



Compensation

BarkerGilmore Survey Benchmarks Compliance Personnel Compensation by Company Type, Revenue, Gender, Education and Industry

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Executive search consulting firm BarkerGilmore recently released the results of its study of the compensation earned by more than 800 compliance professionals. Notably, the study found modest year-over-year increases in total compensation; a significant pay gap between male and female compliance professionals; that compliance professionals at public companies earn more than those in similar positions at private companies; and that compliance professionals with law degrees earn significantly more than those without. This article examines those and other key findings from the study.

For another look at compliance officer compensation, see [“RCA Compensation Trends Panel Discusses Strong Market for Private Fund Compliance and Legal Personnel”](#) (Jan. 25, 2018). See also our series of two-part interviews with David Claypoole: [“How Have Industry Developments Affected the Value of Legal and Compliance Staff?”](#) (Feb. 2, 2017); [“Will Industry Deregulation Affect the Value of Legal and Compliance Staff?”](#) (Feb. 16, 2017); [“What Is the Value of Legal and Compliance Staff?”](#) (Mar. 12, 2015); and [“Trends in Legal and Compliance Hiring and Staffing”](#) (Mar. 19, 2015).

For additional surveys on hedge fund personnel compensation, see our coverage of HedgeFundCompensationReport.com’s reports: [2015 Report](#); and [2013 Report](#); as well as our coverage of the Greenwich Associates/Johnson Associates annual compensation studies: [2014 Compensation Study](#); [2013 Compensation Study](#); [2012 Compensation Study](#); and [2011 Compensation Study](#). See also our two-part coverage of a panel discussion on internal compensation arrangements for investment professionals: [“Carried Interest and Deferred Compensation”](#) (Mar. 15, 2018); and [“Hedge Fund Compensation and Non-Competes”](#) (Mar. 22, 2018).

Survey Demographics and Methodology

This spring, BarkerGilmore conducted an 18-question online survey of compliance officers. It received responses from more than 800 randomly selected compliance professionals.

The survey presents the median, rather than the mean, response to each question. BarkerGilmore collated and analyzed responses according to the respondent’s position, placing

each into one of three categories:

- chief compliance officer (CCO), the enterprise-wide head of compliance;
- managing compliance officer (MCO), a compliance officer who is not CCO but who has at least one direct report; and
- individual contributor (IC), a compliance professional who does not have any direct reports.

BarkerGilmore also broke down certain responses by the following criteria:

- organization type (public, private and non-profit);
- organization revenue;
- industry (consumer; financial; healthcare and life sciences (together, healthcare); industrial and manufacturing (together, manufacturing); and technology);
- gender; and
- education level.

More than half of respondents (53%) were CCOs, one-third were MCOs and just 14% were ICs. Fifty-seven percent of respondents were male. Just over half (54%) indicated that they hold a law degree. Of the respondents that do not hold a law degree, 48% hold a PhD or master's degree; 47% hold an undergraduate degree; and most of the rest have a high school diploma.

Forty-eight percent of respondents work for private businesses, 42% for public companies and just 10% for non-profits. The overwhelming majority of respondents' organizations are based in major (62%) or mid-sized (32%) metropolitan areas. Only 6% are based in small cities or rural areas.

Forty percent of respondents work for organizations with less than \$500 million in annual revenue. Nearly one-third work for organizations with from \$500 million to \$5 billion in annual revenue. The rest (29%) work for organizations with more than \$5 billion in revenue.

Most Compliance Officers Believe Their Compensation Is In Line With, or Higher Than, That of Their Peers

Across all industries, nearly half of respondents felt that their 2018 compensation was "average" when compared to their peers. More than 25% felt that it was "above average." Most of the rest felt that their compensation was "below average," with a small percentage – including nearly 10% of respondents from consumer companies – indicating that it was "significantly below average."

Sixty-one percent of respondents from consumer companies said that there was a "high" or "very high" likelihood that compensation issues would motivate them to look for new jobs in the next year, compared with 40% of respondents from financial and healthcare companies; 39% from manufacturing companies; and 26% from technology companies.

Compensation Higher at Public Companies and in Big Cities

Total compensation of CCOs, MCOs and ICs at public companies was considerably higher than that of their respective counterparts at private companies. In addition, the total compensation of CCOs at public companies was about 50% higher than that of MCOs. In contrast, private company CCOs earned only about 20% more than MCOs.

Virtually across the board, CCOs, MCOs and ICs in major metropolitan areas earned more than their respective counterparts in mid-sized metropolitan areas who, in turn, earned more than those in small cities and rural areas. The only exception is that ICs of public companies in major metropolitan areas earned less than those in both mid-size metropolitan areas and small cities/rural areas.

At the top of the spectrum, the total compensation of public company CCOs ranged from more than \$450,000 in major metropolitan areas to about \$325,000 in small cities/rural areas. Compensation of their counterparts in private companies ranged from nearly \$300,000 to about \$170,000.

For more on CCO compensation, see [“2017 Compliance Salary Survey: How Do Fund Managers Compare?”](#) (Jan. 4, 2018); [“How Much Are Hedge Fund Manager General Counsels and Chief Compliance Officers Paid?”](#) (Jul. 24, 2014); and [“Who Should Newly Registered Hedge Fund Managers Designate as the Chief Compliance Officer and How Much Are Chief Compliance Officers Paid?”](#) (Feb. 25, 2011).

Total compensation of public company MCOs ranged from about \$300,000 in major metropolitan areas to just under \$200,000 in small cities/rural areas. Compensation of private company MCOs ranged from nearly \$250,000 to about \$175,000.

Public company ICs had total compensation of about \$150,000 in both major metropolitan areas and small cities/rural areas, and more than \$200,000 in mid-sized metropolitan areas. In contrast, private company ICs earned just under \$200,000 in major metropolitan areas, down to just \$75,000 in small cities/rural areas.

Increases in base salary from 2017 to 2018 ranged from a low of 3.7% for respondents from manufacturing companies to a high of 4.8% for respondents from consumer companies.

Significant Gender Gap

BarkerGilmore found that, on average, female compliance professionals earn about 75% of what their male counterparts earn. Across all three positions, the total compensation for a male compliance officer was \$300,000, compared with just \$230,500 for female compliance officers. Base salary for a male compliance officer was \$200,000, just 16% higher than that of a female compliance officer, who earned \$172,000. Bonuses for male officers (\$56,000), however, were more than double those of female officers (\$25,000).

Total compensation for a male CCO was \$349,500, compared with \$257,000 for a female CCO, with most of the difference accounted for by a significantly higher bonus for male CCOs. Total compensation for male and female MCOs was \$250,000 and \$228,000, respectively. That of male and female ICs was \$188,500 and \$135,000, respectively.

See [“HFLR Program Looks at Recent Developments and Trends in Employment Law Relevant to Fund Managers”](#) (Jul. 26, 2018); and [“Evaluating Pay Equality: Steps Investment Managers Should Consider to Avoid Running Afoul of Equal Pay Laws”](#) (Nov. 30, 2017).

Law Degrees Boost Compensation Significantly

Total compensation of CCOs with a law degree was \$407,832, compared with \$275,000 for those with another advanced degree, \$200,000 for those with a college degree and \$156,278 for those with a high school diploma.

The same was true for MCOs and ICs. The total compensation for an MCO with a law degree was \$296,033, compared with from \$182,000 to \$231,000 for those without law degrees. That of an IC with a law degree was \$172,000, compared with from \$104,600 to \$137,000 for those with other levels of education.

Compensation by Company Revenue

CCOs

CCOs at companies with more than \$5 billion in annual revenue earned dramatically more than those at smaller organizations. Those at the largest organizations had total compensation of \$517,500, compared with \$337,740 for those at companies with from \$1 billion to \$5 billion in revenue; \$277,000 for those at companies with from \$500 million to \$1 billion in revenue; and \$250,500 for those at companies with less than \$500 million in revenue.

At companies with more than \$5 billion in revenue, bonus and long-term incentive (LTI) compensation accounted for a significantly larger proportion of total compensation than at smaller companies.

Attorney-CCOs

Total compensation of CCOs with law degrees at private companies increased steadily with company size, ranging from \$250,000 at companies with less than \$500 million in revenue to \$659,000 at those with more than \$5 billion in revenue. In contrast, compensation of CCOs with law degrees at public companies ranged from \$430,000 to \$466,250 at companies with less than \$5 billion in revenue, jumping to \$533,000 at companies with more than \$5 billion in revenue.

Both base salary and bonus (as a percentage of base) of attorney-CCOs generally increased with company size for respondents at private companies, as did bonus for respondents at public companies. At both public and private companies with up to \$5 billion in revenue, bonuses ranged from 24% to 39%. At companies with more than \$5 billion in revenue, bonuses were 49% for public companies and 62% for private companies.

CCOs Without Law Degrees

Total compensation for non-attorney CCOs in public companies was \$220,000 at companies with less than \$500 million in revenue, and from \$360,500 to \$460,000 in the three segments of larger firms. In contrast, total compensation for non-attorney CCOs in private companies was \$200,000 in the two smallest segments of firms and \$392,000 and \$422,000, respectively, at companies with \$1 billion to \$5 billion in revenue and those with more than \$5 billion in revenue.

Base salaries and bonuses varied widely for non-attorney CCOs. For example, base salary ranged from about \$150,000 at the smallest private companies to \$280,000 at public companies with

from \$500 million to \$1 billion in revenue. Bonus percentages were just 15% and 17% in the two smallest categories of private companies, but 64% in the largest private companies.

LTI Compensation

Attorney-CCOs at public companies of all sizes received a modest percentage of their total compensation through LTI compensation, as did non-attorney CCOs at public companies with more than \$500 million in revenue. In contrast, only attorney-CCOs and non-attorney CCOs at private firms with more than \$5 billion in revenue received a significant amount of LTI compensation relative to total compensation.

The most commonly cited form of LTI compensation for public company CCOs was restricted stock (by more than half), followed by stock options and stock awards tied to specified company-wide criteria. All were cited by CCOs in companies of all sizes. A small percentage cited restricted cash.

Restricted stock was the most commonly cited form of LTI compensation at all sizes of private entities, except those with from \$500 million to \$1 billion in revenue, where stock awards tied to specified company-wide criteria were the predominant vehicle.

See “[Ways Fund Managers Can Compensate and Incentivize Partners and Top Performers](#)” (Dec. 14, 2017); and our two-part series on deferred compensation plans: “[Structuring Plans to Retain Top Talent](#)” (Jun. 22, 2017); and “[Practical Considerations: Vesting Schedules, Deferral Amounts and Compliance With Section 409A](#)” (Jun. 29, 2017).

MCOs

Total compensation varied much less dramatically for MCOs than for CCOs. At the low end of the spectrum, MCO total compensation was \$205,500 at companies with from \$500 million to \$1 billion in revenue. At the high end, total compensation was \$267,500 at companies with more than \$5 billion in revenue. In each size segment, total compensation was higher for public company MCOs than for private company MCOs.

Base salary for MCOs varied relatively little by company size or by whether the company was public or private, ranging from a low of \$159,000 to a high of \$204,000. With one exception, bonuses fell in the range of 20% to 36% and were higher for public company MCOs than for private company MCOs. Only public company MCOs received any LTI compensation, which accounted for a small percentage of total compensation.

ICs

At the low end, total compensation for ICs was \$135,500 at companies with less than \$500 million in revenue. At the high end, it was \$202,500 at companies with from \$1 billion to \$5 billion in revenue. For companies with less than \$500 million in revenue, total compensation was lower at public companies than at private companies. The opposite was true at companies with more than \$500 million in revenue, although the larger the company, the smaller the disparity.

IC base salary ranged from \$102,500 to \$170,000. For companies with more than \$500 million in revenue, base salary was higher at public companies than at private companies. Bonus, as a percentage of base, ranged from 15% to 27%. Bonus percentage was significantly higher at private companies than public ones, except for companies with \$1 billion to \$5 billion in revenue, where the percentage was roughly equal.

Compensation by Industry

CCOs

Public company CCO total compensation ranged from \$507,000 at healthcare companies to \$363,600 at financial firms. Private company CCO total compensation ranged from \$332,000 at healthcare companies to \$195,750 at consumer companies. CCOs at private financial firms had total compensation of \$274,515.

MCOs

Total compensation for MCOs at public companies ranged from \$231,000 at consumer companies to \$383,000 at technology companies. Compensation at private companies ranged from \$190,000 at healthcare companies to \$300,000 at financial firms. MCOs in public manufacturing, healthcare and technology companies had higher total compensation than their private company counterparts. The opposite was true of MCOs at consumer and financial firms.

ICs

The total compensation of ICs at public companies ranged from a high of \$224,333 at technology companies to a low of \$154,000 at consumer companies. Compensation at private companies ranged from a low of \$136,000 at healthcare companies to a high of \$186,000 at technology companies. In each of the five industries covered by the survey, IC total compensation was higher at public companies than at private ones.

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