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Privacy and the “C” Suite: Does Your Program Really Have Traction in the “C” Suite?

Every Chief Privacy Officer or privacy leader wants privacy to be recognized as an important topic by the senior executives that occupy the “C” suite and funded as such. Some privacy leaders report directly to an executive in the C suite and that reporting makes exposure for the privacy office agenda more natural than for those that report a level or two below the C suite. Regardless of the reporting lines, what level of traction does privacy really have in the C suite?

To address this topic we interviewed Chris Zoladz, a former CPO that created the function at a Fortune 250 company in 1999 and in 2009 founded Navigate LLC (www.navigatellc.net), an information protection & privacy consultancy.

Nymity: How important is elevating the privacy agenda to the C suite?

Zoladz: I believe it is very important if the privacy agenda is to be meaningfully supported versus tolerated, or worse yet, ignored. However, it is not reasonable to expect that the C suite in its entirety will understand or embrace the company’s privacy agenda. Every member of this group of executives simply does not have the time or background to deal with all agendas in the company, nor do they need to. Alignment with one highly respected C suite executive can make a substantial difference in the profile of the privacy office.

Nymity: Is the C suite generally a meaningful supporter of the privacy agenda?

Zoladz: It depends on the organization. At organizations where privacy is critical to the business, privacy gets C suite attention, and by critical I mean the company could fail if privacy is not done well. This might include movie rental companies or small pharmacies for example. Companies with operations outside of the United States usually have some level of C suite support due to higher privacy expectations and legal requirements in certain markets such as the European Union. There are also companies that place a high value on their brand name and tend to pay attention to privacy at high levels in the company. In addition, for organizations that are highly regulated with enforcement actions that are more than a slap on the wrist, some of the C suite, or at least the General Counsel, usually pays significant attention to privacy, especially if something has gone wrong in the past. At some companies, the privacy agenda is almost entirely dedicated to legal compliance and that is the persona that privacy has within the company. This does not mean that the privacy office in these companies are not adding meaningful value beyond legal compliance and avoiding issues with regulators, but it is likely the privacy function at these companies would be smaller and lower profile absent privacy legal requirements.

Nymity: How have you seen C level engagement in privacy change over the past few years?

Zoladz: This is a bit of an oversimplification, but for commercial companies, when thinking about C level engagement in any topic, it is absolutely essential to always remember why the company exists – to maximize returns to shareholders. If the topic does not support this core of existence, it will not receive C level attention. The economic meltdown that began in 2008 made all companies

re-evaluate their priorities and expenditures to ensure they maximize returns to shareholders, or at least minimize losses. As a result, seemingly every waking moment became dedicated to revenue generation and cost cutting. Unless privacy directly supported either of these areas, I would say that it moved lower down the radar screen.

Nymity: Do you see this changing in the future?

Zoladz: I believe it may when the economy improves, especially for those privacy offices that are perceived to directly support the business objectives. If there is additional government regulation and enforcement it will definitely elevate the privacy agenda.

Nymity: How can privacy offices work to more directly demonstrate how privacy directly supports the business objectives?

Zoladz: A proactive approach is required. If the privacy office does not champion its own agenda no one else likely will. Specifically, privacy leaders should schedule meetings with business leaders at least once per year to explain how privacy supports the business objectives for that area. This assumes that the privacy office knows the business objectives for that area and has considered the same as part of the privacy agenda. It is also important to have a realistic sense of the privacy risks for specific areas as well as the benefits and recommended priority for mitigating those risks. If the privacy office is unclear about the business objectives and risks do not request a meeting until you do. Some companies also effectively use privacy advisory or governance committees that include leaders from various disciplines as a means of keeping aligned with the business and getting buy-in to the privacy agenda.

Nymity: You indicate that more government regulation and enforcement would garner more C suite attention – why?

Zoladz: Because it is more tangible and easier to understand for most executives than the softer side of privacy (e.g., customers will be more loyal, avoidance of bad press, etc.). Executives understand the high costs and pain that can accompany non-compliance with legal requirements. However, the likelihood that there are consequences for non-compliance need to be real. During a meeting with C level executives at a large publically traded company when we were discussing privacy and the applicable privacy legal requirements, the General Counsel asked if the Massachusetts privacy law that went into effect March 1, 2010 was being enforced. I answered that I have seen no signs of enforcement. He then asked, if it were enforced, what are the financial consequences for the offender, to which I answered it is not clear at this time. He concluded by asking, what is the likelihood this law would be enforced in the next 12 months, to which I responded the State AG's office has not made any enforcement plans public so the answer is unknown. In the course of those three quick questions the General Counsel made his risk assessment and decided that complying with this legal requirement would be deferred. I did not agree that the apparent lack of current enforcement was a justification to not pursue compliance but it was his decision.

Nymity: Has the seemingly endless press around data loss and breaches helped raise C level interest and concern in privacy issues?

Zoladz: The media has helped raise everyone's awareness and potential concerns about privacy, despite some of the reporting not being complete. However, that does not automatically translate into active engagement by C level executives. It is common that they assume these occurrences will not happen to their companies as the vulnerabilities are expected to be addressed. In addition, some companies only learn from their own bad experiences. There is no more effective teacher than a real privacy problem requiring a company's reaction. No number of Power Point presentations, white papers or reciting other company's privacy woes and financial consequences will have the same impact as when your company has an issue.

Nymity: Are Boards of Directors asking about privacy issues?

Zoladz: I have not seen any research on this topic but I suspect the answer is sometimes. Remember most external Board members are very savvy business executives but are typically overbooked full time senior executives in other companies, serve on multiple Boards and may have little, if any, background in privacy. I suspect the amount of Board inquiry around the company's privacy program, if any, is determined by whether the company has had a privacy issue that required their attention, or a Board member's

company had an issue and now he/she is attuned to the topic and will ask. If the Board is asking about privacy that will definitely get the attention of C level executives, especially those executives that serve on the Board. In some cases, a senior executive sponsor for privacy will proactively get privacy on the agenda for a Board or committee of the Board meeting occasionally.

Nymity: How can a CPO raise the profile of privacy in the C suite?

Zoladz: Any meaningful priority in a company needs to be pushed from the top down and privacy is no different. First and foremost, the CPO needs to identify a sponsor or ally in the C suite, if she/he does not already have or report to one. This sponsor needs to not only understand the privacy agenda and the value add for the company but also help other executives gain a deeper understanding and appreciation, and occasionally get privacy on the agenda for senior executive meetings.

Nymity: Now that you've painted a rather tough road ahead for the CPO, what are some examples of really strong actionable things a CPO can do to truly make privacy a reality in his/her company?

Zoladz: Privacy can be a tough road but that is nothing new. Privacy does not generate direct revenue in and of itself, it costs money and vies for attention with numerous other priorities. The culture, politics and personalities are different at every company, so no one approach will work everywhere. I believe the most important action item is ensuring that the privacy agenda is aligned with the business objectives and risks and you can talk about the value of privacy in those terms and then proactively do so with the business leaders and their key senior managers. Privacy discussed in other terms tends to be viewed as academic and will not hold executive attention let alone garner support. As previously mentioned, enlisting a senior executive sponsor who understands the importance of privacy is also very important but can be easier said than done. Ideally, this is an executive that is highly respected in the organization and can help push the message of how privacy supports or enables the business.

Nymity: In closing, what have we not asked you that you would like to share with our readers?

Zoladz: I believe that the best and most challenging days for us as privacy professionals lie ahead. Changes in technology, consumer demands and regulation will pose new and exciting privacy risks and challenges that will not escape the attention of senior executives if we effectively communicate the importance to the overall business objectives.