

## Compliance Today – May 2023



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### Succession planning should be part of compliance programs

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by Betsy Wade

The chief compliance officer (CCO) wears many hats, including oversight of the organization's day-to-day compliance operations and the provision of short- and long-term strategic direction for the compliance program. The CCO is also responsible for managing the department's human resources.

Since the beginning of the COVID-19 pandemic, employee retention has become a larger focus as compliance departments have seen turnover due to retirements and the "Great Resignation."<sup>[1]</sup> Regardless of what is leading to turnover in compliance programs, it is important for CCOs to have a succession plan.

The succession plan should not only include strategies to address the loss of a CCO's subordinates but should also address what should be done if CCOs choose to leave their organizations.<sup>[2]</sup>

CCOs should seek assistance from their human resources (HR) department to get started on a succession plan. Most HR departments have formal succession plans for their organizations that can assist the CCO. If not, CCOs can follow these basic steps to create a succession plan:

- Identify each job title within the department, add the name of the incumbent, document the risk of that individual leaving the department, state whether potential internal or external successors would be necessary for the position, include the readiness of those individuals to take over and any actions needed to get them ready for their new roles.
- Inventory the compliance department's current talent, noting each individual's educational background, certifications, licenses, and technical and soft skills so that their skill set can be replaced if someone exits the organization.<sup>[3]</sup>
- Determine gaps or deficits in the department's talent based on the organization's strategic direction over the next three to five years.
- Identify any individuals who are approaching, or have reached, retirement age and discuss their retirement plans with them to better determine resource needs for the department.
- Create action plans to prepare those in-house to replace individuals who leave. For example, mentor and cross-train individuals identified as potential replacements for the CCO or other positions so they are ready to step into their new roles immediately.
- Document the information in a chart to make the succession plan visible.

Once completed, CCOs should share their succession plans with HR, the compliance committee, and the board for concurrence or input. Succession plans also should not stay stagnant. CCOs should update succession plans to reflect changes in the compliance department.

**1** Richard P. Kusserow, “Compliance Officer Stress Management,” Strategic Management Services, December 2022, [https://www.compliance.com/wp-content/uploads/2022/12/Web-version-29-December-2022\\_Compliance-Officer-Stress-Management.pdf](https://www.compliance.com/wp-content/uploads/2022/12/Web-version-29-December-2022_Compliance-Officer-Stress-Management.pdf).

**2** Joe Mont, “When the CCO leaves, do you have a succession plan?” *Compliance Week*, July 12, 2016, <https://www.complianceweek.com/when-the-cco-leaves-do-you-have-a-succession-plan/2985.article>.

**3** “Creating a succession plan for corporate compliance,” Thomson Reuters, <https://store.legal.thomsonreuters.com/law-products/solutions/clear-investigation-software/articles/training-millennials-on-the-culture-of-compliance-part-one>.

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