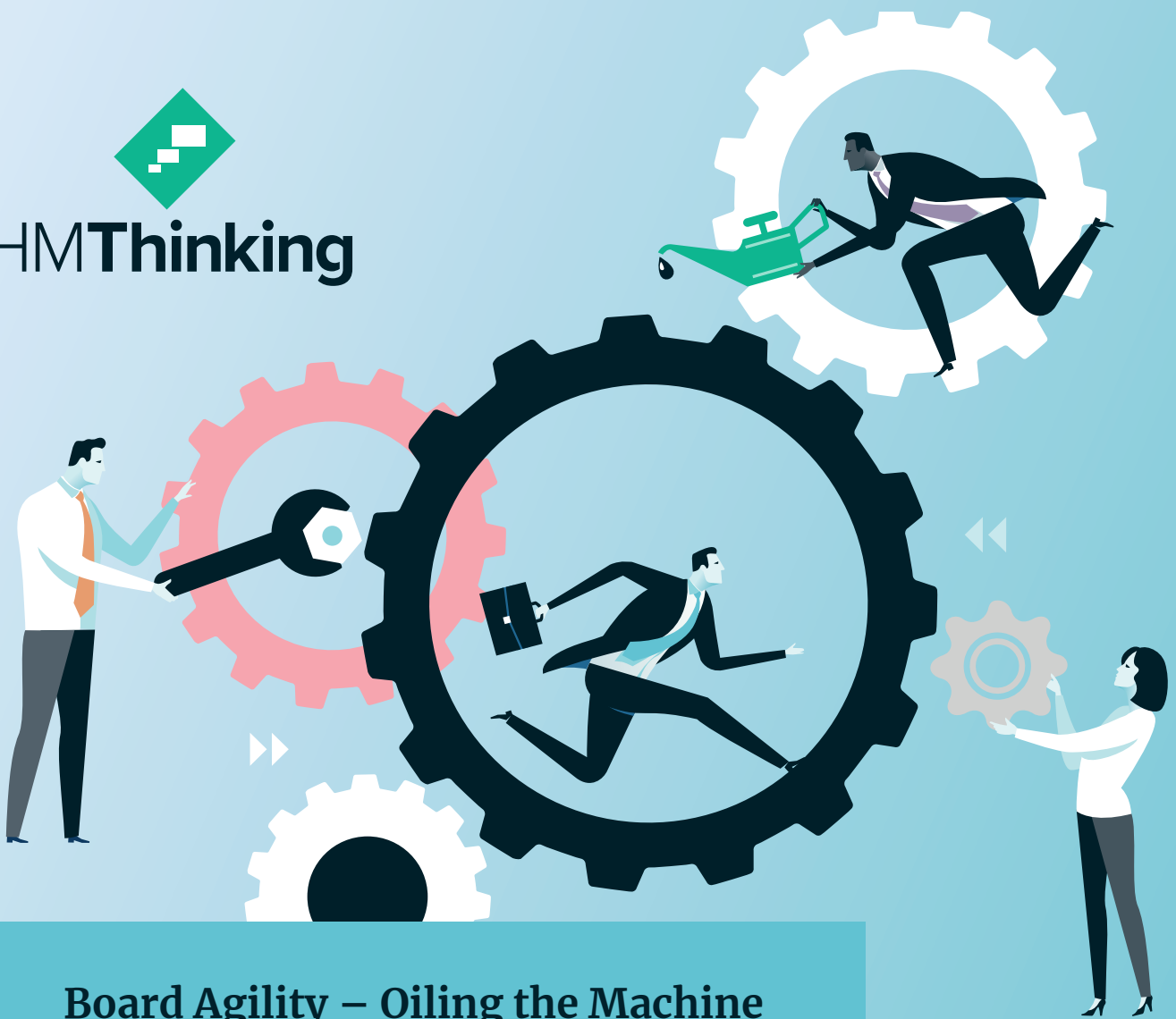




HMThinking



Board Agility – Oiling the Machine

The Company Secretary

At the height of the pandemic in 2020 so many UK plcs – Board and Executive teams - surprised themselves with their speed of decision making. Twelve months later many are trying to capture that magic formula to ensure that it was not just a one-off. But with anticipated BEIS audit reforms, and increased scrutiny on large companies' ESG credentials, the regulatory and governance tide is still coming in and only likely to slow the speed of execution.

The role of the Company Secretary, Head of Internal Audit and HR Director/Head of Reward in facilitating smooth decision making at Board level is often unseen but certainly felt. In our three part series, Board Agility – Oiling the Machine, we are evaluating each of these roles and how the best-in-class make a difference. We start with the Company Secretary.



The skills and attributes of Company Secretaries who make a difference



Trusted Relationship with the Chair – whilst there is a power imbalance, the best Company Secretaries (often also General Counsel see below) transcend that. Of course, chemistry helps, but most important is that the Company Secretary has the confidence to be candid. Chairs want, and need, their Company Secretary to tell them what they think – what is working and what is not working, help them fathom what is not being said at Board meetings, where the tensions lie and how the meetings can work better. The governance bases need to be covered so that there are ‘no surprises’ but the best Company Secretaries are a thought-partner, a sounding-board and a wise counsel.



Right Issue, Right Time and Right Question – from the relationship derives the prize which is Chair and Company Secretary working together to craft high quality Board agendas. The high quality agenda facilitates the Board in drilling down to the real issue to be discussed as opposed to running out of time because peripheral issues have taken over the agenda. The work that is done behind the scenes is key and the role of the Company Secretary in understanding the issues, getting hold of high quality papers that bring the Non-Executive Directors (NEDs) up to the requisite level of understanding and then, with the Chair, shaping the critical question or questions is a highly valuable skill. It requires intellect, commercialism and proactivity.



Continuous Improvement and Innovation – the best Company Secretaries exude a behind the scenes calm but have an underlying restlessness for ways to make ‘it’ better. In our work with them we observe the standouts steadily improving the machinery of governance, removing the burden of administration from the NEDs and Executives and alert to any tick-box exercise and striving to ensure that it produces something worthwhile.

As part of this, the dynamic Company Secretaries are now grappling with the balance of in-person Board meetings versus virtual ones and how to make both equally effective. They are also considering whether the use of video can improve board papers and how AI can improve decision-making.



Fount of Knowledge – the Company Secretary is often the ‘corporate knowledge’, and with that the ‘continuity candidate’ of a changing board and executive team but, the best go so much further. We see them connecting other executives around the company with a specific NED so that they can tap into that NED’s specialist subject area. We see them connecting the organisation from the centre, eradicating duplication where two teams unbeknownst to each other are conducting the same exercise, and we see them sought out regularly by NEDs and a wide-range of executives for off-the record insight.

Are the best Company Secretaries shifting board time from governance to strategic decision-making - are they stopping the tide? Probably not - the volume and speed of new regulatory and governance expectations for a UK plc is unrelenting, but they are certainly smoothing it.

Below we analyse the market for this talent with the following key findings:

- Top quality Company Secretaries are in high demand and not easy to find – one solution can be double hatting the role
- The role of Company Secretary is an excellent way of increasing gender diversity in the senior leadership team



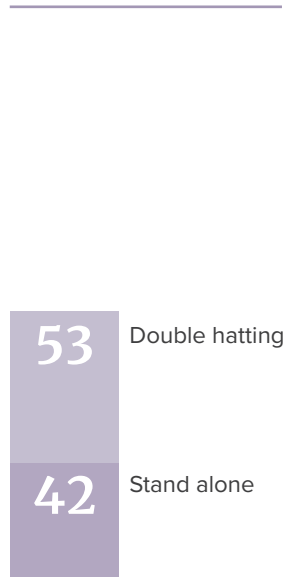
Board Agility – Oiling the Machine

The Company Secretary

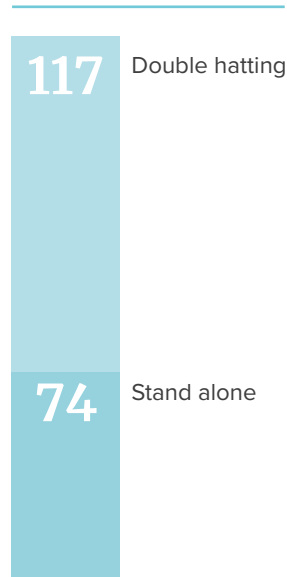
The traditional route to the role of Company Secretary, via the ICSA qualification, is almost a thing of the past. With companies demanding higher quality people in the role they have tended to turn to the legal function and convert from there.

The key dilemma many companies then face is whether to have the role as a free-standing one or ‘double hat’ it with the General Counsel. In FTSE 100*, currently 42 are stand alone and 53 double hatted with the General Counsel role. In FTSE 250#, the corresponding figures are 74 free standing and 117 double hatted with the General Counsel.

FTSE 100



FTSE 250



More often than not the decision on which route to go is shaped by the availability of external talent and the skillset and interest in double hatting of the General Counsel. In the largest UK plcs the double hatting role is extremely demanding and, for the occupant of the role to have any chance of success, being surrounded by very high quality deputies in Legal and Company Secretary is critical.

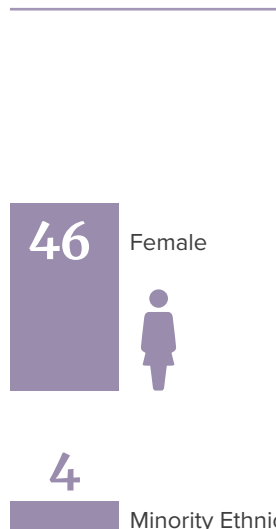
Ultimately in the Company Secretary, the organisation is looking for the skills identified above alongside individuals who can exercise first-class judgement – the single most important ingredient we look for in functional leaders.

Diversity

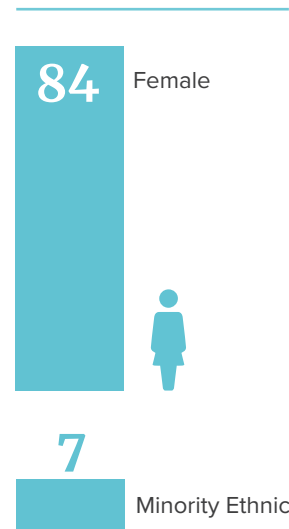
Whether double hatting or stand alone, the Company Secretary market represents one of the deepest pools for increasing gender diversity.

Current FTSE 100 & FTSE 250 Company Secretaries:

FTSE 100



FTSE 250



Minority ethnic

Strong on gender diversity, the Company Secretary is still woefully underrepresented by minority ethnic candidates. Just 4 in FTSE100 and 7 in FTSE 250.

Market Activity/Key Moves

In the past 12 months the market has seen a slight uptick in activity with 11 new appointments of Company Secretaries at Avast, Bunzl, Diageo, Entain, Johnson Matthey, Land Securities, National Grid, Pearson, Segro, Smurfit Kappa, and WPP. Of these, four were internal promotions, eight are female and, of the three male appointments, one is a minority ethnic candidate. In FTSE 250 there have been 15 appointments, two of which were internal and eight female.

*Five Company Secretaries are double hatted with a different function from the General Counsel (e.g. Director of Investor Relations).

In FTSE 250, there are 51 investment trusts that do not have a Company Secretary role. A further 10 roles are double hatted with a different function from the General Counsel (e.g. COO). Correct at time of print, September 2021.



Leadership Inspired

We seek out world-class executives who create lasting change and leaders who will make a world of difference.

Deep market knowledge, bespoke processes and innovative thinking enable us to find extraordinary leaders across the globe.

And, in our commitment to achieve greater diversity, equity and inclusion, it has never been more essential for us to challenge ourselves and our clients.



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Nick co-founded Hedley May in 2009, driven by a belief that executive search firms could deliver so much more value to clients, candidates and ultimately society at large.

A trained lawyer, Nick is an expert on the roles of General Counsel, Company Secretary, Chief Compliance Officer, Chief Risk Officer and Head of Internal Audit. As part of this he is an acknowledged expert on the impact of culture and governance on the long-term sustainability of an organisation.

He is regularly invited by clients and industry bodies to speak at roundtables, seminars and conferences, offering insights into functional leaders' dual responsibility for managing risk and executing business strategy in the context of governance, culture and leadership. His keynote speeches often focus on developing the pipeline of future talent and what makes a functional leader truly successful.

Nick's chief motivation is to enable others to fulfil their potential and derive a sense of purpose from their work. He brings this approach to his clients, his candidates, his team, and with the wider community, championing social mobility and mentoring disadvantaged young people. He is a standing judge for the UK Social Mobility Awards.



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Alex focuses on key strategic hires for corporate Legal functions across all major industry sectors and has worked on a range of high-profile Group General Counsel assignments for FTSE100, FTSE250 companies and privately held businesses. He is passionate about helping the next generation of talent develop leadership skills and fulfill their potential.

A significant proportion of Alex's work is international, having conducted high profile global searches in collaboration with the New York team and the firm's Asia Pacific affiliate office. He is also a core member of Hedley May's global Client Centricity team, fostering long-term client relationships built upon trust and understanding.

Having played golf to a high standard, Alex is fascinated by the lessons of sports psychology and how these translate to the world of work. He is particularly interested in the concept of continuous improvement.

Alex began his career at the Bar and has an LLB from Nottingham University.