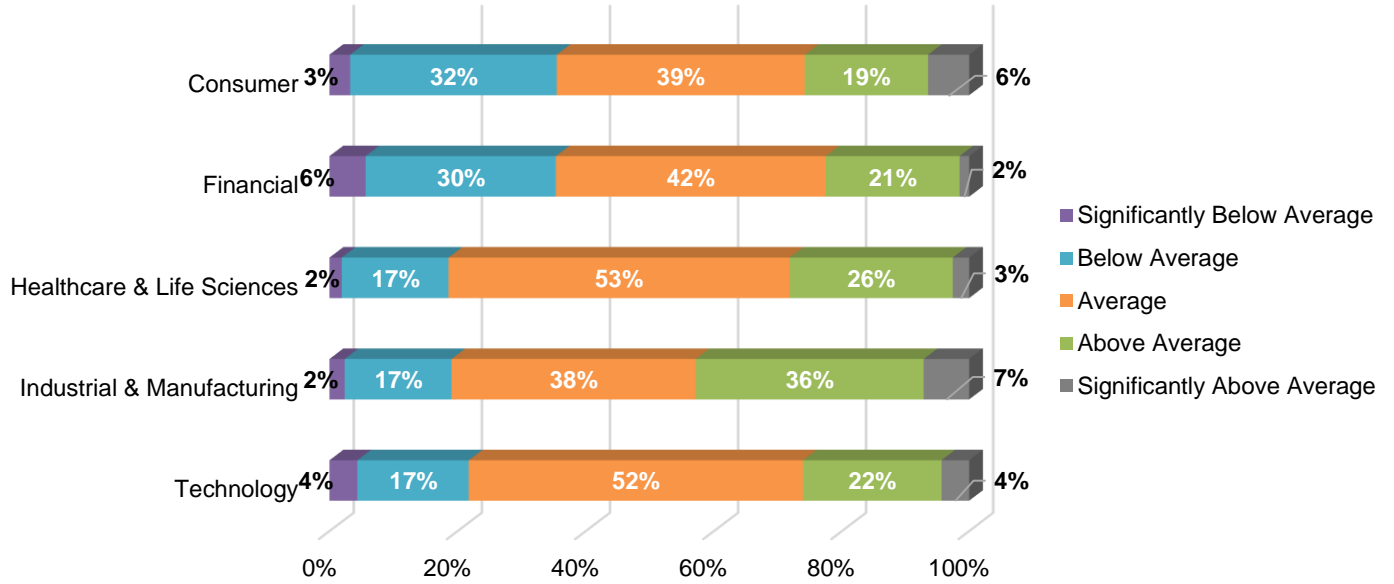


Figure 2.1 Compensation Relative to Peers by Industry, all positions

*Survey Question: Relative to your peers at other organizations, do you feel that your 2017 compensation was: Significantly Below Average, Below Average, Average, Above Average, or Significantly Above Average?

Likelihood of Compensation-Motivated Job Search by Industry

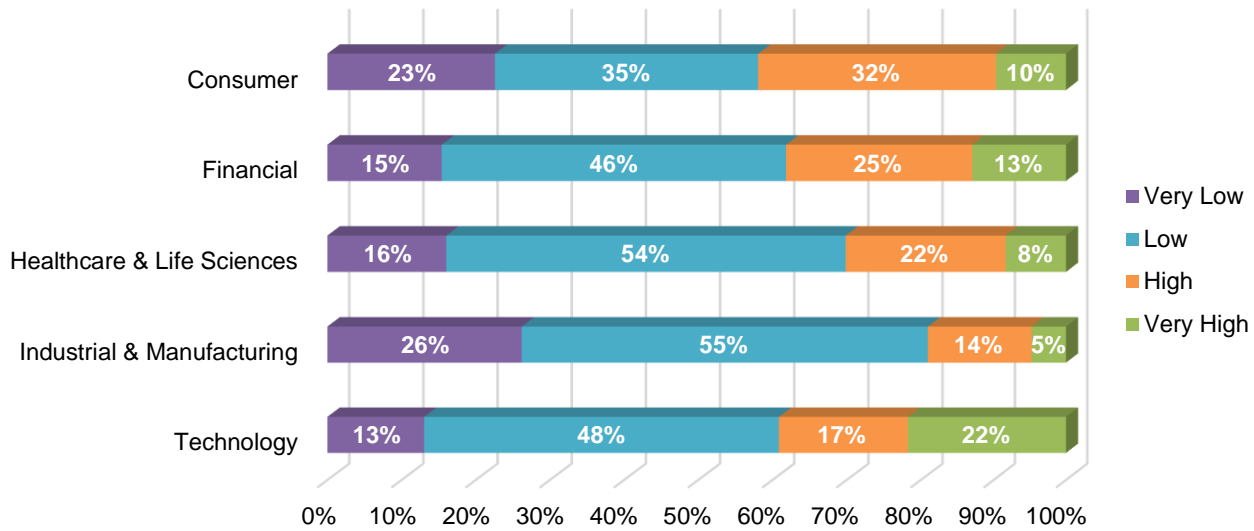


Figure 2.2 Likelihood of Compensation-Motivated Job Search within the Next Year by Industry, all positions

*Survey Question: What is the probability that you will be looking for a new position in the next year due to compensation issues?

Total Compensation by Location Type Public



Figure 2.3 Total Compensation Breakdown by Company Location Type for Public Companies, all positions

Total Compensation by Location Type Private



Figure 2.4 Total Compensation Breakdown by Company Location Type for Private Companies, all positions

Salary Increase Rate by Industry

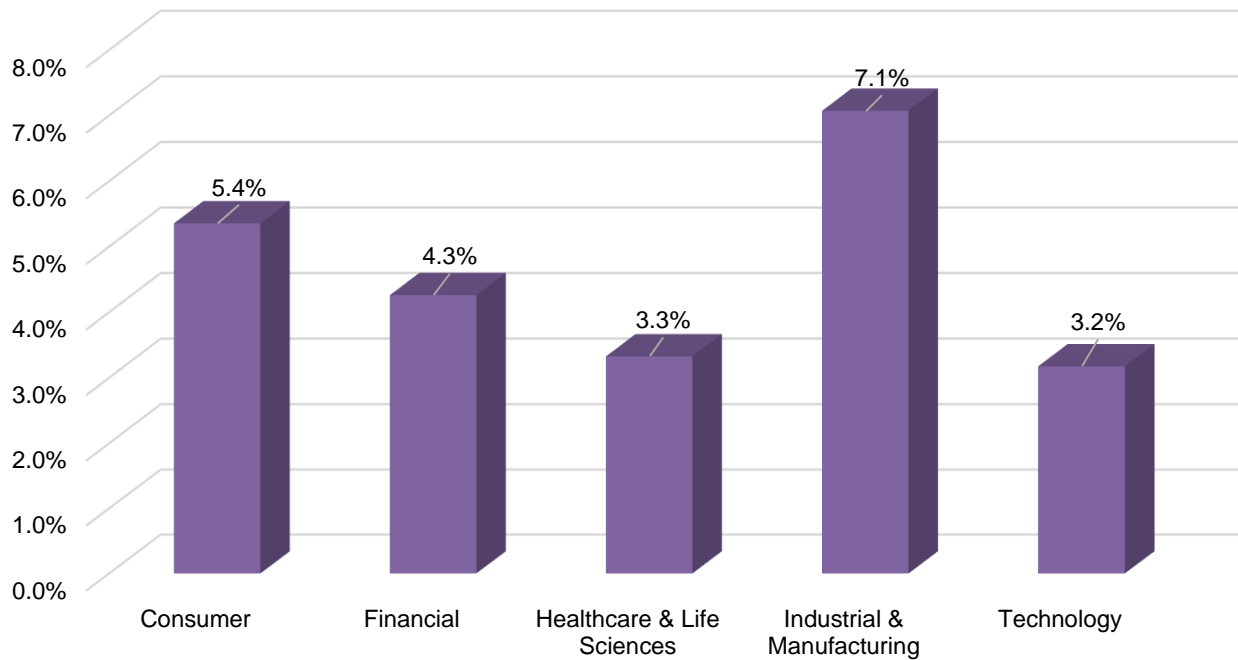


Figure 2.5 Salary Increase Rate by Industry, all positions
**Survey Question: What was your percent increase in base salary from 2016 to 2017?*

Compensation Breakdown by Gender

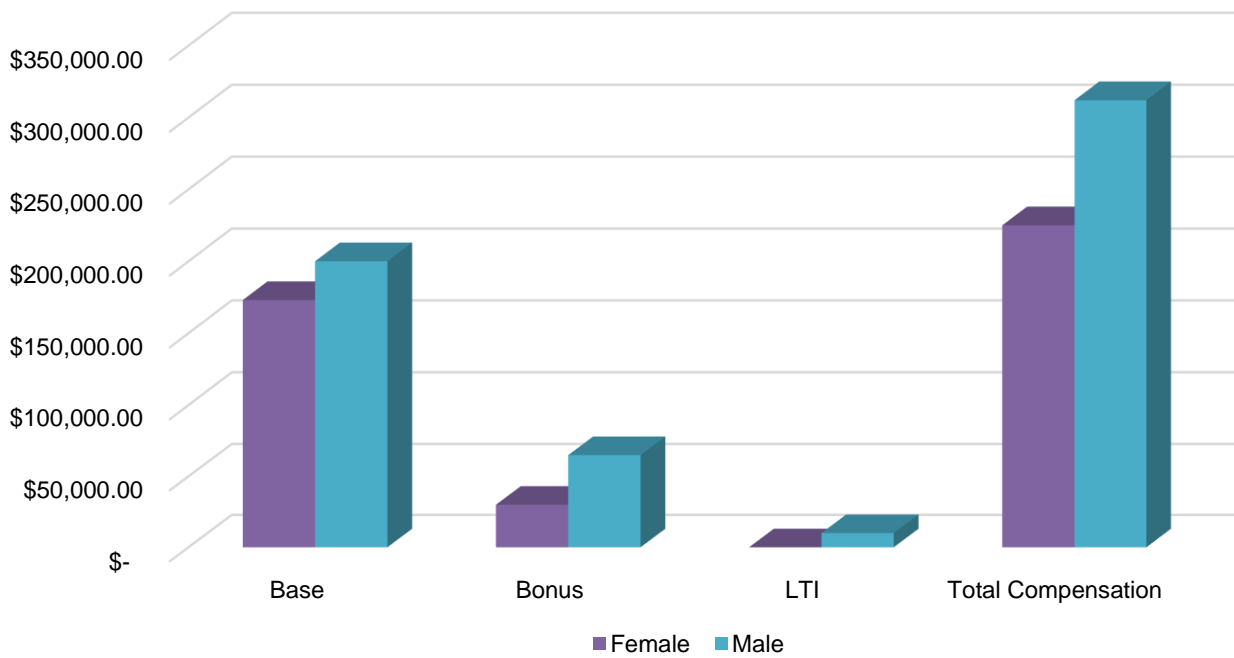


Figure 2.6 Compensation Breakdown by Gender, all positions



Chief Compliance Officer

COMPENSATION TRENDS

Compensation by Company Revenue Chief Compliance Officer

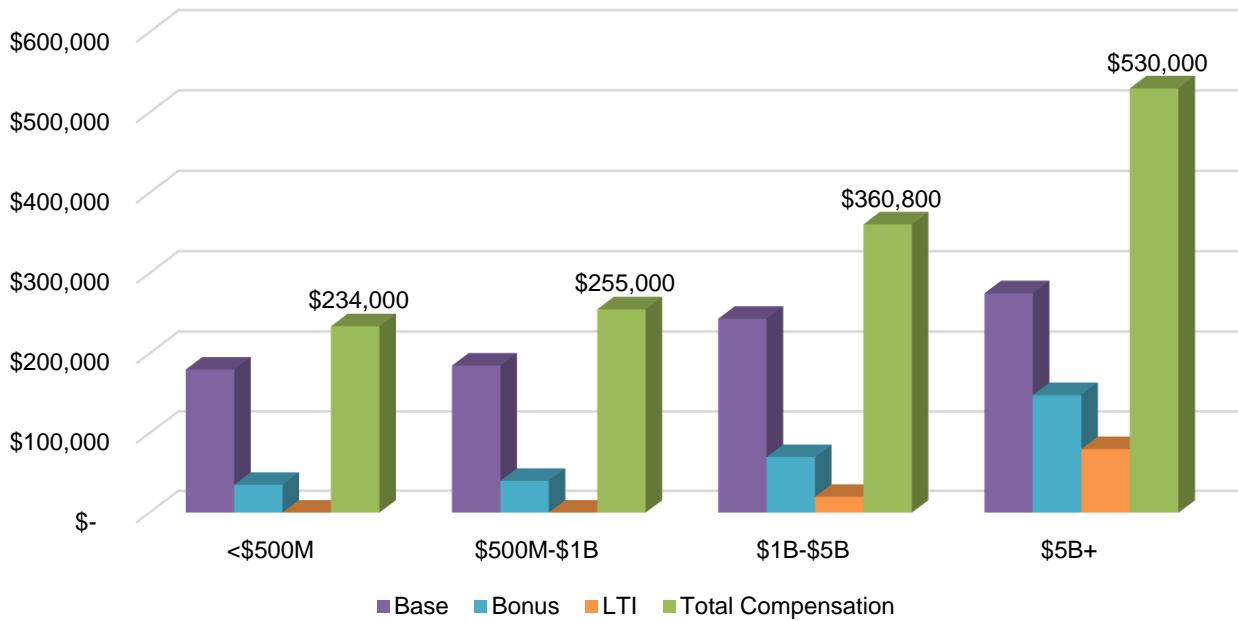


Figure 3.1 Compensation by Company Revenue, Chief Compliance Officer
**Median total compensation does not equal the sum of the other median values of compensation*

Total Compensation Breakdown by Industry Chief Compliance Officer

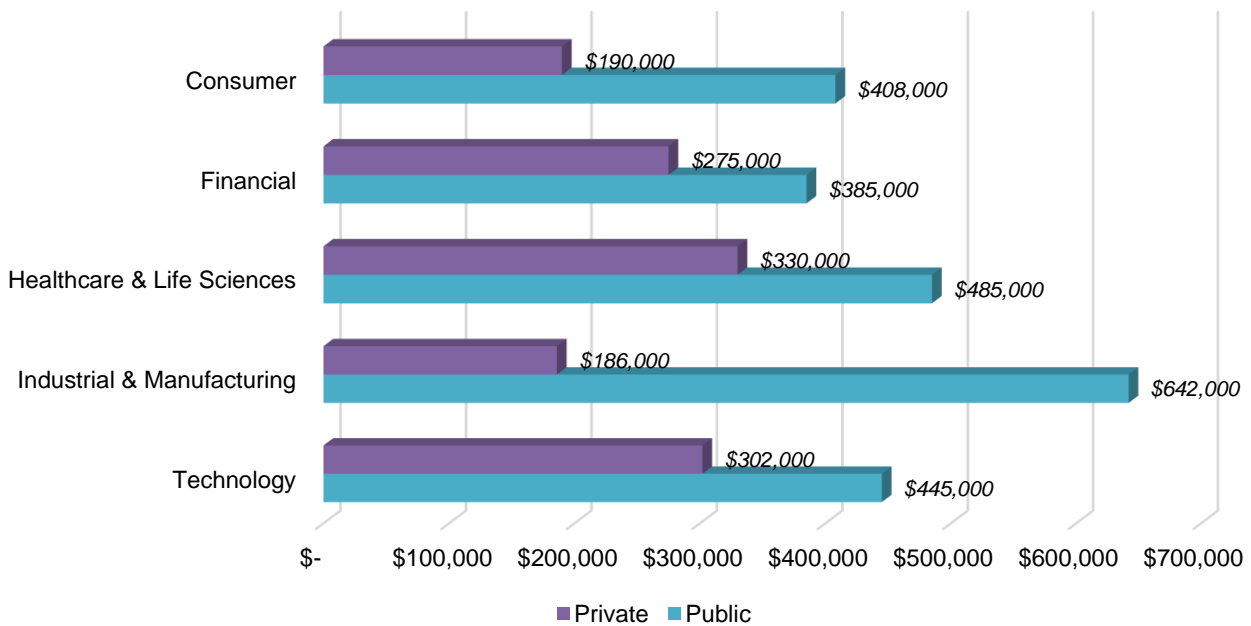


Figure 3.2 Total Compensation by Industry, Chief Compliance Officer

Compensation Breakdown by Company Revenue Chief Compliance Officer with Law Degree Credentials

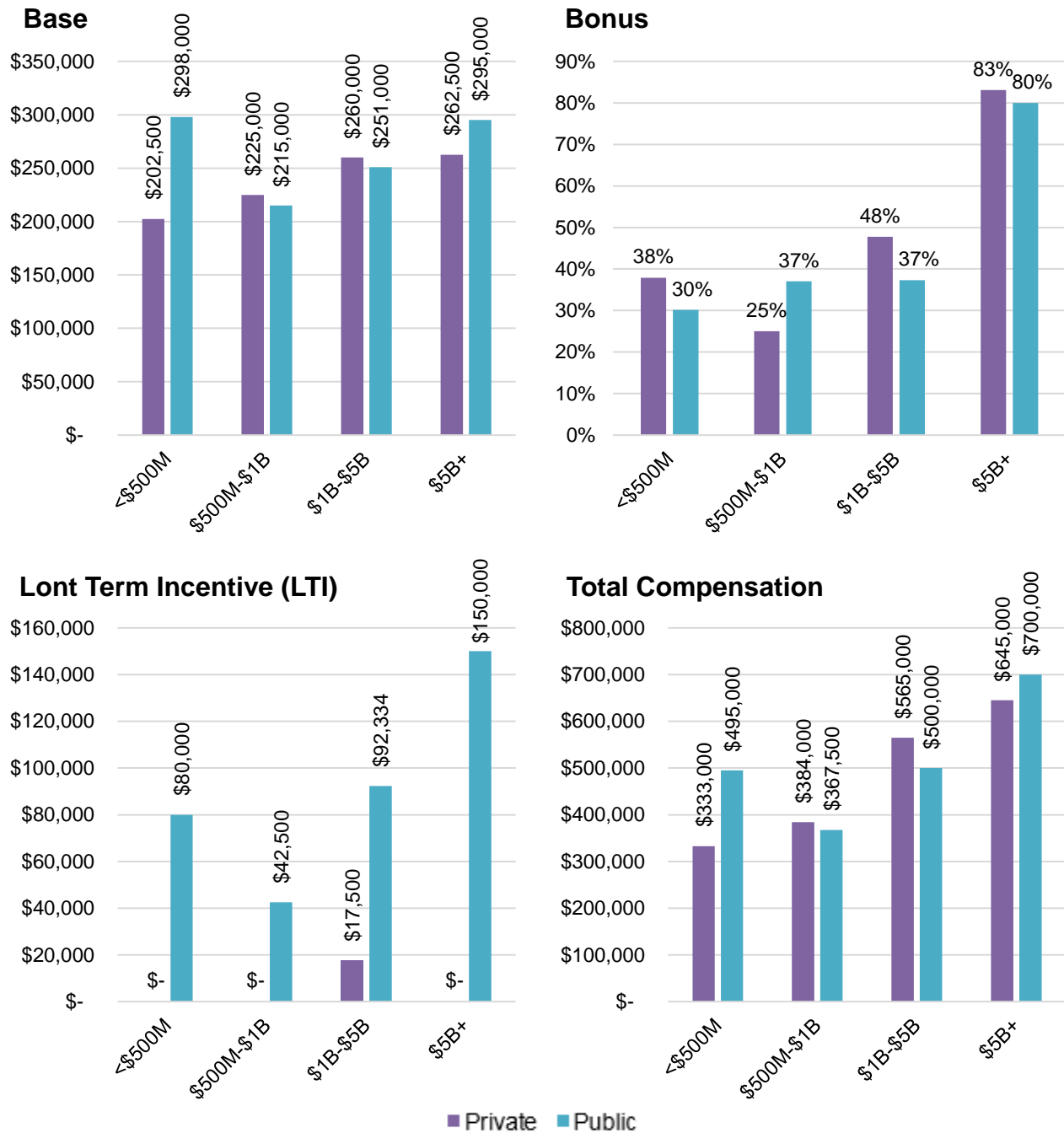


Figure 3.3 Compensation Breakdown by Company Revenue, Chief Compliance Officer with Law Degree
**Median Total Compensation does not equal the sum of the other median values of compensation*

Compensation Breakdown by Company Revenue Chief Compliance Officer *without Law Degree Credentials*

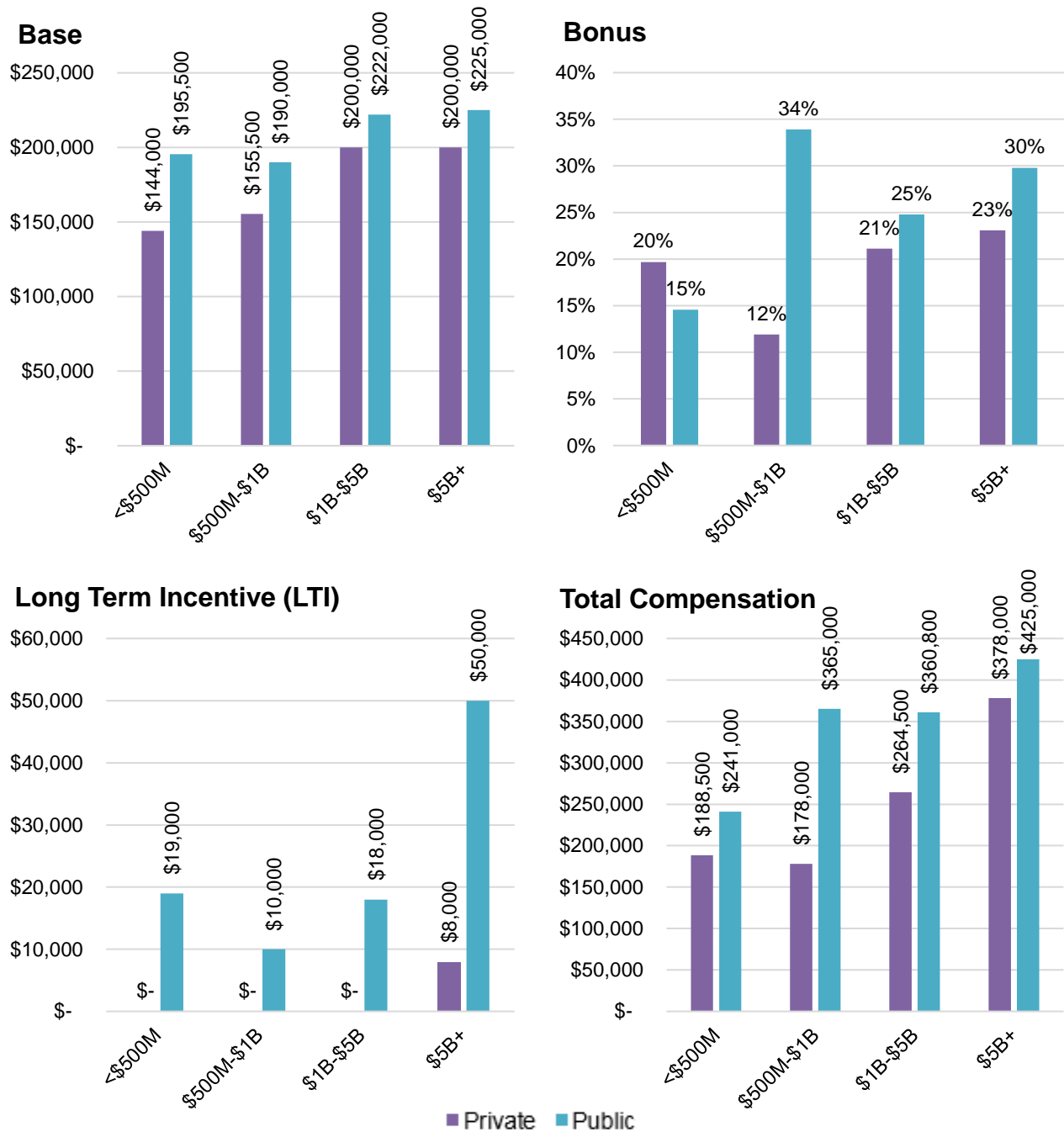


Figure 3.4 Compensation Breakdown by Company Revenue, Chief Compliance Officer without Law Degree
**Median Total Compensation does not equal the sum of the other median values of compensation*

Total Compensation by Education Level Chief Compliance Officer

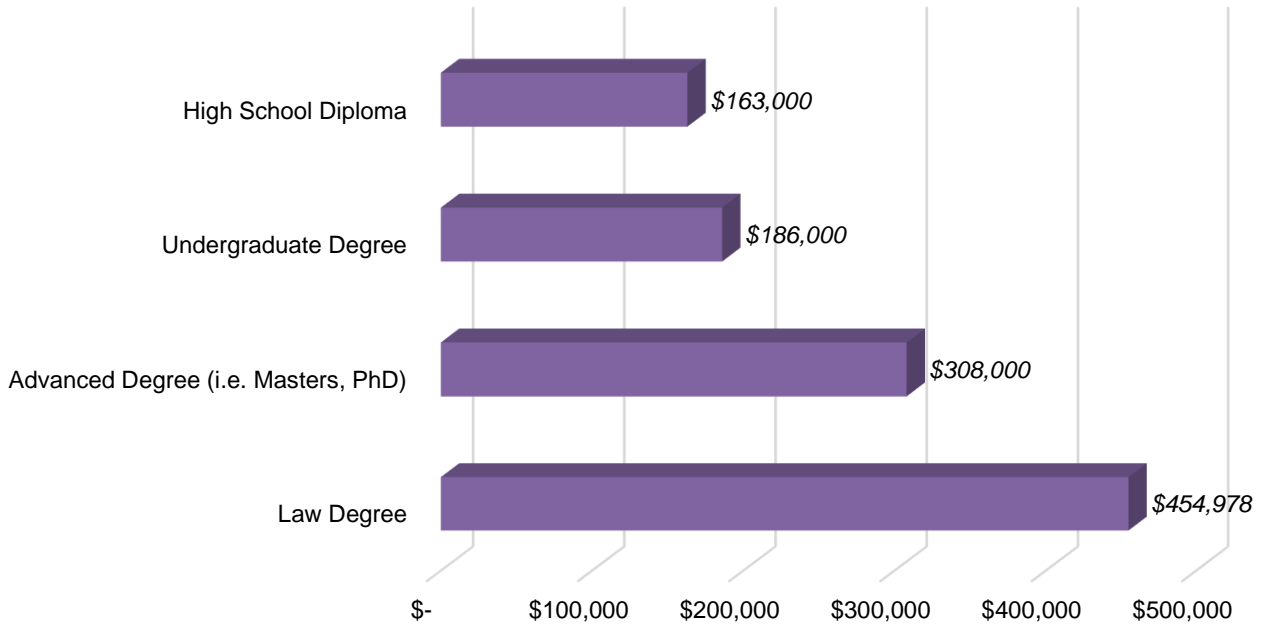


Figure 3.5 Total Compensation by Education Level, Chief Compliance Officer

Compensation Breakdown by Gender Chief Compliance Officer

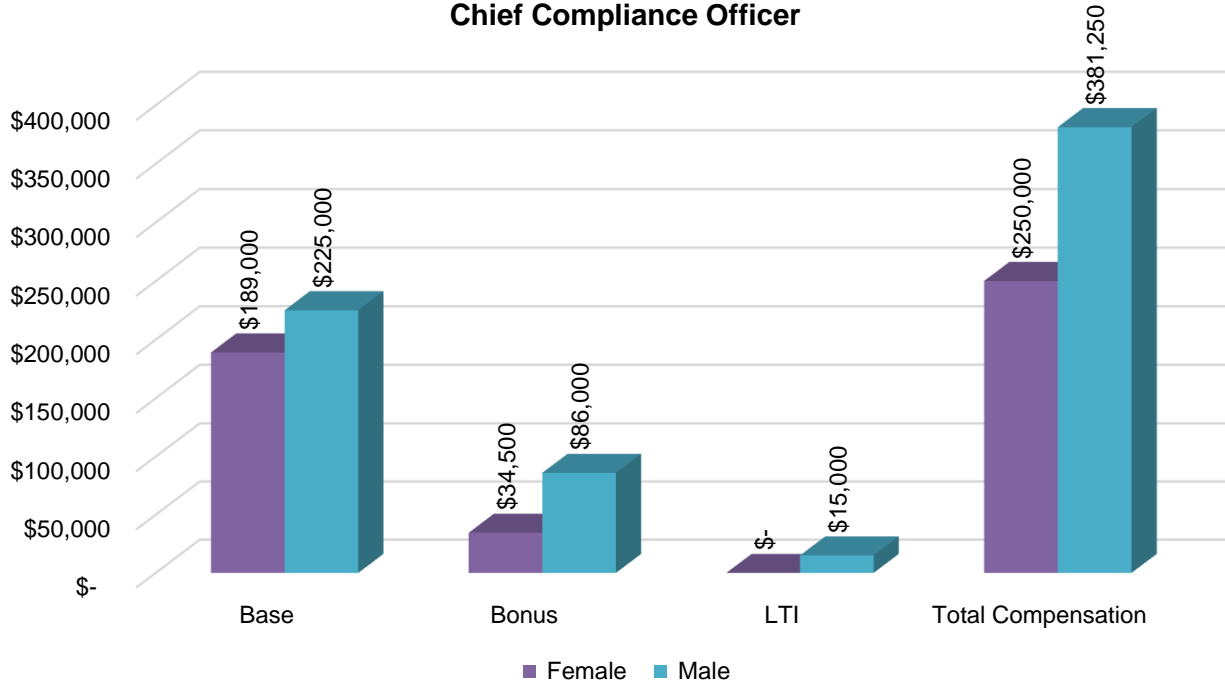


Figure 3.6 Compensation Breakdown by Gender, Chief Compliance Officer

**Median Total Compensation does not equal the sum of the other median values of compensation*



Managing Compliance Officer

COMPENSATION TRENDS

Compensation by Company Revenue Managing Compliance Officer

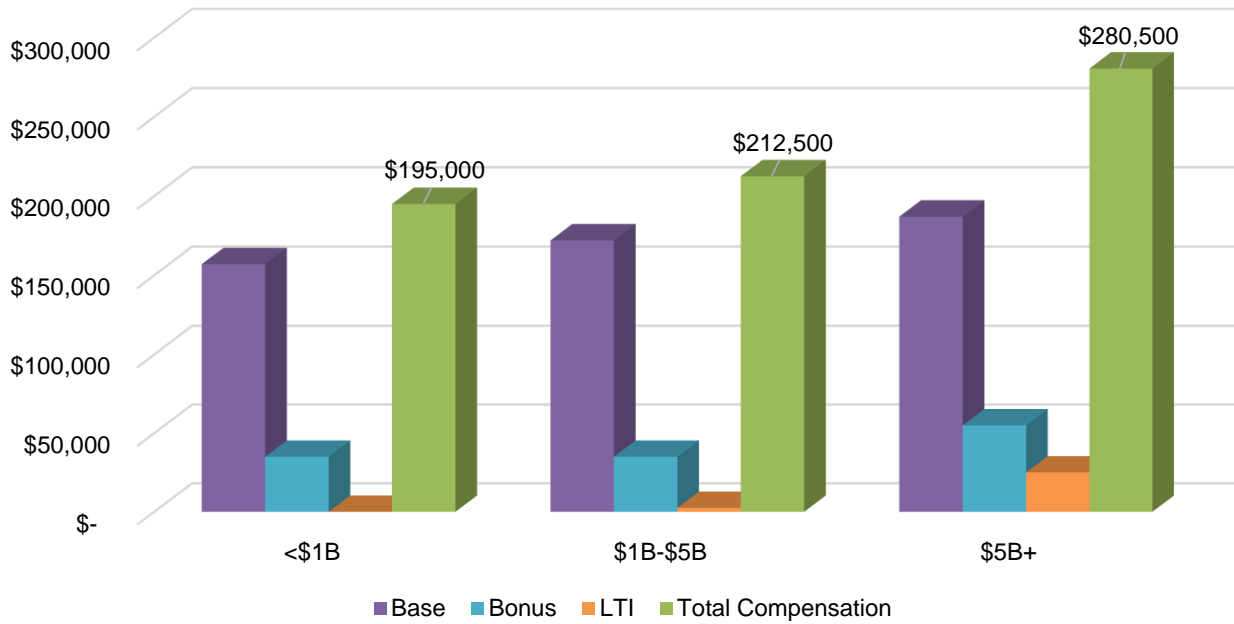


Figure 4.1 Compensation by Company Revenue, Managing Compliance Officer
**Median Total Compensation does not equal the sum of the other median values of compensation*

Total Compensation by Industry Managing Compliance Officer

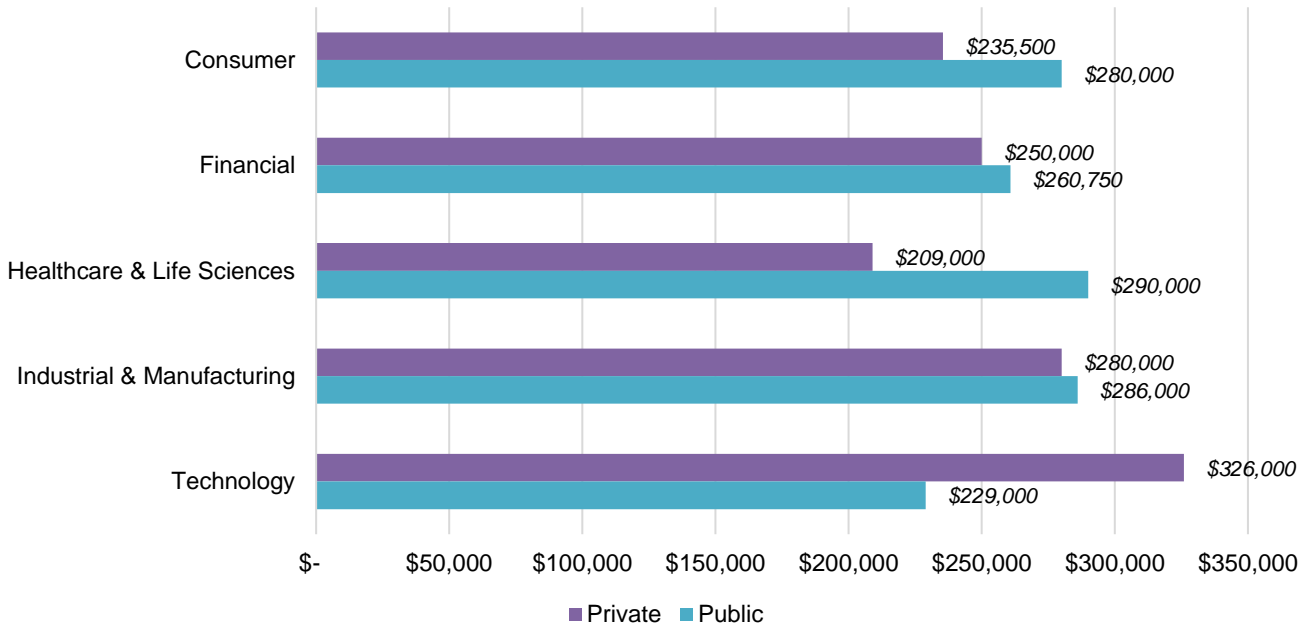


Figure 4.2 Total Compensation by Industry, Managing Compliance Officer

Compensation Breakdown by Company Revenue Managing Compliance Officer



Figure 4.3 Compensation Breakdown by Company Revenue, Managing Compliance Officer

**Median Total Compensation does not equal the sum of the other median values of compensation*

Total Compensation by Education Level Managing Compliance Officer

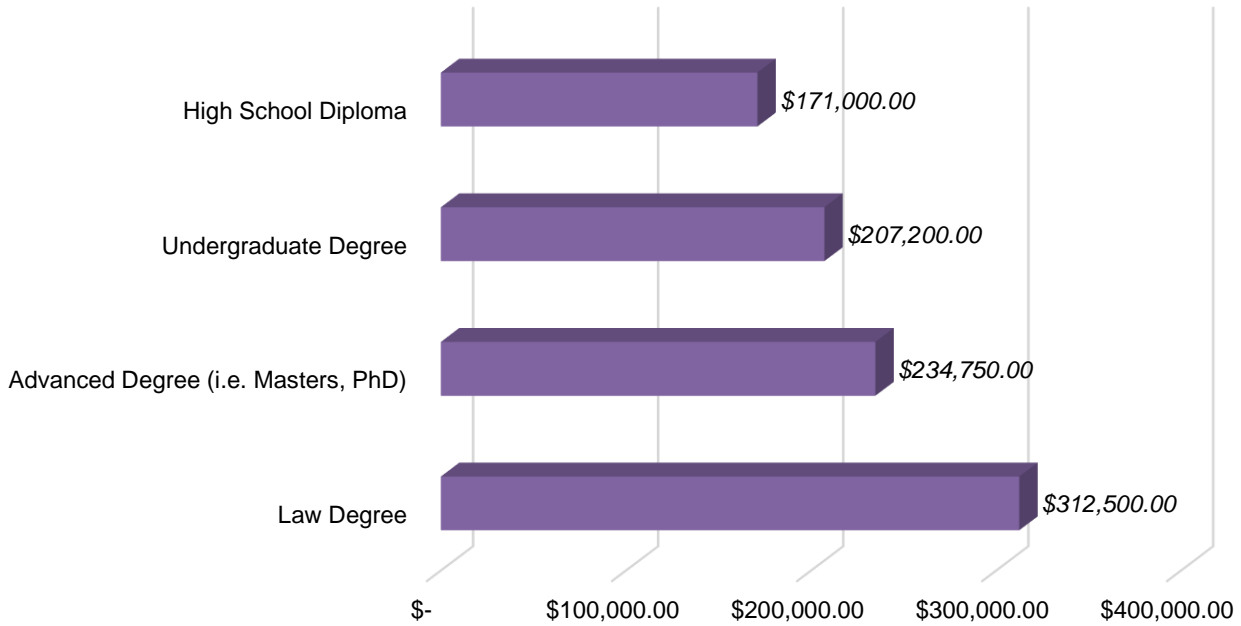


Figure 4.4 Total Compensation by Education Level, Managing Compliance Officer

Compensation Breakdown by Gender Managing Compliance Officer

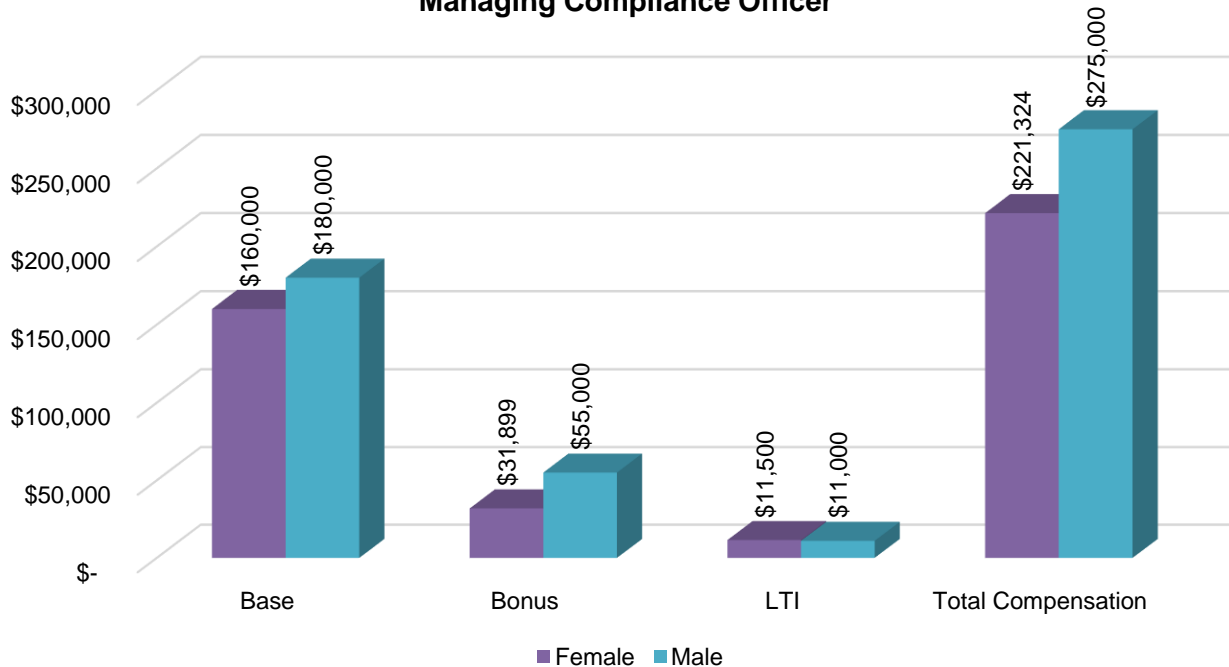


Figure 4.5 Compensation Breakdown by Gender, Managing Compliance Officer

**Median Total Compensation does not equal the sum of the other median values of compensation*



Individual Contributor Compliance Officer

COMPENSATION TRENDS

Compensation by Company Revenue Individual Contributor

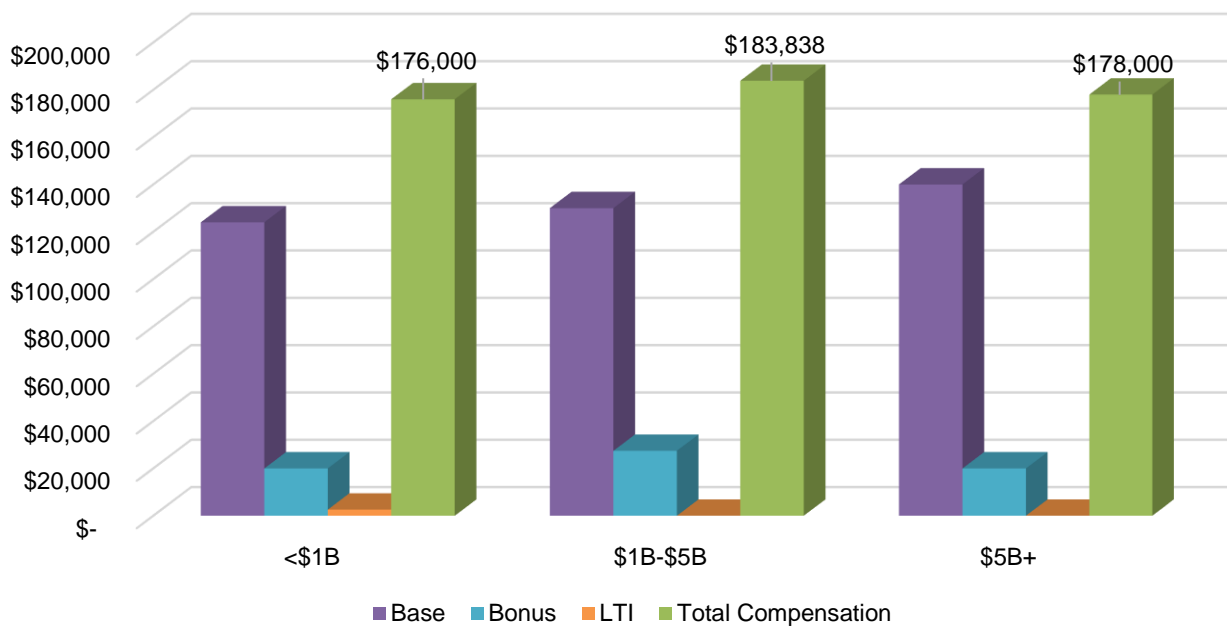


Figure 5.1 Compensation by Company Revenue, Individual Contributor
**Median Total Compensation does not equal the sum of the other median values of compensation*

Total Compensation by Industry Individual Contributor

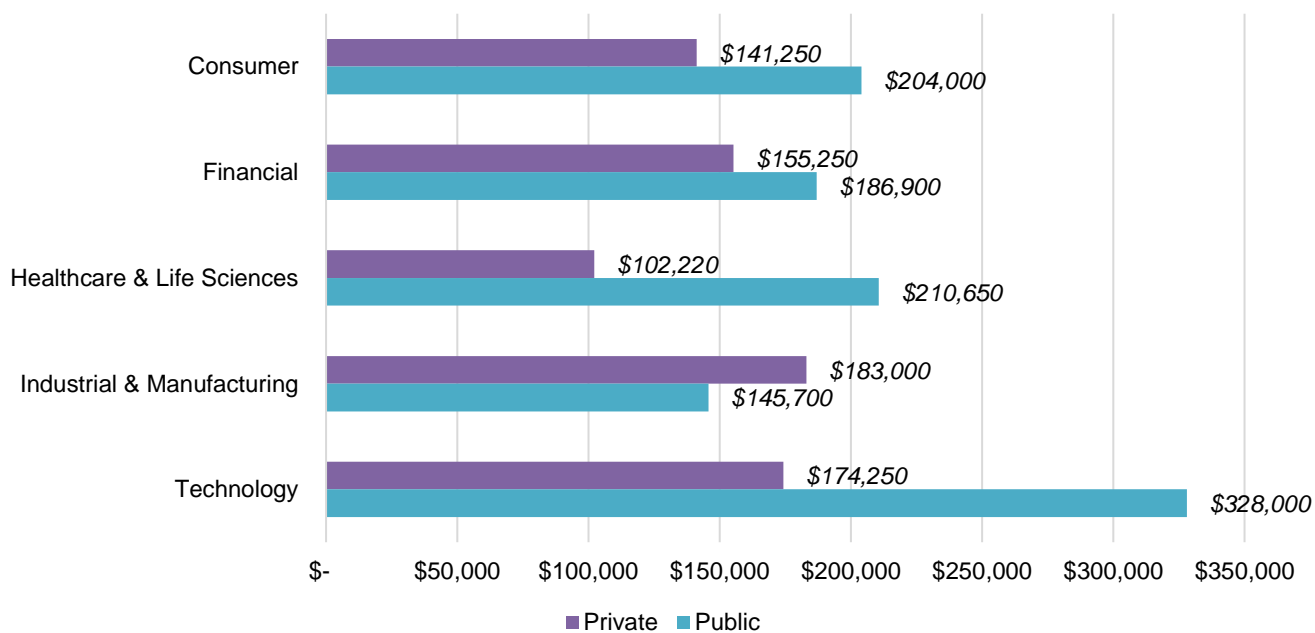


Figure 5.2 Total Compensation by Industry, Individual Contributor

Compensation Breakdown by Company Revenue Individual Contributor

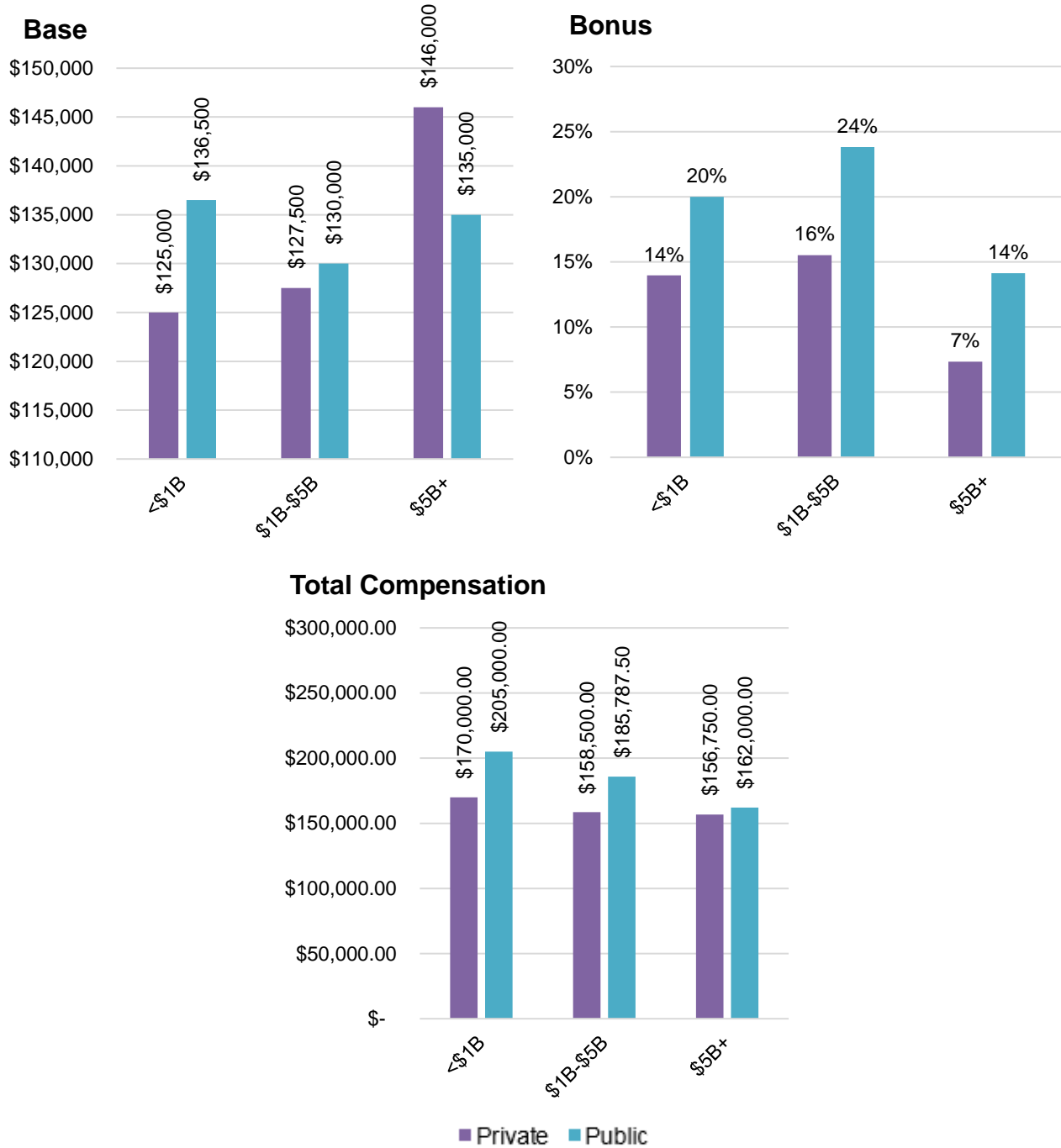


Figure 5.3 Compensation Breakdown by Company Revenue, Individual Contributor

**Less than 1% of respondents at this level report Long Term Incentive (LTI) compensation*

**Median Total Compensation does not equal the sum of the other median values of compensation*

Total Compensation by Education Level Individual Contributor

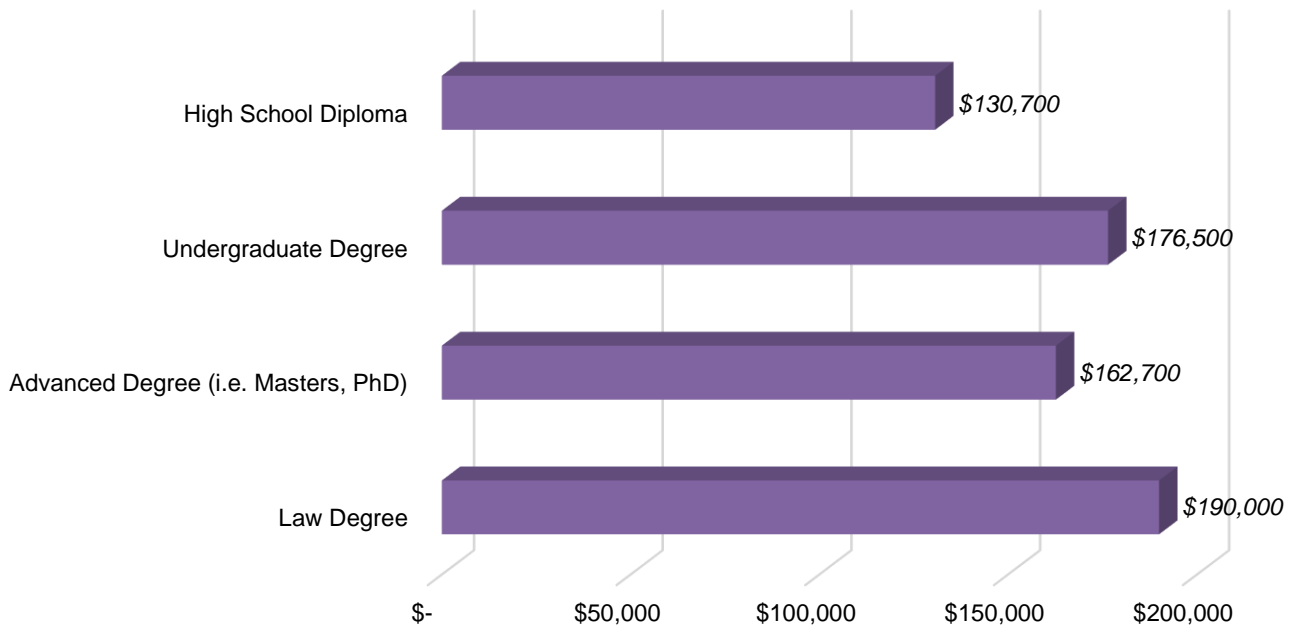


Figure 5.4 Total Compensation by Education Level, Individual Contributor

Compensation Breakdown by Gender Individual Contributor

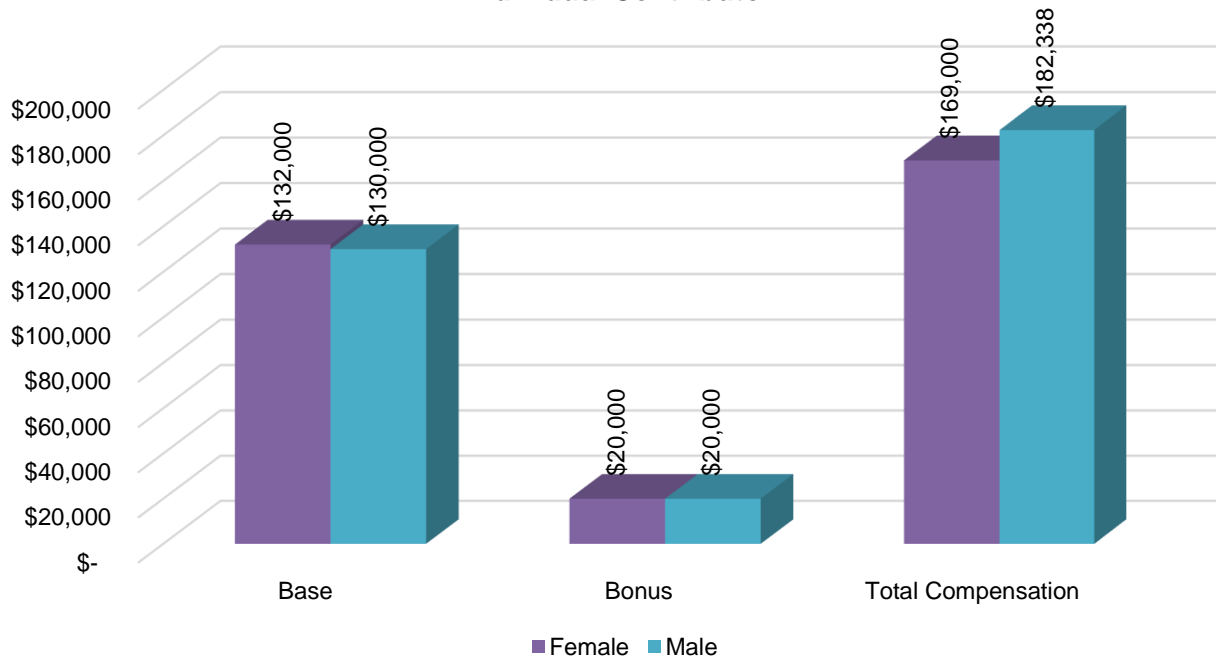


Figure 5.5 Compensation Breakdown by Gender, Individual Contributor

*Less than 1% of respondents at this level reported Long Term Incentive (LTI) compensation

*Median Total Compensation does not equal the sum of the other median values of compensation

About BarkerGilmore

BarkerGilmore is a boutique firm recognized by CEOs, boards, and executives as best-in-class legal and compliance executive search consultants, GC/CCO advisors, and leadership coaches. With a network of advisors and recruiters spanning the United States, BarkerGilmore's client roster includes leading consumer, energy, financial, healthcare, industrial, and technology companies.

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