

## 10 Ways Compliance Contributes to a Firm's Value.

A properly structured and implemented compliance program can significantly contribute to a firm's value. At CCS, we believe the added value can far exceed the program's cost— and that compliance spending should be viewed more broadly as an investment in the business.

Your compliance program enables you to:

- 1. Avoid Fines and Penalties:** All firms want to avoid the punitive and unplanned fines, penalties and disgorgement associated with enforcement actions that a good compliance program can prevent.
- 2. Protect Individual Reputations:** The SEC calls out corporate officers by name in over 80% of enforcement actions. Your name in an enforcement action could be career-ending, especially if you are barred from the industry.
- 3. Attract Institutional Clients:** Most institutional investors conduct Operational Due Diligence that includes an in-depth review of the compliance program. A weak compliance program can disqualify a firm, regardless of investment performance history.
- 4. Increase Firm's Multiple:** Potential acquirers will assess a firm's compliance program as a factor in the multiple offered. An inadequate compliance program means more risk – and more risk means a lower multiple.
- 5. Improve Operations:** Very often, compliance procedures serve as a starting point for operational and desk procedures. Also, the discipline of drafting and implementing procedures will serve as an example for finance, portfolio management, and product development.
- 6. Reduce Executive Time:** Fewer compliance problems – and the associated decline in operational problems – means executives spend less time dealing with non-productive headaches.
- 7. Lower Legal Expenses:** Firms can incur significant legal expenses when confronted with an avoidable enforcement action. A good compliance function will reduce the number of questions requiring outside counsel.
- 8. Preserve Reputation:** An enforcement action undermines a firm's reputation, the most valuable asset of any investment management firm. Blue chip firms like to do business with other blue chip firms that have a reputation for integrity.
- 9. Attract Employees:** A quality compliance program will create a credible firm attractive to quality employees. A “cowboy culture” will repel the top-notch employees needed to grow into an institutional franchise.
- 10. Perform Without Fear:** You wouldn't drive a car with bad brakes. Just as important, a good compliance program allows firm management to move fast and seek new opportunities without fear of an unknown regulatory breakdown.

CCS can help you build a culture of compliance.

Learn more about us at  
[www.cipperman.com](http://www.cipperman.com)