Good Morning! And many thanks to Matt and Compliance Week for the kind invitation to chat with you today.

When I see a group of this size convened for a compliance conference in Europe, I’m heartened and impressed. That’s because I’m reminded that it was only a short time ago (relatively speaking) that the compliance profession was actually born. When Matt contacted me about this conference I consulted my notes and saw that in 2005 I spoke here in Brussels at an Association of Corporate Counsel general meeting on the topic of compliance and ethics leader network of 135+ senior business leaders that was rolling out the Code to all 100,000 employees on the ground at BP, and that included our ships sailing in the Mediterranean. It was considered groundbreaking at the time. Fast forward to 2013, and I’m pleased to tell you that my colleagues and I recently completed a benchmarking study for a client on this exact topic which reviews the features of approximately 20 diversely constructed leader networks across a broad spectrum of jurisdictions, many of which were located here in Europe. So that’s a great deal of progress in just 8 years.

From the practitioner’s perspective, we’ve had two big growth spurts in the world of compliance starting with the early 1990’s with the notion that companies that proactively self govern would be entitled to be considered for leniency for criminal acts. In other words, no company gets to claim the “Rogue Employee” did the bad act (ahem JP Morgan ahem), unless they actually had a robust and serious compliance program and culture in place. We can track the second big growth spurt in compliance to the passage of The Sarbanes Oxley Act of 2002 (which we lovingly call SOX and I say lovingly because so many compliance practitioners have jobs because of it), which was a reaction to the long list of corporate accounting fraud scandals starting with Enron and Worldcom in the States, and Parmalat and its cousins on this side of the Pond and continue to this day with the endless financial scandals including mortgage fraud, the London Whale and LIBOR rate rigging. But then you know all this.
What I'll share with you today are my impressions on the evolution of the compliance and ethics profession in UK & Europe since those two big growth spurts.

When I was first recruited to come to London to build the first global compliance program and infrastructure for BP, I had just finished building a program for another British company named BOC Group (some of you may recall as British Oxygen Company) now owned by Linde in Germany. Those were the early days for compliance in Europe- 2003- and what I can tell you is that gathering together a few colleagues to have a lunch and learn was challenging because first, you had to find them! One of my vivid memories is sitting in my new office at St. James Square a decade ago with a giant white board just beginning to map out how the team (that I had not yet hired) was going to cover and have line of sight to all the compliance risks of a company with 100,000 employees operating in over 100 countries.

There were very few actual “compliance people” around to hire at that time so my team eventually came from both within and without the company. Out of a leadership team of 9 or 10, only 2 had actually worked in formal compliance before. Some of my best people came from other professions such as legal, audit, HR and operational, but who were willing to embrace a very different way of approaching risk- starting with a “Bootcamp in Compliance 101” to get us all on the same page. Those were the early days, but now when I survey the landscape, I see a world where a compliance lunch and learn has been surpassed by compliance meetings like this one, or the one I just came from last week in WDC of 1200+ with 39 countries, such as Nigeria, Afghanistan and Thailand represented. Now, 10 years after I first labored over that whiteboard at St. James Square, it’s nothing short of breathtaking how the compliance world has evolved.

Three Things I Know

- Rise of the Compliance Officer - in Transition
- The Job is Hard, and Sometimes Perilous
- 20 Years On, Compliance is a Profession

So THREE THINGS I KNOW about this evolving profession:

ONE: The Rise of the Compliance Profession is a story of transition of people from other professions coming together to form an entirely new profession. It’s a good bet that nearly every one of you, like myself, came to the compliance officer profession by way of another: whether it was legal, audit, HR, security, finance, IT, law enforcement, or operations. Just as that first team that I hired at BP, many people are still coming to the profession from other walks of life. The difference is that we have now developed hundreds of thousands
compliance professionals with 5, 10, 15 even 20 years of in the trenches experience, and that’s important- because it’s enabled us to establish a body of expertise and a knowledge base worthy of a new and global profession- in other words, the profession itself has been undergoing 20 years of its own Compliance 101 boot camp. We’ve also developed specialty areas of subject matter expertise in financial compliance, privacy compliance, health care compliance, and many other risk areas.

TWO: It’s a hard job, and sometimes, it’s perilous job- and to punctuate that thought I have 2 graphics for you:

**500 Year Old Wisdom For The CECO**

“There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things.”

Nicolò Machiavelli  
The Prince, 1513

Machiavelli wrote one of my favorite passages: which may have been written 500 years ago but reads like it was tailor made for the compliance profession. Because when a compliance officer is trying to build and implement a program, she has for enemies every manager that ever benefitted from the old system of power, and only lukewarm defenders in those who “may” benefit from the new one. Human nature being what it is, most people want to see proof of the new system being good for them. Thus the perilous part of the job- and I’ve seen the bodies of ex-compliance officers’ careers littering the corporate landscape to prove it.
This graphic is how I think about most compliance jobs today. The CCO is given an enormous mission to go to the moon, and nothing but a hot air balloon to get there. And what happens if you try to get to the moon in a hot air balloon? Two things: first, you never get there, and second, you may die trying. We need to structure these roles better for success, not failure.

If you’ve spent any time in your role, you know why my friend Michael Volkov, former federal prosecutor in the US, calls the Compliance Officer the “unsung hero” of the corporate world, and why he named the Compliance Officer his “Person of the Year for 2011.” The problem is that as with any evolving profession, sometimes just like Forrest Gump, you don’t know what’s in the box until you open it. So mostly for the last 20 years, Compliance Officers have been “Building the Ship While Sailing” - trying to do their job well while explaining to everyone from the Board on down just what that job is or needs to look like.

Most Compliance Officers spend a lot of time just explaining what it is they do and dealing with the “fence issue” - either throwing things back over the fence where they belong, or trying to hold onto things that do belong within Compliance. One of the biggest challenges which I’ve written and spoken about extensively is crafting these roles and programs so that the Compliance Team has sufficient independence, empowerment, line of sight, seat at the table and resources to do the job. All areas where we have seen some tremendous growth even just in the last 2 years, as we have witnessed in the health care industry and most recently in the Big Banks (mention HSBC, Barclays, Goldman Sachs, JP Morgan). But there is more work to do.

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**Compliance is a Profession - The Journey**

- From little "c" compliance to Big "C" Compliance
- From a Job to a Profession
- From the Ground Floor to the Executive Suite

"Wall Street's hot trade: compliance officers"

Reuters, 9 Oct 2013 [http://reut.rs/1flgNYm](http://reut.rs/1flgNYm)

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THREE: Compliance is a Profession. It is neither a subset of Legal nor an extension of Audit, but an altogether new profession with it’s own unique mandate, skill sets, expertise and best practices necessary to proactively manage an entirely new and complex set of risks and threats to the company, and to support in a meaningful way the culture of the organization. A Venn diagram of Compliance within an organization would show that it is a multidisciplinary field, intersecting with Legal, Audit, Finance, HR, IT, Security and even Corporate Communications and Corporate Social Responsibility. It is none of those, yet intersects with all of those.
The Journey of The Compliance Officer can be seen through 3 different lenses: 1) from little c compliance to Big C Compliance 2) from a Job to a Profession and 3) from the Ground Floor to the Executive Suite.

Little “c” compliance is the entirely necessary focus on specific rules and regulations that apply to a specific risk area such as financial services, privacy, safety and environmental. Enormous resources are dedicated to this endeavor, but by itself, it is not enough. Alone, this becomes a check the box exercise and the compliance officer loses sight of the forest for the trees. Employees find ways around the rules. This is why big banks keep getting in trouble for things like sexual harassment or discrimination, which have nothing to do with financial regulation. The journey to Big C Compliance encompasses the bigger picture: driven by a senior level official who designs and oversees the implementation of a robust compliance program knitting together all these risk areas, but also understands and drives what really drives behavior and culture such as incentives, discipline, auditing, monitoring, training, communication, engagement and ethical leadership.

Which brings us to the second lens of the journey, the evolution from a job to a profession. It used to be that the job of compliance officer was allocated to the poor mid-level manager who called in the day it was assigned, or was late to the morning meeting. Suddenly, they are given a second hat to wear with no knowledge and maybe no appetite for the job. But times have changed and in two decades the “job” has evolved into a true “profession” with an entirely new set of skills, expertise, best practices and knowledge base.

And the third lens of the Compliance Officer’s journey tracks the positioning of the position within the organization. It used to be an inside joke that the compliance office could be found in the third basement and never at a management table. Today, we see that old paradigm crumbling everywhere as companies scramble to elevate their CCOs, to separate them from the GC’s office, and to give them independence, empowerment, line of sight and a seat at the table. Sometimes, they even get resources! But most importantly the CCO is emerging as an important independent voice in the C-Suite- a voice that our friends at Wal-Mart and HP could have benefitted from- and a trusted advisor and agent of the governing body.

And if you think I am being overly optimistic on this point, you can take a look at a Reuters article from last week that is making the rounds on Twitter “Wall Street’s hot trade: Compliance Officers” in which the profession was hailed as the new “king” of Wall Street. [AML story- where CCO candidate turned down $1Mn package, perhaps because it was structured for failure instead of success- CCOs need to vote with their feet.]

So where are we now in 2013? We are a rapidly expanding, global profession that is continuously building more expertise and practices, one of the most open and sharing professions that exist today.
I have for you a final graphic that I used to have hanging next to my desk at both of my in-house jobs to remind me that the CCO job is a marathon and not a sprint, and that with skill, perseverance and luck, an idea that is at first an orphan which is first met with resistance and derision can become so successful and valuable to a company, that it has many mothers and fathers. Trust me, I've seen it happen countless times.

There is also a reading list I've provided for those who would like to delve more into the topics I've mentioned.

CONCLUSION
So there you have it my friends, you Compliance Officers in the room are all part of a dynamic, vital and evolving profession with more than its share of challenges in a dangerous world. But having met, mentored, worked with and conducted dialogues with hundreds of compliance officers and professionals, I am convinced this is the greatest profession, the most dedicated, passionate, courageous and persevering group of people on the Corporate Landscape- truly Volkov’s “unsung heroes.” (If you’re ever having a bad day, sit down and read some of Volkov’s posts on the profession, and it will restore you.) We have come a long way, from the ground floor to the Executive Suite, from little c to Big C compliance and from a job to a profession, and we have still, a long way to go. Thank You.

Followed by Q&A with Matt Kelly