

The Company Secretary

*Building trust through
governance*



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Focus, approach and methodology

This study focuses on the role of the company secretary, an executive position that usually reports directly to the chairman and is the key point of contact for other board members. It examines the expectations of stakeholders, board dynamics and the interactions of other board members' and their views, identifying evidence of high performance and the characteristics of best practice. In the context of stricter governance regimes, new disclosure metrics, and greater competitive pressures on boards, the secretariat is a strategic function.

This is a collaborative study between the Institute of Chartered Secretaries and Administrators (ICSA) – the membership and qualifying body for company secretaries – and Henley Business School. It has been informed by one-to-one qualitative, semi-structured interviews with company secretaries, chairmen, CEOs, NEDs and independent consultants, and facilitated by focus group workshops and questionnaires – a total of over 200 respondents. Each interview was on average 70 minutes long and each focus group consisted of 5–20 company secretaries/consultants. Each workshop session was planned for two hours' duration. A thematic analysis of the interviews informed the findings.

The research has taken on board views from FTSE, SME and private, not-for-profit and public sector board-level stakeholders in UK, Republic of Ireland and internationally-based organisations.

Summary of findings

The majority of respondents surveyed, including a number of chairmen, agree that the role of the company secretary is an important and unique function. However, many company secretaries suggest their role is largely taken for granted and often improperly utilised.

The key findings of this study illustrate how high-performing company secretaries ultimately help build trust, which results in good governance. Many company secretaries acknowledge that their individual discretion, freedom of choice, personal morals and ethics are important in positively impacting corporate judgement. Other respondents note how effectiveness is achieved through more than fixed administrative capabilities or technical knowledge.

Respondents to the study, including chairmen, CEOs, company secretaries and relevant independents, highlight the role's need for continuous engagement, using interpersonal skills to craft effective relationships. These capabilities evolve in a manner that constantly tests a company secretary's understanding and often results in the critical appraisal of other board members' roles.

Highly effective teams have fluid, open and responsive mechanisms of communication. In the midst of this, the company secretary must carefully manage relationships through intelligent negotiation, while relishing the challenge of strategic alignment of teams and agendas.

Company secretaries say they are more comfortable in roles which allow them to express their opinion. This commands them greater respect and recognition within a team, and the majority agree this is critical to achieving effective organisational leadership and positive boardroom dynamics.

Some company secretaries highlight how discretion is learnt through practical experience on the job. The majority have come into their role from diverse backgrounds, successfully applying skills while developing new capabilities. Importantly, they have a broader understanding of the issues and forces that influence team decision-making. They take a position or challenge board members to do better for their organisation.

Company secretaries face constant challenges, with recurring themes including:

- being considered 'traitors' by the executive team;
- supporting chairmen exhibiting poor performance;
- acting as the third person in a CEO–chairman relationship;
- becoming the pivotal contact for insurmountable problems; and
- maintaining independence from other executives and board members.

Many company secretaries believe their role is misunderstood and sometimes viewed as administrative. However, in the best traditions they deliver strategic leadership. The company secretary adds significant value as a vital go-between and helps facilitate the successful delivery of organisational objectives.

In many respects, the company secretary has similar attributes and is closest to the role of the chairman. They require the leadership qualities of humanity, humility, high intelligence, an understanding of agendas, negotiation and a tough resilience to dealing with everyday issues. Company secretaries believe in the technical value of the ICSA qualification, although these findings do suggest an opportunity to promote the standard and its competitive advantages among board members.



Key findings

- 1 The role of the company secretary is much more than just administrative. At its best, it delivers strategic leadership, acting as a vital bridge between the executive management and the board and facilitating the delivery of organisational objectives.
- 2 Company secretaries are ideally placed to align the interests of different parties around a boardroom table, facilitate dialogue, gather and assimilate relevant information, and enable effective decision-making. They are often the only people to know first-hand how the decisions made have been reached.
- 3 The skills and attributes of the best company secretaries are closest to those of the chairman: humanity, humility, high intelligence, understanding of agendas, negotiation and resilience.
- 4 It is vital that company secretaries have both direct and informal access to board members – executive and non-executive directors (NEDs), CEOs and chairmen.
- 5 Maximising effectiveness requires that the company secretary's direct reporting line should be to the chairman, and there should be parity of esteem and good team-working between the 'triumvirate at the top' – the chairman, the company secretary and the CEO.
- 6 The role is changing: it is increasingly outward-focused (incorporating investor engagement and corporate communications), and not just about internal administration.
- 7 ICSA-qualified company secretaries deliver a more rounded governance and board member service than those who have come to the role via other professional routes.
- 8 There is a conflict of interest in the combined 'Head of Legal (or General Counsel) and Company Secretary' role. The roles should be separate, as they can be incompatible.
- 9 Board members often have a lack of awareness of the ways in which the company secretary supports an organisation in its decision-making. Boards may miss out on making full use of the skills, knowledge and experience at their disposal.
- 10 Company secretaries are often the longest-serving members present at board meetings, and so are a vital repository of company history and culture, and a guarantor of continuity.
- 11 Company secretaries are embedded in the process of making boards more effective; they contribute by observing boards in action and advising on any skills gaps that need filling.
- 12 The breadth of the company secretarial role includes additional responsibilities such as being an officer of the company, chief of staff to the chairman and adviser to the board on governance. Consequently, the secretariat needs to retain independence to rebalance power as required and demonstrate accountability.

The role of the company secretary

Company secretaries hold leadership positions dealing with complexity, confusion and ambiguity, all of which need resolutions that satisfy the elected board and appointed executive. The differing needs and conflicting demands of the leadership team¹ often mean decision-making is a political process requiring compromise to resolve dilemmas and reach consensus. Each board is unique and the company secretarial role is highly discretionary, in the sense that the individual competencies and skills of the job-holder, and the individual circumstances of the company, will drive the precise components of the role.

The role of the company secretary is now more outward looking than ever before and company secretaries need to be increasingly strategic, placing their businesses in the wider economic and political context. The fourth FT–ICSA Boardroom Bellwether survey (published in December 2013) indicates that, while company secretaries perceive an improving global outlook for the UK economy, the next challenge is the growth of reputational risk and a need for organisations to protect themselves technologically. Parliamentary research² further suggests an additional burden of fast-evolving governance and reporting requirements in post-financial austerity conditions.

The company secretary acts as a pivotal contact for board members, offers appropriate knowledge and possesses highly valued judgement. Doing this effectively requires an ability to command dignity and respect from other team members, negotiate individual discretion and align the team.

'I would say it's one thing about the nature of the job – you are keeper of all the secrets... you can't share them with anybody.'

Co Sec 03, Private sector

'I always made a habit of turning up a quarter of an hour early at the board meetings, and I knew that one of the NEDs also turned up early, so it was a wonderful opportunity to share a few, shall we say, confidences.'

Co Sec 01, Private sector

¹ Leadership team consists of two sub-teams: 'board and executive' – board-by-board basis.

² Lintstock All Party Parliamentary Group for Corporate Governance (APPCGG) Reports 2011/2012, *Elevating the Role of Company Secretary*.



Understanding the role

Respondents identify many challenges as part of their daily routines:

Do other members of the team (board, executive, NEDs, chairman) fully understand the company secretary's role?

'The first challenge is people understanding the role. It's not a glorified PA, it's something more than that, and trying to convey that is a challenge.'

Co Sec 11, Public sector

How is the role best structured and positioned within the company for maximum effectiveness?

As each organisation and board is unique, the company secretary has to negotiate their position with each board member in order to drive the board to work better. This requires personal awareness and broader strategic commercial understanding.

'What are the non-negotiables attached to [the] company secretary? Then, what potential is there for more? A higher-profile role?'

CEO 01, Not-for-profit sector

How to have a sense of presence and confidence in a positional role between board and executive?

The demands at board and executive levels differ. The role is a careful choreography between board and executive, working with a variety of personalities, requiring balance, independence and respected and valued judgement.

'You're not a member of [the] executive team, you're not a member of [the] board, you're the interface between board and executive, you've got to have independence.'

Co Sec 04 and 05, Private sector

'It can be difficult to see people having to go through a stressful situation. And because of the role, you're unable to actually take sides. You have to stay professional, and that can be quite difficult.'

Co Sec 11, Public sector

Realising self-value

Simply being present in a board meeting has an intangible value and impacts the behaviours of others. There are often times when the company secretary is able to bring people together or reflect on what has been observed, to bring out the issues and resolve them.



'Because you know what the strengths are of particular non-execs, you know who's more likely to challenge what, who's more likely on the executive team to get upset; if you see it directly you have a fantastic opportunity to people watch.'

Co Sec 04, Private sector

'[It allows you to] go and speak to them afterwards and say, look, we either need to learn from what happened last time or I'm a bit worried about this.'

Co Sec 10, Private sector

‘ *Judgement [is] sometimes exercised behind the scenes privately, helping to steer things in the right direction.’*

Co Sec 05, Private sector

Having a voice, but not being able to speak in certain circumstances

The level of authority and say a company secretary has depends on how supportive the chairman is, both directly and publicly, of the role. Often the company secretary has to rely on subtle, implicit mechanisms to communicate on behalf of the chairman.

'I don't participate a lot at the board meetings. Most of my work is getting things decision-ready before they get to the table.'

Co Sec 06, Not-for-profit sector

Making sure you have relevant, high-quality information

This requires an ability to be intuitive and know what types of information are important. A company secretary should reflect on what issues may arise.

'Give yourself the time to think "What are the issues coming up?" and [to] pre-empt questions and constantly realign what it is that you do with the strategy [that] the company is leading on.'

Co Sec 02, Banking sector

Managing the ability and process of connecting and drawing consensus

The company secretary can become the casualty or target of animosity, which then takes time to repair. Relationship management is all-important.

'It's part of your diplomatic skills... social awareness, people skills, tact, trust... you can influence how that happens and help people get to where they want to get to... so [you have] a facilitating role.'

Co Sec 07, Private sector

Harnessing fully the proactive nature of the role with chairman and CEO support

The company secretary gets things done, has a natural sense of inquiry, and is prepared to take on tasks or additional responsibilities.

'You're proactive rather than reactive... Show that you're willing to get involved.'

Co Sec, Workshop 04



Moving from the detail to the wider holistic picture

What is important for the longer term? Exercising judgement requires an ability to understand the background and wider implications of decision-making, which requires the ability to move between the detail and broader, long-term implications.

'You want to be there as an adviser, because people want to hear and respect what you have to say... it's that ability to provide not just technical issues... it's more broad.'

Co Sec 12, Banking sector

Managing and coping with ethical dilemmas, issues of value and trust, and what is best for the organisation

The company secretary has to have the trust of both the board and the executive while at the same time maintaining an independence to act in the 'best interests of the organisation'.

'If you haven't built that trust and dependency, then you can't play the role to the full.'

Co Sec, Workshop 02

'I actually enjoy the moral ethical dilemmas, because I love trying to work out what the right thing to do [is] and I find it very challenging because every situation is different.'

Co Sec 03, Private sector

Having resilience and robustness, independence and passion in the role

The extent and manner in which a company secretary exercises their independence is reflected in their visible enthusiasm for the role. A challenge is to find the right balance between the two.

‘*You need to be a diplomat and you need to have a thick skin.’*

Co Sec 04, Private sector

'It's important that I keep my independence.'

Co Sec 06, Not-for-profit sector

'I don't think I know many company secretaries who do things emotionally.'

Co Sec 01, Private sector

There is a large talent pool within small organisations, but a lack of talent development by large companies

Large companies want people who have the right level of experience, so they need to offer prospective high-flyers the right developmental opportunities and mentoring:

'It's giving the young talent this ability to speak to people who are already in situ, to learn from them, to try and get that experience early, otherwise we will start starving the profession of the top people.'

Co Sec, Workshop 05

'There's a great call for more networking and, as you say, learning other skills... and... coaching and mentoring.'

Co Sec, Workshop 03

Corporate memory

This includes picking up the pieces in a crisis, or dealing with the fallout from board members' decisions when they go wrong. Company secretaries are at the sharp end of decision-making. Their challenge is to understand what went wrong, and still maintain trust beyond the confines of a problem.

 *...suddenly people are looking to you for a view.'*

Co Sec 03, Private sector

'I don't think it's an equal position with being a director, or being one of our executive... Do I think it's senior? Do I think you have a responsibility to speak up? Absolutely. I think the danger is that you... then begin to believe that you're on an equal footing. And I don't believe you are on an equal [footing].'

Co Sec 04, Private sector

'I think corporate memory is valuable, and to have people that have been through change, good times and bad times, and can just share their history I think is a very valuable thing to have, and you're right – the tenure of a company secretary tends to be much longer than a chief executive, so they have a value.'

Chairman 04

These issues can make the company secretary's role a lonely position, which invites a deep level of self-reflection. Very few people will understand the circumstances and personalities encountered in the job, along with the need to help manage a continuous series of ethical dilemmas.

The company secretary role and individual identity

Some respondents share a frustration that the title 'Company Secretary' negatively impacts the perceptions of board members. The suggestion is that the title discredits the role to that of simply an administrator, meeting organiser and tea maker.

Discomfort with the word 'Secretary' fuels a preference towards titles such as Corporate Governance Director or Senior Independent Executive:

'This title is a misnomer. Whose secretary are you? Well, the company's. I'm not the finance director's, I'm not the chief executive's... They don't understand what the role is.'

Co Sec 04, Private sector



Some company secretaries argue that the title is not a problem, but merely a reflection of confidence and comfort in the role:

'The Secretary-General of the UN is Ban Ki-moon.'

Co Sec 05, Private sector

The majority of company secretaries state that board members have a poor perception or lack of awareness about the role of the company secretary.

Some believe that the role is broadly defined within the Companies Act 2006, which leaves it open to discretionary interpretation. The title is also seen as difficult to change, owing to a need for consensual agreement and established historical and legal precedents.

Many respondents suggest that there may be an opportunity for the role and title to gain greater prominence and clearer definition. Some company secretaries note that, as an officer of the company, they are a signatory of the company's annual report with responsibilities and legal obligations, but as such have no power:

'You have the same liability as the executive directors, but you don't sit on the board and you're the person ultimately who's signing everything and they trust you to sign it... But I think that liability aspect is quite scary.'

Co Sec 03, Private sector

A larger proportion of company secretaries feel a need to be independent of the board and executive as a condition of their performance and a precondition of being able to question executive or board members. This same position can suppress the enthusiasm that is required to overcome some board members' preconceptions.

The company secretarial function

The functionality of the company secretarial role emerges as a combined outcome of individual discretionary actions and the extent to which each company secretary aligns the board and executive. The value that it adds depends upon each individual's ability successfully to negotiate and build their own discretionary capacities within a team:

'It's a mix of these, I think they're different between one company and another.'

Co Sec, Workshop 01

Most company secretaries commonly refer to their responsibilities within three broad categories:

- reporting
- governance
- board process

Respondents in smaller organisations are most concerned about reporting; those in medium-size operations emphasise governance factors; and company secretaries in large organisations give priority to board process – all in support of building their discretionary capacity.

Respondents from smaller companies highlight that role responsibility is often part of a core management function, such as finance:

'You end up doubling up on jobs and we're a relatively small company.'

Co Sec, Workshop 01

Some comment that the different types of organisation they operate in – private, NGOs, charities, public trusts, public services, social enterprises and public private partnerships – can influence the role:

'It's part of the company sector, but equally it's part of the person.'

Co Sec, Workshop 01

'The nature of the business of the company [is important], because between the different sectors there will be a different emphasis.'

Co Sec, Workshop 01

Some company secretaries suggest that companies in the financial sector are different because of its dominance in the UK and the impact of the financial crisis in 2008 which changed the regulatory environment, or because it is regulated and has complex products. In such companies, there are significant cultural changes which affect the role of the board and of the company secretary:

 *The role of non-executive directors is changing significantly. Going back you had non-execs doing 20 or 30 days a year; it can now be a commitment of 80 or 90 days a year.'*

Co Sec 12, Banking sector.



'I think that generally those corporate-type crises are moments when the company secretary should really be showing his or her strengths and coming to the fore. He/she is best placed to orchestrate, if not propose ways through... expectations are that the company secretary will seek to keep their head above water and continue to look towards restabilising, consolidating, and righting the boat.'

Co Sec 02, Banking sector

'[The] relationship with regulators [is important as] they want to know what's going on in the board, in committees, ideally they'd like to go and attend meetings and see board papers, which we occasionally allow. They take an interest in board appointments. That did not exist ten years ago. For banks it's gone from relatively laissez-faire to intensive and intrusive.'

Co Sec 12, Banking sector

The financial services sector is dominant in London and a major contributor to the UK economy. More than half of the FTSE 100 and more than 100 of Europe's 500 largest companies are headquartered in the City. Additionally, over 70% of FTSE 100 and 75% of the Fortune 500 companies have offices in London.

Developing company secretary experience outside of London

To reduce the dependency on London, for people who want to progress without a geographical shift, there is an opportunity to develop networks beyond the City and initiate the development of a broader, national network.

'The sad fact is that I can't say, "Have a look in Norwich, a job will come up", because it just won't. And so I say, "Well, you might find something in Cambridge, but you'll have to do what I did, which is head to London".'

Co Sec, Workshop 05

By contrast, the north of the UK is associated with manufacturing industries. Some company secretaries suggest that their role is influenced by the nature of different experiences in, and outside of, London:

'Head to London and find yourself a really good company that will train you up.'

Highly experienced Co Sec, Workshop 04

'It's actually really difficult in London.'

Newly qualified Co Sec, Workshop 04

'It's London- and listed-centric.'

Co Sec, Workshop 04

Other respondents argue their experiences are less London-centric, and more about having the right exposure to organisations of a certain size, and internationally connected markets:

'The key thing is experience of working in large, complex, multi-national companies.'

Co Sec 12, Banking sector

Highly experienced company secretaries state that the secretariat has evolved into a unique structure within UK corporate environments, but often remains closely linked to other departments, such as communication, investor relations, legal or finance:

 *'You have to go back in time really to see the way in which the role has evolved... the professionalisation of a number of these different areas.'*

Co Sec 07, Private sector

'I think managing the board is a much bigger job than it was years ago.'

Co Sec 12, Banking sector

'The level of respect for governance is now building.'

Co Sec, Workshop 06

'The increased focus on governance has enhanced the profile of the company secretariat.'

Co Sec, Workshop 06

'Governance focus has increased, the company secretary's role has increased, [there is] more work to do, and that work is more visible.'

Co Sec, Workshop 06

Most respondents agree that the board's primary information point for reporting requirements and governance matters is the company secretary. Other company secretaries agree that demand for discretionary capacity has increased, as they are often tasked with the coordination and assimilation of relevant information to support decision-making:

'[You're required not only to] act as a conduit for information both up, down, across, but you're there to make sure that all of the directors of the board, whether they're executive or non-executive, are getting the information they need to exercise their duties as directors.'

Co Sec 03, Private sector

'There is a big piece of work around quality of board information.'

Co Sec 12, Banking sector



There are two unique influences within the decision-making process.

One is the company secretary's involvement in preparing for board or leadership meetings. Agenda setting can be a trade-off between different priorities to be discussed, and minute-taking within meetings needs sensitivity to the company's official public position on the matter.

‘*Agenda-setting is straightforward in that the executive directors know what they want to say, but you also know what they don't want to talk about and what needs to be discussed... you can point the chair and board to getting management to talk...*’

Co Sec, Workshop 01

The other is that the company secretary is often the only person to know first-hand how holistic decision-making outcomes are arrived at. They are closest to the chairman and are present throughout the range of board and committee meetings. This makes them a central repository of knowledge, although often without their own voice at board meetings.

‘[Many people believe that] everything happens in a board meeting. That isn't the case. Our board meets for two days over dinner prior to the board meeting... You can do an awful lot before a board meeting, but in a board meeting you say nothing.’

Co Sec 07, Private sector

Most company secretaries say that tacit qualities – such as the crafting of relations and a deeper understanding of purpose of the organisation – are an essential element of their strategic toolset. At the same time, others add, this can also be their Achilles' heel, in the sense that they do not overtly 'advertise' their abilities.

Some company secretaries comment that regulatory changes are placing a greater demand on them, as more time is required to prepare for reports. Others indicate that departments such as investor relations are becoming more involved in the preparation process:

‘I am more involved in the chairman's statement, CEO's statement...’

Co Sec 12, Banking sector



‘The amount of governance, and the amount of challenge and advice that this role now has to give to the executive team and the chairman and the non-execs has gone through the roof.’

Co Sec 04, Private sector

This is exemplified where the UK Government overhauled directors’ remuneration disclosure, and has brought into effect annual reporting requirements to replace the ‘Business Review’ with a comprehensive ‘Strategic Report’. The latter targets shareholder engagement, board balancing and more personalised reporting from the largest companies:

‘Strategic reporting is a positive development. If you look at our report the first XX pages are strategic report – that is good. The annual report as a whole stretches to X00 pages and we are asked every year to add more and more, which reduces the visibility of what’s in there.’

Co Sec 12, Banking sector

While it is not a requirement for unlisted small companies to have a company secretary, company secretaries at small to medium-sized listed companies and other smaller organisations express concern that the growing numbers of Alternative Investment Market (AIM)³ and unlisted medium-sized companies struggle to balance resourcing commitments to meet new complexities in reporting. This may lead to them subsuming the role of the company secretary into other responsibilities.

The typical tasks of a company secretary can be summarised as follows:

Table 1: Typical tasks of a company secretary

| Large organisation | Smaller organisation |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Organising board meetings and AGM • Chairman/CEO/major shareholders/ stakeholder relations • Induction/training of and point of contact for non-executives • Keeping the chairman up to date on governance/organisation matters • Board evaluations (becoming involved in review/selection of third party choice) • Annual reporting – sections within the report • Statutory regulatory compliance; stock exchange listings; share transfers | <ul style="list-style-type: none"> • Companies House filings • Change of details of directors • Statutory forms • Supply of companies’ accounts • Filing of VAT/PAYE • Dealing with insurance/pension • Bank account mandate • Registers of members and charges • Custody of company seal • Company letterheads • Registered office |

3 www.theqca.com/about-us/what-we-do



Company secretarial responsibilities

This study's one-to-one interviews vary considerably because each board is different, and individual company secretaries' responsibilities and reputations are unique.

This discretionary aspect of the role is linked to each individual's background and specialist skill set. This can range from being a standalone function through to a combined responsibility, such as general counsel:

'I report jointly to the Director-General and to the board of trustees. So I've got a dual accountability.'

Co Sec 06, Not-for-profit sector

'A blend of what is commercial, what is pragmatic, what's legal, what's ethical and what's regulatory, there will be all of these things.'

Co Sec 03, Private sector

'I'm also general counsel, so I run quite a large legal team internationally, and I run a secretariat team of about 20 people.'

Co Sec 05, Private sector

Those in smaller organisations face a wider diversification of duties, where owner or manager discretion drives the balance of company and team needs. These respondents suggest that the company secretarial role varies to complement an individual's strengths and weaknesses. Most company secretaries in such environments refer to the influence of company history, individual relations and external demands on their responsibilities.

Thus, in smaller organisations, company secretaries often have broader responsibilities, such as managing the risk register, data protection, pensions and even premises or security, often because the role previously carried these functions, or the individual was willing to take on additional responsibilities:

'Because of the privileged position of the role, in that you see virtually everything that goes on, you have a skill set that gives you an ability to take on additional roles.'

Co Sec, Workshop 01

In a larger organisation, the role is likely to become narrower, as such organisations will have a data protection officer, pensions administrator, insurance manager, risk manager and so on each heading up their own function as experts. The diversity of company secretary responses demonstrates that the role is at its broadest when combined with hands-on experience gained in smaller companies. Many company secretaries in larger organisations have transferred into their present role as a second career, and already have membership of accountancy professional bodies or a background as a solicitor:

'I was a solicitor in private practice.'

Co Sec 05, Private sector

'I've come from an accountancy and audit background.'

Co Sec 08, Public sector

'My previous life prior to being a company secretary was doing investor relations.'

Co Sec 03, Private sector

In terms of capacity, many company secretaries say there is a trade-off between the quantity and quality of work. They retain the right to say 'no' and raise concerns, while still maintaining cordial relationships:

'Sometimes you do have to be the police officer in a room... [There is a] balance between building up trust and sometimes being an enforcer.'

Co Sec 04, Private sector

The trend in larger private companies is for chairmen to state that they benefit from legal knowledge from their company secretary, particularly in crises where regulatory or strategic changes are fluid:

 *In a lot of different crisis situations it is the company secretary that is the best placed around that constituent group to be able to step up and do whatever is needed.'*

Co Sec, Workshop 05

This often places greater pressure and time constraints on individuals, particularly when they hold a combined role:

'You [need] somebody focusing on the board and how it operates, and not being distracted by having 75% of their job maybe dealing with general counsel work.'

Co Sec 01, Private sector

 *Would it not be a good idea if the company secretary simply had that role... not combined with the general counsel, not combined with any other role... so that you have somebody focusing on the board and how it operates.'*

Co Sec 01, Private sector



The company secretary is able to offer a legal perspective in meetings and is at a lower risk of a conflict of interest, a narrower legal view or managing distinct reporting lines – all of which need to be thoroughly worked through:

'What a lawyer is all about is management of risk.'

Co Sec 05, Private sector

'I think as general counsel you are heavily involved in the running of the business and are the chief executive's right hand. I don't think that's compatible with [being the] company secretary, where you should be [the] chairman's right hand.'

Co Sec, Workshop 05

The company secretary and secretariat portfolio of responsibilities can also be an indication of where the organisation is heading and what needs to be done:

'You usually find the company secretary is the first to get involved in something new and there is nobody else to do it and you build a team around that ... because you've got that research ability... "I don't know but I'll go and find out..."'

Co Sec, Workshop 01

In this case, the company secretary must be able to 'take on' but also 'pass on' additional responsibilities for their portfolio. It is important for both board and executive to recognise and appreciate the clear positioning of the role and department in organisational structures.

There is a gradual trend for the company secretary to become involved outside of the organisation's boundaries. Some respondents observe a greater contribution is being made to broader external-facing matters, requiring greater interaction with stakeholders, major shareholders, regulators, government, public bodies, media and political lobbying:

'I think one of the other challenges is dealing with the size and range of stakeholders that exist today... also nurturing retail shareholders, institutional shareholders, proxy advisory bodies, government, regulators...'

Co Sec 02, Private sector

Responses highlight that the portfolio calls for clarity of role, departmental responsibilities and organisational reporting structures between executive and board. Many company secretaries state that the role is most effective with a direct reporting line to the chairman, board and executive.

However, the discretion of the portfolio appears to be highly dependent upon the chairman's design, selection of individuals, and the ability to position the role above the executive.

In this case, the individual grows within the profession, which often includes demonstrable senior experience to reflect commercial understanding:

'[I] have been with various industries across various sectors, more recently having spent about 16 years or so in extractives.'

Co Sec 02, Private sector

All company secretaries participating in the study reported the need to exercise their discretion. Each has to manage ambiguity and make important decisions on a daily basis. This requires high levels of understanding and competency to make the right choice and take necessary action:

 *Independence is very important, but part of the skill is managing that independence.'*

Co Sec, Workshop 01

The company secretarial role represents one part of a wider organisational team that consists of board and executive. In this setting, different parts of the team must work together to deliver joint outcomes.

The chairman in large organisations and the owner in small organisations are the leaders. All other team members are followers. As a result, the company secretary has to ensure that they do the following:

1 Be a good follower and leader as part of board

Respondents collectively note that the company secretary follows the chairman, and is not an equal leader. This means company secretaries have to mould themselves to fit the relationship. However, they are also an 'invisible' leader and trusted adviser to board members:

'Somebody who is high integrity, happy with detail, trustworthy and has the courage to speak up. I don't think you want somebody who is a hero. I think you want somebody who is comfortable to be just a little in the background, but happy to step up if he or she sees something going wrong. And I think to make the role more valued, it has to be more visible.'

Chairman 04

2 Have the standing and confidence needed to be a lead board professional

Some company secretaries indicate that they must act as both leader and follower, while demonstrating appropriate confidence in a competitive sector:

'You've got that helicopter view of the whole organisation, and they rely on you to point them in the right direction.'

Co Sec, Workshop 06



3 Manage depth and breadth

Company secretaries need gravitas in their role, which is achieved through a combination of technical, commercial and social traits. It is also about knowing which of these tools to use and when to implement them:

'The person involved didn't have that kind of gravitas to understand the whole bunch of things they needed to understand and have the confidence to pass that on.'

Co Sec, Workshop 02

4 Build 'majestic' capability

Other board members and chairmen respondents value discretionary capacity in the company secretary role. Company secretaries explain their skills in this respect as being gained through a combination of learned competencies and experiences. They have to combine intelligence and practical skills to make innovative judgements.

'Can be done in a mechanical way... can be done through exercising judgement and highlighting possibilities.'

Chairman 04

5 Use the reflective dimensions of conversation, interaction and judgement

Some company secretaries observe the need for leaders not only to speak the same language as others, but also to engage openly and with greater purpose. This requires a deep ability to reflect critically as board demands evolve:

'[The role] of company secretary is much more reflective and actually as I've got older I think I'm much more suited to it.'

Co Sec 03, Private sector

'[Company secretaries are] a very good repository of cultural history as well as practical history... they're a useful sounding board and can offer opinion to help shape policies and processes.'

Chairman 04

These five aspects are the leadership behaviours that build a company secretary's discretionary capacity – or 'breadth and majesty' – in support of highly effective boards. Something else that respondents state is 'part and parcel' of the company secretarial role is dealing with complexity and uncertainty. Three common dilemmas emerge:

- 1 Most company secretaries indicate that there is an expectation from others that they have to be rational and pragmatic in all dealings. This translates into a 'legal or financial background' for second-career company secretaries and 'having independence of role' for ICSA professionals:

'That person wasn't acting as the company secretary in my mind, because they just didn't have any independence about them.'

Co Sec, Workshop 02



- 2 Some company secretaries believe that, while their recruitment and appointment was an official board process, it was really made at the discretion of chairmen and CEOs' dynamics. Often, the role is unclear because of stakeholder demands and different reporting lines between boards and the executive. Company secretaries exhibit a genuinely selfless desire to be helpful and put others and the organisation's needs first, but this can come at a cost:

“I reported to the Finance Director, who told me that if I knew what was good for me I would never discuss things I'd seen with other people and he thought that it was very inappropriate for me to even be raising it. So I then went to see the CEO who said, “Well, you're a lawyer, you understand how these things work.” I just said to them, “If these are the values of the organisation, then it's not the right one for me, and I'm giving my notice.””

Co Sec 10, Private sector

- 3 Many respondents also express a common feeling within the profession that the company secretary is often taken for granted and lacks recognition or appreciation by either the board or executive:

'The other aspects will sometimes be recognition because quite easily you are taken for granted and people then tend to forget about you.'

Co Sec, Workshop 02

Many experienced company secretaries explain that it can take up to 18 months to become comfortable in their role, and it is at this point that they are able to engage more strategically in a leadership role:

'Things like influencing, listening, negotiating, collaborating... getting the board to work better... actually what you learn on the way up, it doesn't come naturally.'

Co Sec 10, Private sector

It is through experience that a company secretary develops higher levels of confidence, a better understanding of organisation and strategy, and strength and maturity in their relationships. This allows them to question chairmen, CEOs and other board members more effectively, and proactively mould skills to meet the strategic needs of an organisation:

'I think it's important not to be too timid, and you don't have to be aggressive or overly assertive, [but] you need to develop your own way of getting your message across.'

Co Sec 08, Public sector



Several respondents explain that team alignment also drives effectiveness at an organisational level, as the chairman makes non-executives act effectively (or not):

'The trio of chairman, CEO and company secretary... if you're lucky enough to have all three highly effective people, you're likely to have a good board because they'll make sure that the people joining the board are high quality and they'll make sure that the processes of the board and the relationships [are of the standards required]... it's teamwork.'

Co Sec, Workshop 04

Some company secretaries further explain that once you have organisation-specific understanding, knowhow and team alignment:

'You build that credibility by what you know, people appreciate you know the business and therefore you can speak properly and advise about it in the appropriate way.'

Co Sec, Workshop 06

'We aren't meant to be the specialist in the business area... there is a danger of being too much of an expert in the business and not acting as the funnel of common sense to the non-executives ... [the] chair [and] CEO want you to be commercial.'

Co Sec, Workshop 06

Responses predominantly illustrate 'majestic' qualities – qualities of calmness, seriousness and gravitas – combined with discretionary behaviour. These enable company secretaries to manage matters more objectively, while retaining awareness of the bigger picture:

'You have a privileged position.'

Co Sec 04, Private sector

'Outstanding' incorporates a discretionary capacity that gives the role freedom in the form of authority and the power to make decisions. There are choices and ambiguity facing the role, which can present moral and ethical dilemmas, but the company secretary must exercise their judgement when there are no right or wrong answers.

Some respondents highlight how organisational strategic change, or crisis situations, can present opportunities:

'What is the role of the board and chairman when you have a crisis? Do they stand back and let the executive get on with it? Or do they need to be in there in the trenches with the executive? Or just where do they need to be? What information do they need to have so they're able to take a decision as to what they should be doing?'

Co Sec 07, Private sector

The company secretary's role in context

Organisations operate in increasingly interconnected and competitively dynamic environments. This makes markets less predictable and requires adaptable decision-making in response to rapid market developments. The optimisation of top team performance⁴ calls for improved conflict resolution:

'More than 33% of top teams are divided on mission, purpose, vision and strategy of the organisation, leading to dysfunctional political behaviour at senior levels which permeates the organisation and becomes part of the culture of the enterprise.'

(Kakabadse and Kakabadse, 2014)

Research suggests that top teams believe there are issues that should be discussed, but are often not. Self-discretion may benefit from independent and sensitive facilitation which teases out deep-rooted issues, non-political truths, honest opinion and novel ideas. There is a need for improved dialogue and openness to share sensitive and critical issues safely:

 *66% of top teams are too inhibited to raise the uncomfortable issues and consequentially allow for a continued and slow deterioration of the organisation.'*

(Kakabadse and Kakabadse, 2014)

A gap remains between the board, executive and management-level interactions. While chairmen and CEOs consider themselves supportive or understanding, only 30% of general managers agree:

'Most boards are rated by the management as being out of touch and not providing value. Board members do not concur with that view.'

(Kakabadse and Kakabadse, 2014)

'Consistent with other surveys, chairs do rate themselves significantly higher on performance characteristics compared to other board members and the CEO/Chief Officer.'

(Kakabadse, Kakabadse and Myers, 2009: 2)

In-depth analysis of the boardroom by Kakabadse, Kakabadse and Barrett (2006) investigates four companies over 26 months and likens the role of chairman to 'good parenting' of the board, with the chairman as rule- and system-setter. Indeed, the chairman's own personality and relationship with the CEO impacts board effectiveness and behaviour.

⁴ Findings from one of the world's largest databases on board functioning and contribution (12,000 companies, 21 countries, private, third sector and government sectors), Kakabadse and Kakabadse (2014).



In the UK, the separation of the chairman's and the CEO's role is most common. This structure is designed to contribute to trust, integrity and the independence of roles. It should also facilitate succession planning. However, the more recent survey responses from 268 individuals of FTSE 350 companies highlights poor succession planning:

'Chairmen lack clear mechanisms for their own succession and scrutiny.'

(Kakabadse, Kakabadse and Myers, 2008: 5)

In the critical relationship, the chairman leads the board, and the CEO leads the company.

'A good board is a good chairman.'

(Kakabadse, Kakabadse and Myers, 2009: 4)

The key attributes of a good chairman include:

- working well with other board members towards a long-term vision;
- understanding and shaping cultural context in the organisation;
- following through on governance initiatives and possessing a considered approach to risk;
- balancing hard and soft skills;
- acknowledging and addressing skills gaps and board capabilities; and
- encouraging peer evaluation and team effectiveness.

(Based on a survey of 194 respondents in Kakabadse, Kakabadse and Myers, 2009)

The 2009 study widened previous private sector perspectives to include public charitable sector feedback, of which two-thirds of respondents were small community or voluntary organisations. The findings suggested that private sector roles are better defined than those in the public sector. Additionally, third sector board meetings tend to take place outside of normal office hours, reflecting a voluntary contribution by participants.

The UK is characterised by a longer-term historical pattern of tension, and mistrust can exist between executives and non-executives at board level.

'The core role and contribution of Senior Independent Directors is not clearly understood.'

(Kakabadse, Kakabadse and Myers, 2008: 5)

Non-executive directors in the UK have increased in importance, particularly in the post-financial crisis era. However, NED selection processes remain unclear, and the number of boards on which each NED sits varies considerably.



On average, UK boards consist of nine to 11 members,⁵ of whom the majority are over the age of 50. Fewer than half of these board members have had a job description and the chairman is very likely to be white, male and over the age of 60. Barriers to diversity remain firmly set throughout most boardrooms in the country.

The management and governance realities of boards indicate:

- misalignment of top team strategy – animosity, a lack of intimacy with strategy, poor communication;
- non-cohesive board and executive relations – shaping/negotiation of strategy, open interaction and trust; and
- out-of-touch board members – with reality, markets and employees, unclear member role and contribution, productivity of meetings, engagement with the executive.

Previous board reviews largely agree that organisational leadership members need to work smarter and be more focused on outcomes and decision-making.

The majority of respondents in this study agree that the company secretary is ideally placed to align interests, facilitate dialogue and negotiate at different organisational levels.

⁵ According to Spencer Stuart Board Index, the FTSE 150 board size average is ten members (www.spencerstuart.com/research-and-insight/uk-board-index-2013).

Behaviours

'Behaviours are a key issue – how does the Co Sec behave around the board? Like a functionary or like a commercially astute executive?'

Interviewer question

The majority of company secretaries acknowledge that, while technical skills are important, job experience and interpersonal skills are of the most value. Table 2 shows some of the typical skills needed by a company secretary.

Table 2: Typical skills deployed by a company secretary

| Discretionary action skills | Team alignment skills |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Personal awareness • An independent mindset • An understanding of governance and commercial implications • Confidence • An ability to delegate | <ul style="list-style-type: none"> • Effective team-working • Independence • Empathy and relationship-building skills • The ability to align teams and agendas |

Skills

Skills are learned through knowledge, practice and experience. This provides individuals with an ability to do tasks exceptionally well. Company secretaries develop and acquire skills deliberately through training, such as the ICSA qualification:

'There are a number of core technical skills which the Institute sets you up with as part of the qualification route.'

Co Sec 02, Private sector

In this highly discretionary role, on-the-job experience of tasks, building trust and board interactions adds value to individual's abilities:

'Value-add in terms of facilitative skills, guiding the business through complexities... actually nurturing and managing relationships between people.'

Co Sec 02, Private sector

'I think really this is an acquired skill set; it can't come through specific training. I think it can come through coaching and perhaps mentoring.'

Co Sec 02, Private sector

All respondents agree that the role demands an ability to adapt to complex activities and involves a mix of technical, cognitive, and interpersonal skills. With time, the individual becomes proficient, enhancing their reputation.

'As you mature, bringing that business experience to the fore in terms of facilitating in some ways guides the business.'

Co Sec 02, Private sector

Competencies

The majority of respondents feel that being organised and having the ability to do something successfully and efficiently is vital, even when acting as an observer:

'There's numerous ways company secretaries can exercise influence... it can be quite powerful to observe and then have a quiet word on the side... company secretaries can add value by precisely observing dynamics, how people are behaving, how it's affecting their decision-making.'

Co Sec, Workshop 05

Most study participants possess a broad mix of technical, commercial and social aptitudes. Other members of the board – chairman, CEOs and directors – appreciate and acknowledge the company secretary as a key point of contact, source of knowledge, or as someone who can get the job done.

'They add value in terms of being formal, but also informal, routes for board members to make general enquiries... you can always feel very free to ring them up about anything.'

Chairman 06

Table 3 collates the technical, commercial and social traits that different company secretary respondents identified. Our findings relate to these where the company secretary role demands a mix of discretionary and role traits.

Table 3: Co Sec role characteristics

| Characteristic | Co Sec traits | Breadth and majesty |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Technical | Understanding of company law, governance codes, listing rules, financials; attention to detail; administrative and organisational skills; planning; analysing; minute taking; record keeping; annual reporting; due diligence; looking after boards and committees; getting things right, doing them properly and getting things done. |  <p>Discretion</p> <p>Role</p> |
| Commercial | Business acumen in decision-making; budget control; problem-solving; flow of direct and relevant information; confidence in dealing with senior management or board; managing complexity and bureaucracy; personal situational awareness and perspective; level of independence; self-assurance and integrity. | |
| Social | Emotional intelligence; communication skills; 'antenna' for the bigger picture; being innovative; using the appropriate register of language; intuition; relationship management; navigation; soft social skills; interpersonal skills; facilitating; influencing; persuasion; conflict resolution; discretion; diplomacy; tact; intuition; holding the line; knowing how to say 'no'; choreographer; being the catalyst; reflection; knowing individual personalities; patience; adaptability, enthusiasm; wanting to learn. | |

Some respondents suggest that having legal awareness supports an understanding of governance issues, while a finance background gives insight into risk and can therefore also be an advantage.

A majority of company secretaries additionally acknowledge that commercial awareness and abilities are critical to ensuring their understanding of what is right for the organisation, what information means and to whom relevant questions need to be passed:

‘Understanding the business is vital to be able to do this job; you don’t operate in a vacuum, you need to know what the purpose is, what the drivers are, what the risks are – then you can support the chair and non-execs.’

Co Sec, Workshop 01

In the not-for-profit sector,⁶ respondents at a variety of levels share the view that commercial experience is coupled with a deeper connection to the organisation’s mission. Charity executives note that care is needed not to get too close to the cause, so as to avoid hindering strategic objectivity. Company secretaries in public sector operations and high-performing FTSE corporations share diverse professional backgrounds including marketing, communications, public service and HR:

‘Leadership in the not-for-profit sector can be a more complex and challenging skill set... a lot of charities fall down because they have too many people who are too close to the cause.’

CEO 01, Not-for-profit sector

The majority of public sector company secretaries emphasise social or people skills over more technical abilities. The study findings conversely suggest the private sector may be moving from technical towards more social behaviours. For larger charities, grant funding has shifted to membership models, commercial income and local authority contracting:

‘You can see examples of companies being run like social businesses and charities being run like FTSE 350, but the command and control approach of the private sector does not work in charities because of a very strong value-driven culture.’

Co Sec 06, Not-for-profit sector

A larger proportion of charity company secretaries and independent consultants say that, in this sector, organisations are having to explain their work more clearly to the public, and smaller charities are becoming more innovative and collaborative:

‘The challenge is how do you reposition yourself as a business, keep your values as a charity, have the ability to put a tender in, and keep public trust?’

Independent Consultant 01

Some respondents refer to the cognitive fit of a company secretary:

‘Where is the balance of role in a spectrum of reflective/passive to guiding/steering, and does it suit an introvert or extrovert personality type?’

Independent Consultant 01

⁶ See Compass Partnership Report – Delivering Effective Governance – Insight from Boards of Large Charities. Available at www.compasspartnership.co.uk/publications.php.



Some private sector company secretaries observe that a charismatic or dominant chairman and CEO may prefer more introverted qualities – observation, listening, reflection – from a company secretary. Contrastingly, public sector company secretaries suggest a more extrovert fit. Either way, a company secretary requires maturity and experience to build trust and reputation with the board:

'You can deal with a flower arranging course or a wine tasting course for non-executive directors' spouses, through to challenging what the chief executive wants to achieve on strategy, and everything in between.'

Co Sec 04, Private sector

'Because I've seen introvert secretaries here and it didn't really work... [we require a] bigger personality... I make a conscious effort to go and see people.'

Co Sec 06, Not-for-profit sector

Capabilities

When faced with unique and changing challenges, company secretaries take discretionary action and adapt. They apply existing knowledge and understanding to new circumstances, new board relations or to a specific business situation:

'[It is important to] be adaptive, particularly because different things happen every day. No two days are ever the same.'

Co Sec 11, Public sector

Effective company secretaries often come into their role following diverse experience in commercial backgrounds. They had talent or potential that has been developed within their role. These respondents have an ability to transfer their skills and undergo or be affected by changing demands. They also see task completion as a vital part of the role:

'But I don't think it's just the organising, it's the starting and completing a job. You have to finish a job.'

Co Sec 11, Public sector

Respondents also note a gap between discretionary technical skills, which can be learned, and softer social interactions requiring practice and experience. The latter skills, they feel, are currently absent from professional qualifications.

'I coach executives on how to present to the board...'

Co Sec, Workshop 01

'I know one executive who insists on bringing too much information...'

Co Sec, Workshop 01

'... the board says "No" but it does not necessarily mean "No"!''

Co Sec, Workshop 01

Many company secretaries believe they have more to contribute to team decision-making, and that their knowledge is underutilised. Other board member responses suggest a lack of awareness of how company secretaries can become better engaged in leadership activities.

Discretionary language

Communication and use of language is critical to effective working, and the majority of company secretaries reference a common language and mannerisms:

'In fact the linguistic people would talk about the use of the word "register", which is almost using language in a particular way so that people understand the same meaning.'

Co Sec 05, Private sector

 *You need to be able to read people, understand where they're coming from and speak their language.'*

Co Sec, Workshop 03

This extends to the professional community, and influences conduct in the role and how company secretaries are perceived by other team members.

Many respondents express a similar style which is non-confrontational, non-threatening, but can also be subdued or cautious:

'You've got to be discreet, diplomatic, have integrity... [have a grasp of] psychology and subtlety of English language or words, [for example] there is a difference between "discussed", "debated", "debated at length", "challenged", "questioned".'

Co Sec 03, Private sector

'My tendency is to try and avoid conflict, and try and find other ways; rather than confronting conflict, my approach is to try and divert.'

Co Sec 01, Private sector

Rather than challenge or confront the chairman or CEO, company secretaries use indirect words and phrases – 'have a word', 'approach', 'persuade', 'encourage', 'educate', 'informally'.

In this regard, many respondents raise the issue of identity and dealing with ambiguity or personalities. The most effective company secretaries exhibit confidence, and are more open and direct in their responses. They appear comfortable in balancing public and private discretion.

'I think sometimes you just have to be able to deal with it head on.'

Co Sec 08, Public sector

Training and development

The professional body for company secretaries is ICSA, which is recognised for its high-quality technical education and training, financial grounding and general support. ICSA currently has 42,500 members across 80 countries.

The Institute is looked upon as the exemplar of best practice, encouraging the latest in thought leadership and proactively supporting the professional community as a powerful and influential lobbying vehicle with government, regulators and in governance matters.

The qualification itself, similar to other professions:

'... does not qualify you to be the company secretary of a large company. It gives you an entry ticket into the profession which you have to work your way through...'

Co Sec, Workshop 01

The majority of company secretaries in this study suggest that the ICSA qualification is more often associated with technical characteristics, similar to professions such as accountancy or law that require an essential toolkit of skills.

Beyond this, the individual has to gain practical experience in the field and at the right level:

'You can't expect a newly qualified ICSA person to walk into the boardroom. He/she would fall over in the first minute.'

Co Sec, Workshop 01

ICSA encourages members, once qualified, to develop their professional competencies and skills. Continuous professional development (CPD) is mandatory for members, but is not rigidly defined. ICSA members are professionals and are expected to broaden their ability throughout their career as it is only by doing so that they will be able to move on to the most senior roles. The rounded company secretary needs both technical knowhow and 'soft' relationship management skills, as well as personal qualities of ethics and emotional maturity.

Feedback from interviewees is that there is scope for ICSA to offer more help with members' career development through, for example, an increased focus on soft-skills training; further fostering of member networks and mentoring; and the encouragement of best practice in terms of company secretarial training plans between companies.

An important consideration for the ICSA is the need to distinguish its qualification from other professional bodies. Currently, having an accountancy or legal background is treated as a route into the profession. The ICSA must have a respected competitive advantage. The ICSA qualification is already an accredited Masters-level qualification, but it may be possible to develop this further into an accredited Doctorate-level qualification for the profession for those company secretaries that aspire to this level.

The field of governance and the greater breadth of understanding are the forte of the company secretary. ICSA will be able to leverage its professional thought leadership in this area to give the profession an elite status and avoid misperceptions.

Succession planning and career development

This report's data suggests a strong, vibrant and in-touch professional community that is adapting, and developing a longer and more structured career path. At the same time, most company secretaries state that there is little in the way of succession planning for their role:

'I know we're trying to recruit for one of my team just now and getting the right person is really hard because it's a very small market. So that's great if you're a company secretary. But it's not great because I would love to know how I could develop my team to make sure my number two is the most obvious candidate for the job.'

Co Sec 03, Private sector

'Companies are not very good at succession planning anyway... they mainly focus on senior executives, which should include the company secretary, [but] there's not much focus on the company secretary.'

Co Sec, Workshop 03

The company secretary's influence upon succession planning includes the professional development of others. The majority feel there is often a large talent pool within small companies. Those working in smaller organisations note that transferability from small to medium or large organisations is highly dependent on a selection process that seeks narrow, demonstrable leadership qualities, or specific experience of having done the job, rather than potential which could be nurtured and realised. The role demands individuals who can 'fit in' and hit the ground running:

‘You’re always having to think very quickly on your feet... and be proactive and reactive all the time.’

Co Sec 05, Private sector

Some chairmen note that the company secretarial structure can be very flat and is sometimes ignored by large companies.

‘It’s ignored. And the thing you’re putting your finger on... is the difference between necessary and sufficient... show me a chairman who would not prefer to have the company secretary who adds value.’

Chairman 04

Chairmen also state that company secretary succession planning is a board responsibility, and there can be benefits from internal recruitment. However, more often it is external people who are appointed:

‘I think if you can home-grow company secretaries, so that there is succession, it’s a good solution to corporate memory and people that understand the way that the company’s been structured and the way it’s developed and grown, that’s valuable. So I would try and get some internal progression. You can go outside and get perfectly good people, but you have to have in the organisation people that do remember the past, as well as can manage the future.’

Chairman 04

Many company secretaries comment that the jump from one level to the next is significant, and that gaps exist. This is seen as an opportunity for ICSA to support members’ careers:

‘The step between one and the next one up and the next one up is often very large... and this is why people in their careers will move around companies.’

Co Sec, Workshop 06

‘That’s a really tough one, so for me it’s really hard because there is no planning, I would like my successor to come from within the business, not from outside, but it is a highly specialist role and that’s another thing for ICSA... I think it’s that big jump, there’s all of the stuff that you can’t really say, it is the dilemmas, it is the management of the unexpected, it is the sounding board of the chairman or the directors.’

Co Sec 03, Private sector

Most company secretaries believe their profession is undergoing a transitional phase in response to the changing demands of boards and competitive market needs:

‘The other thing boards have thought about is, this role is not just one of administration and company secretary, it is about broader governance, so having a voice on remuneration, being able to turn up at the FRC, being able to talk to shareholders. So I think for some of my team they’ve got the qualification to do part of the job, but not the rest of it.’

Co Sec 03, Private sector

Very few respondents based with large organisations give their junior staff developmental opportunities and exposure to committees:

'One of my direct reports acts as secretary of the Audit Committee. Our Nomination and Governance Committee, that's another of my direct reports. The Disclosure Committee secretary today is another of my direct reports. These are all having face time with the chairman. The only one that I always do myself is the board... you can give people steps up, give them more responsibilities, ultimately you're at the top of a little pyramid.'

Co Sec 05, Private sector

Charitable and public sector company secretaries observe a greater transition of talent into consultancy work, policy and governance roles. In these sectors, the role can offer a stepping stone to a broader career. Within the private sector, current career paths are limited to a narrower FTSE 100 scope, although this is likely to be a longer-term career pinnacle.

Few believe that large private sector companies offer gradual development that will lead company secretaries to take up NED positions within boards:

'It's still a fulfilling experience and I have no desire to go anywhere else other than perhaps to go plural and get onto some other boards, but I think I'm probably the exception rather than the rule.'

Co Sec 07, Private sector

This is an area of potential development – as currently company secretaries have limited exposure to different boards:

'I feel aligned to being a company secretary rather than necessarily to the company I'm working for.'

Co Sec 09, Private sector

Many respondents highlight the recruitment patterns that larger companies have recently favoured with 'second career' transfers. However, legal is just one route into the profession. There is a recognition that the ICSA-qualified individual delivers a more rounded governance professional and board member service.

'If you had the choice of an ICSA qualified candidate or legal professional – who would you choose?'

Interviewer question



Some chairmen or company secretaries suggest a realignment is taking place, where an ICSA-qualified candidate is more likely to be selected over a legal professional.

Established and experienced respondents agree there is a dilemma for career company secretaries. How do they get the right experience or the right exposure to committee meetings, chairmen and CEO dynamics, and boardroom interactions?

They note a bottleneck between the top and bottom of the talent pool which calls for a greater transitional flow of talent from within the community towards the top end. For this to happen, professional opportunities have to be put in place for junior staff, or the 25–45 age group, allowing them to gain relevant experience. This is complemented by addressing the question: 'What does the accomplished company secretary do next?'

'You've got quite a lot to add to a smaller company... [but]... there are very few company secretaries I think who've actually made it as a non-exec. They may be a trustee of a pension fund.'

Co Sec 01, Private sector

‘ Listed companies in the UK are required to have a company secretary, no other companies are and if you look at the number of listed of companies in the UK it's a relatively small number... I can see the merit of being a non-executive director. Now as somebody aspires to become a company secretary and is successful in that role it comes to the point where, where else can you go? How else can you develop?'

Co Sec, Workshop 02

Working within a wider team

Reporting structures

Chairmen hold diverse views about to whom the company secretary should report, dependent upon their particular organisation:

‘I think it depends on the person in part... and it also depends on how the role is regarded in the organisation...’

Chairman 04

Many company secretaries notice these diverse views:

‘Reporting structure is an area of conflict, it is an issue and different companies will have their own way of dealing with it.’

Co Sec 02, Banking sector

This confirms that reporting structures are unique to team alignment within individual organisations:

‘I have a dual reporting line. I report to the chief executive, but I also report to the board through [the] chairman.’

Co Sec 05, Financial sector

‘The role of company secretary is as an independent member of [the] Company. I don’t have any executive management responsibilities.’

Co Sec 07, Private sector

‘I report to the CEO.’

Co Sec 09, Private sector

‘I have a dual reporting line to [the] chairman and FD.’

Co Sec 12, Banking sector

Numerous company secretaries comment that, in small companies, there is direct reporting to the owner or partner, adding that this allows faster and less formal decision-making, but is more dependent on personal relations. Company secretaries in large organisations refer to their department as the Secretariat, and have between two and 20 people reporting to them.

Some company secretaries believe their role can be too close to the executive, or it can be supportive of the board. Many indicate not just dual reporting lines to board and executive, but also additional reporting to CEOs, COOs, CFOs or legal teams:

‘You may have one or two formal reporting lines but will have multiple dotted lines...’

Co Sec, Workshop 01



'Each one of them feels that they can come in and tell you what to do today because they need something. The HR director or the finance director needs something... So you can come in expecting to be able to do a list of things and find that five people have got a different idea of what your day's going to be like.'

Co Sec 04, Private sector

'The key examples I've seen of where it just didn't work was where the company secretary sat very much under the FD... [the company] secretary had very little built up relationship with the chairman, never mind the rest of the non-executives.'

Co Sec, Workshop 02

It could be argued that true independence is not possible where there is a reporting line for 'pay and rations' to the CEO or another executive director, rather than to the chairman or remuneration committee.

Those company secretaries who work at the largest corporates highlight how subsidiaries and international operations add to complexity, where often the secretariat is just a small department at Head Office.

Some respondents mention having to manage their own team with some junior company secretaries developing ICOSA technical skills or governance knowledge. The discretion of a company secretary, in terms of the non-core work for which they have responsibility rather than their ability to keep secrets, can partly result from their ability to negotiate external reporting lines between the executive and board.

Table 4 illustrates the average reporting structure of a secretariat department. Reporting routes can be internal (within a department), or external (outside a department).

Table 4: The discretionary capacity of secretariat reporting



Source: Designed by authors from data



Public and not-for-profit sector company secretaries agree that they have smaller departments, but deal with a much broader set of stakeholders in the form of voluntary and elected board representatives. There is a clearer distinction between the board of trustees and the executive, but this requires constant relationship management and maintenance, making good people skills essential.

'We have about 260 governance volunteers... we have a parliament of 52 people.'

Co Sec 06, Public Trust

'The Council of Governors is usually about 30 to 40 people.'

Co Sec 08, Public Trust

Nearly all company secretaries say that the complexity of reporting has to be balanced between the board and executive team:

'I think the company secretary's primary reporting line should not be to executive management, but it is useful to be seen to be part of the executive... part of your role is you know what's going on in the organisation.'

Co Sec 12, Banking sector

While the role may not report to the CEO, some company secretaries express a perception of being more closely aligned with the executive function, rather than the board. The majority agree that it is important to have informal and direct access to board members, NEDs, CEOs and the chairman.

'It's a matter of having a relationship. You stand somewhere in between the execs and non-exec, so they both trust you and you act as an interpreter or sounding board... they can bounce things off you they might not want to say directly to each other... this is a key intangible.'

Co Sec, Workshop 01

Similarly, nearly all company secretaries state that the most critical reporting line is to the chairman:

'Ultimately I've reported through to the chairman and I think [this] provides clarity organisationally and externally in terms of reporting line.'

Co Sec 02, Banking sector

Given the critical reporting relationship, many respondents regard themselves as the third person in the chairman/CEO relationship:



'The chairman and chief executive, it's taken a bit of time for the new CEO to understand my role... now I know who I will go to with what.'

Co Sec 11, Public sector

Many company secretaries share a common characteristic in the exercise of independence in their role, leading to both individual discretion, and a requirement to negotiate where the role fits within the organisation.

Another important component of the job is an awareness of executive and board developments, and whether these meet expectations of good governance:

'It can be the loneliest job in the organisation... you have to have the strength of character and professionalism to stand alone if need be and do what you believe is right... regardless of others around you trying to push or influence... and regardless, to an extent, of what you believe, [if] it is the strategy of the board...'

Co Sec, Workshop 01

'One of the interesting parts of the role is that you are engaging with so many parts of the business and get a holistic picture...'

Co Sec, Workshop 01

Some respondents are more consciously aware of the dilemma they face in trusting personal relationships with the board, while simultaneously demonstrating impartial judgement:

'I use Switzerland as a good analogy, because my role is really one of neutrality.'

Co Sec 03, Private sector

Some company secretaries indicate an inherent fear or nervousness that a lack of independence could compromise their integrity, although few refer to being concerned about prospective conflicts of interest.

On the whole, they appear resilient to the politics of the board and executive, and learn how to internalise their feelings. However, some find it difficult to establish the organisational hierarchy of their professional position:

'I don't think it's an equal position with being a director, or being one of our executive committee members... it's a separate role and you need to understand why it's separate in order to maintain your independence.'

Co Sec 04, Private sector



'I'm struggling to think of a single company secretary who would get emotional about these things.'

Co Sec 01

At the same time there appears to be an increasing awareness of the company secretarial role by NEDs, who are:

'Acutely aware of the risks and liabilities they take on as non-executives... having company secretaries looking out for them and their interests is quite important. I think it is changing.'

Co Sec 03, Private sector

The chairman, on the other hand, seeks an individual who:

'... should be a very grounded, sound person, that doesn't seek the limelight, doesn't look for trouble, doesn't want to be involved in the front line, is content to be a support function, but also one that, if he or she sees something going wrong in their areas of responsibility, has the courage to speak out.'

Chairman 04

Interacting with the chairman and board

Company secretaries see their role as very much dependent upon the chairman's preferences and interaction with the CEO:

'We then had a change of CEO and any change of any director, but particularly the chairman or CEO, really changes your role.'

Co Sec 10, Private sector

Few chairmen see effective decision-making at this level as a collegial process of consensus building or 'taking people with you'. Most company secretaries comment that the chairman's personality and relational manner drives their effectiveness in leading the board, in addition to their relationships with shareholders and other stakeholders:

'Under my previous chairman I never used to attend board dinners... under my present chairman I attend everything.'

Co Sec 07, Private sector



Both chairmen and company secretaries indicate that their relationship with each other is critical to the way the company secretary ultimately makes a full contribution:

‘What you actually do as a company secretary will depend principally upon what the chairman wants you to do.’

Co Sec 07, Private sector

‘The company secretary is there to support the chairman... it’s about chemistry... but if you haven’t got people of common values, then you will quickly get into areas of great difficulty.’

Chairman 04

Company secretaries have to clearly understand and distinguish between chairman and CEO roles. Some view the CEO as being responsible for implementing decisions by, and being accountable to, the board.

Others see the chairman as leading a team of equal peers and acting as the highest-level decision maker – accountable only to shareholders, the board and wider stakeholders. They may also, however, possess less complete or up-to-date information regarding day-to-day business activities:

‘I think having that direct link with the CEO is critical.’

Co Sec, Workshop 04

‘When a relationship with the chairman is not working, you leave... and it may or may not be of your choosing.’

Co Sec 01

Some chairmen emphasise that the board has a longer-term focus on building organisational value and sustainability, while select company secretaries note that the CEO’s attention is often on implementation and delivery of short-term strategy.

Most company secretaries express a desire to see the bigger picture and ensure that the CEO, board and chairman are all working collaboratively and focusing on the same priorities. They believe the functional distinction between board and executive directly impacts how strategically influential they can be:

‘I’m chief of staff to the chairman and so I work very closely with the chairman. I look after his office. I run his events. I advise him.’

Co Sec 07, Private sector

Or, in the case of an ethical dilemma:

‘You’ve got to go to the chairman, it can’t be to anybody else. And if the ethical dilemma concerns the chairman, which it might, then you’ve got to go to the senior independent director... so I expect the company secretary to come to me.’

Chairman 04

Many company secretaries say that it is not uncommon for them to be the longest-serving member of the executive and board, and as such they represent corporate history and continuity:

‘A new chairman over a year ago, a new chief executive exactly a year ago, and the board is now sort of two-thirds new.’

Co Sec 08, Public sector

Company secretaries are also often able to identify a ‘good’ chairman from a ‘bad’ one:

‘... And I think that created a very stagnant way of operating. The current chairman is the complete opposite of that, so the dynamics are very different.’

Co Sec 08, Public sector

‘They have seen chairmen screw it up, they have seen chairmen get it right, they have seen the board fall apart, they have seen boards hold together under the most difficult circumstances.’

Chairman 05

Most company secretaries state that there are dilemmas in having a close relationship with the chairman, with their own selection process potentially offering them both an advantage and disadvantage.

For example, some company secretaries suggest that chairmen realise that broader backgrounds and the ICSA route can offer a more rounded, corporate governance-focused and proactive professional, with the characteristics that organisations need allied with dynamic boards:

‘The reason that lawyers start becoming company secretaries is that there is not a great tradition in the UK of lawyers having access to the boardroom. Therefore the only way that lawyers could get access was by becoming general counsel and company secretary. The words “general counsel” weren’t used as a phrase, as a title in the UK, certainly much before 1995 to 2000... the role of the company secretary per se in some ways became downgraded. I think what has changed though, is [that] with the increased focus on governance... the role of the independent company secretary has started to rise again.’

Co Sec 07, Private sector



Respondents comment that the challenge of their unique relationship with the chairman is to be equally valued by the board and executive:

'The relationship I have with the chief executive is very close also... so it is very clearly split as to who I would deal with.'

Co Sec 11, Public sector

'The chairman and company secretary relationship is trusting, mutually respectful, and encourages openness and transparency.'

Co Sec 02, Private sector

Few respondents feel the chairman is brave enough to define the structure of the secretariat so that independence is no longer intangible, but valued as equal to any NED or CEO judgement. Company secretaries suggest their role should become recognised as a standalone, professional service provider to the chairman and board:

'The role is too big to be split with other roles... I think it's a mistake actually, certainly for larger corporates... there are inherent conflicts and I don't think [the] CFO or chief legal should have combined [with the company secretary] hats on... I think chairmen may well want to see a world where they have ownership of the company secretary top to bottom to drive the most efficient and effective board.'

Co Sec 02, Private sector

Board members – the chairman, CEO and directors – say that the company secretary provides a unique contribution and adds value to collective decision-making, professionalism, good leadership and effective board dynamics:

'The company secretary is there to do a number of things: support the chairman, ensuring [that the] administration of the company as legal entity is conducted properly and thoroughly, to make sure the company through [the] board, and [the individual] members of the board discharge their responsibilities with appropriate levels of governance. Therefore the company secretary must be abreast of rules, regulations and guidance documents... it is driven by not only the capabilities, but the personality of the individual.'

Chairman 04

Many company secretaries aim to exercise high levels of individual discretion and take personal responsibility for their own behaviours and actions. Some respondents refer to seeking excellence and performing their duties with devotion and commitment. This translates into 'doing what you say you will do, being seen to act fairly, pursuing the truth, acting politely and sensitively'.

'We are service people, we make sure things happen.'

Co Sec, Workshop 03



Most highlight a progressive approach to improvement, requiring self-organisation, regular reflection and tailored training – all of which is at an individual’s discretion but significantly impacts team alignment, reflecting ICSA’s approach to continuing professional development. Other board members and a small proportion of company secretaries argue that boards are under growing pressure from regulators, shareholders and other stakeholders to deliver higher disclosure and transparency on decisions:

‘Consultation with shareholders is an enormous part of the job now... I must have done 60–70 meetings with shareholders in the last four months in the run-up to the AGM.’

Co Sec 12, Private sector

‘One of the issues that UK plc faces is that dialogue between companies and shareholders has improved, but I don’t think the feedback mechanism from shareholders to companies has.’

Co Sec 12, Private sector

Some company secretaries note that board member and CEO training is limited, and that more subtle approaches are necessary to align the thinking of self-assured people:

‘There are some big personalities in the boardroom and they’ve not got to the top of the tree for nothing. With personalities like that it’s usually best to make them think they’ve thought of the idea themselves.’

Co Sec 03, Private sector

Other respondents say that the discretion of other board and executive members dictates how effective the company secretarial function is:

‘My previous CEO had a much better understanding of the company secretary’s role... the current CEO in many respects underestimates quite how much I can help him in his role.’

Co Sec 03, Private sector

Most respondents further add that promoting good leadership necessitates winning the trust of the board, the executive and the chairman. It is important to get to know individual board members, and for them to know you:

‘You have to have a relationship with all of them at different levels.’

Co Sec 08

‘I deal with conflict, diplomacy, making sure that people know that you will keep a confidence and that they can trust you...’

Co Sec 09



‘Building new relationships with each new non-exec as they come in has been one of the most enjoyable parts, because you can see them grow as a director.’

Co Sec 04

Experienced company secretaries note that ‘over time’ and ‘through experience’ they develop significant influences on team alignment and board dynamics, and gain the respect of the board:

‘I think the first year you’re a new company secretary into the job is when you are most vulnerable... because you don’t know very much and you’ve got to get to know everyone’s personalities.’

Co Sec 03, Private sector

Board members and the executive also engage with company secretaries more openly when they are recognised as acting in a position of confidence:

‘You do achieve that niche of being the trusted adviser... that’s very, very important and boards therefore give up their trusted advisers very warily.’

Co Sec, Workshop 06

For most, the company secretary’s role is a balance of formal and informal relations with the board and the executive. The importance of trust, being objective and independent is a recurring theme, and the adoption of informal approaches to raise key matters is apparent:

‘... they need to be said on a one-on-one basis.’

Co Sec 10

‘Your ability to influence the outcome of any particular decision is governed much more by your informal chats.’

Co Sec 11

Formal board meetings in many companies take place four to six times every year, although more frequently in others. Agenda-setting is a process that takes place in advance of the meeting and is typically directed by the chairman, with input from the CEO:

‘We have a pre-meeting where I brief them on what’s happening, what the agenda is looking like...’

Co Sec 04

‘I will go and discuss it with both the chairman and the chief executive together so that they’re in the same room at the same time, and they will agree that that’s what the agendas should look like.’

Co Sec 08



‘It goes to the chairman and the chief executive, the chief executive wants to change something and maybe the chairman doesn’t.’

Co Sec 02

Company secretaries comment that it is important to get the venue right, organise diary dates, know what needs board approval, agree on the agenda and ensure that all members have the relevant information they need for the board meeting.

Some respondents point out that coordinating diary dates early is vital, and larger companies are most often prioritised for NEDs sitting on multiple boards. Taking the minutes of meetings is also highlighted as being an art linked with the preferences and discretion of the chairman. Importantly, some company secretaries demonstrate an attention to detail and active management of unresolved matters, seeking their resolution at future meetings:

‘They rely on the company secretary to chase down outstanding actions, and to close the loop so that you’ve got a paper trail.’

Co Sec 04

A number of chairmen and CEOs note that if the company secretary is an internal recruit, or has greater experience in the role, they are expected to deal with the executive and board fairly and fully service their professional requirements. They add that, during formal board meetings, the company secretary usually remains quiet.

Company secretaries themselves say that this very much depends on how the chairman runs the meeting. In some cases the company secretary may have an allocated slot to report, and can interject if they think it is necessary:

‘I will speak always, at every board meeting.’

Co Sec 03, Private sector

Others can only talk at board meetings via the chairman, by whispering in their ear or passing a note:

‘Although I can’t speak, because I sit next to [the] chairman, I have written down a note...’

Co Sec 11, Public sector

However, in one example the company secretary sits at a separate table during board meetings in the role of note-taker. Whether they are perceived as a trusted adviser or mere administrator depends very much on the relationship with the chairman.

The Annual General Meeting (AGM) is seen as a particularly important calendar date, requiring careful planning and often having unpredictable outcomes:



'In the AGM and [when] people turn up... the two weeks before the AGM, I do not sleep.'

Co Sec 07

'It's a full management of a very major public event, of which the company secretary carries the burden, just as he really does for the annual report.'

Chairman 04

In terms of board interactions, company secretaries know when to focus on the detail and when to take a holistic view. Some see the company secretarial role as an administrative function, when the situation actually demands a strategic outlook which can only be arrived at by using excellent interpersonal skills.

This study indicates a timely opportunity for the company secretary's profile to be raised among other board members, who would benefit from fully realising the potential of this role as part of a highly effective leadership team.

A key point of contact

The company secretary is the main contact point for CEOs, CFOs, the Senior Independent Director (SID) and other NEDs, who can be internationally based and may also sit on a number of other boards. The company secretary is their link to the chairman:

'You can feed back to [the] CEO/chairman. If there's something not quite right, they can sort it out... before it becomes an issue.'

Co Sec 09, Private sector

Company secretaries state their commitment to 'servicing different board members' needs', but also protecting the organisation's interests as part of good governance. They want to grasp governance implications, including regulatory changes and levels of disclosure, and exercise discretionary judgement.

Public sector and charitable respondents note how commercial judgement in their circumstances encompasses the voice of the organisation's membership and voluntary support:

'It's different for every company, and every chairman and CEO has a different style... so it's working with them.'

Co Sec 09, Private sector

'So we're looking at ways of engaging our membership more.'

Co Sec 06, Not-for-profit sector



Some not-for-profit company secretaries state that contributing to lobbying on certain issues, or protecting the cause, positively reinforces valued achievements. The board member experienced in 'conservation' or 'public' causes is also seen to be influencing decision-making more actively:

'... 50% gurus of management and leadership, and 50% conservation gurus... so I will talk to the board about that with the conservation director.'

Co Sec 06, Not-for-profit sector

Company secretaries also overwhelmingly believe that boards are changing and becoming more effective:

'Our collective view was that ten years ago 50% of NEDs were poor. This has improved – boards are changing and becoming more effective. These days, our view is that's improved by 25%. So 75% of boards are performing, that means 25% still need developing.'

Co Sec, Workshop 03

Some chairmen and CEOs say that, while NEDs bring other experiences and a wealth of industry expertise, they have historically been ill-equipped in relation to their broad powers. This is where a company secretary can add real value.

‘ *And I'm now finding [myself] sitting with him, which I never did when I was a non-exec... he has extremely good ideas. He corrects me, quite correctly, frequently, and I value his time.'*

Chairman 03

'A good non-executive is both engaged in the board but engaged between boards, there's a certain amount of logistical manoeuvring that the company secretary needs to be part of.'

Chairman 05

'[What is needed is a] chair who ensures that there is real participation around the board table by everyone who's present, and that conversation is not dominated by people who speak loudest.'

CEO 01, Not-for-profit sector

Many chairmen also report a need to call upon the wider experience of NEDs to inform situations or decision-making, while also observing how the SID role emerged in 2003 as the independent contact for shareholders:

'The dual reporting role has to have the emotional intelligence to work out what to do if two people are going in separate directions, and you are trying to be the glue that holds, or brings them back together... at that point in time you bring a fourth person into the equation, which, in a public company is what the SID is doing... the SID [is a] whistle-blower.'

Chairman 06



Some respondents state that board-building depends upon the needs and direction of the organisation. Company secretaries say they are involved in the selection process of board members by acting as an official observer, or informally as an ‘independent informant of value’ to the board or chairman:

‘The board asked me to sit through the process. So I sat through some of the interviews... I sat through my new boss’s interviews and I was asked my views and opinions as a sort of reflection.’

Co Sec 06, Not-for-profit sector

A number of company secretaries say that they support chairmen in identifying shortcomings or skills that are needed to enhance board value. Other board members acknowledge that the company secretary is the key link between different levels, individuals and business needs:

‘The problem is the outcomes of the company secretaries’ interventions and contributions are largely intangible. They are about making better decisions, growing a more diverse board, evaluating how well we’re doing in terms of governance...’

CEO 01, Not-for-profit sector

Most company secretaries agree that the CEO and chairman’s dynamics have a critical impact on team alignment. They also recognise a need to be adaptable to differing viewpoints and changing dynamics. The CEO is likely to be the most highly remunerated individual and be very target-driven, whereas other board members are likely to have already fulfilled their career ambitions and are more intent on ‘giving back’ through offering guidance:

‘The CEO is somebody who isn’t used to people challenging [them] that much. They’ve got to the top of the organisation and most people just do as the CEO tells them, unfortunately. And you’re in a position of having to say no, we can’t do it that way.’

Co Sec 10, Private sector

Leadership teams

The challenge of balancing leadership teams underlines the importance of effective board decision-making.

Most company secretaries reference their often ‘invisible’ abilities to get different levels and groups of people working together. The board is made up of highly discretionary individuals, often with different agendas, conflicting opinions and strong personalities. Without alignment, they remain imbalanced and become vulnerable to risks:



‘... getting the information flows right and the balance of views clearly understood and represented. Of all the individuals around a board table, it’s really the company secretary who is the person best placed in this special capacity.’

Co Sec 02, Private sector

Some respondents suggest that they must make sure the board’s time together is as efficient and effective as possible for consensus building:

‘So as to make the best use of the time people are together.’

Co Sec 02, Private sector

Many additionally comment that team alignment is about having relevant information directed at the right people to ensure that they engage with different personalities at different levels and maximise their ‘value added contribution’:

‘Trying to balance the interests of, let’s say, the 16 most important people in the organisation... work closely with the chairman and CEO, but keep the range of non-execs on side.’

Co Sec 10, Private sector

Most company secretaries distinguish between the board and executive level:

‘Being able to talk frankly to [the] chairman and the chief executive...’

Co Sec 04, Private sector

‘You have to work with directors, both executive and non-executive, and that can be an interesting challenge.’

Co Sec 07, Private sector

‘You report to the chairman for board and governance things, and to the CEO for management-type things.’

Co Sec 09, Private sector

The majority also comment that they are part of two teams, or have many different people to answer to, which can be challenging:

‘One of the challenges is the importance of being... [in]... possession of information to support recommendations that you might need to make to [the] CEO or CFO or chairman or whoever...’

Co Sec 02, Private sector



'I think our executives don't necessarily always see the world out there in the same way as the chairman... you want to find the balance point.'

Co Sec 04, Private sector

A similarly high proportion of company secretaries observe that effective teamwork is a process of cooperation, collaboration and negotiation. Being adaptable to different personalities and situations is important:

'I've had to adapt the way I operate to suit those people.'

Co Sec 05, Private sector

Few chairmen pick up on individual member contributions as these are difficult to measure as key performance indicators (KPIs), but do notice that team output yields innovative value:

'If you've got the wrong mix of people with wrong values, you've got a dysfunctional board and that's a common problem.'

Chairman 04

'When boards are all about self-actualisation, not facilitating the organisation moving forward, then it gets difficult.'

Chairman 05

'If you've got people with the wrong values, you should get rid of them. I wouldn't tolerate that. I want people of independent mind, different experience, people who challenge, people who don't feel that in any way they should be part of a group. I do want people who really have the perception of what's right and wrong, and where good governance is.'

Chairman 04

'If you give them permission to engage... you create an environment where them saying to you as chairman, "Chairman, I'm not sure you're right on that," is both accepted, not retaliated against, and occasionally thanked because they're actually right.'

Chairman 05

Most company secretaries note that teamwork requires understanding, as well as sharing and an appreciation of others' expert knowledge and natural personality. Conversely, few chairmen recognise that positive relationships require open environments where ideas can be voiced and heard:

'You can't have an ego... You sit around the table, you get invited to board dinners, you deal with the executive board, you have all of the privileges that that brings... and yet you're not a member of the management board, you're not a member of the board.'

Co Sec 04, Private sector



Company secretaries working in their existing role for several years add that their knowledge of the unique personalities on their board gives them an indication of how the different people are likely to react or feel about issues arising. Some believe they can guide chairmen and CEOs, or hint at ways to solve divergent views without direct confrontation within the board:

'XXXXXX is not very happy about that, or you need to work on XXXXXX a little bit more, she's not quite there yet... I try and do the joining up.'

Co Sec 06, Not-for-profit sector

At the same time, some company secretaries comment on the risk they face in becoming the target of frustration if disagreement exists, or if a chairman is attempting to force a plan against others' wishes:

'In this role you can be persona non grata in a nanosecond. And then it takes you some weeks to get your credibility back if you upset somebody or if they want a fall guy.'

Co Sec 06, Not-for-profit sector

Some company secretaries suggest they and the chairman should consciously identify relevant questions and make informed interventions to help move major issues forward. Few responses suggest that board decisions need additional validation in post-meeting analysis:

C *Relationship building's critical and also spending reflective time every week just thinking about what's going on in the organisation.'*

Co Sec 06, Not-for-profit sector

Team alignment

A vital component to successful team working is team alignment: the positioning of oneself within the team. This requires a detailed understanding of personal strengths, weaknesses and personality, and how these traits fit with other team members.

Achieving the right balance in intimate relationships with others, and understanding how this can drive effectiveness and contributions to a team and organisation's needs, requires a delicate touch and explicit negotiation.

Some company secretaries suggest that board membership is made up of driven, ambitious individuals who possess an innate self-confidence and self-belief. As a result, company secretaries need to be resilient.

There are dominant personalities on the board, such as the CEO or chairman, and company secretaries have to demonstrate adaptability in the face of change:

'I have [lasted] through four chairmen and four CEOs during my time as company secretary.'

Co Sec 05, Private sector



'I'm the longest-serving person sitting around the board table.'

Co Sec 07, Private sector

The challenge of identity may warrant better formal structural positioning of the company secretary between board and executive. Respondents suggest the breadth of their job includes additional responsibilities as officer of the company, chief of staff to the chairman, and adviser to the board on governance. Other company secretaries are adamant that the secretary needs to retain independence to rebalance power as required and demonstrate accountability.

Board evaluations

Most company secretaries and chairmen refer to their close association in the design and conduct of internal evaluation processes. A few highly effective company secretaries suggest this may offer an opportunity to design questions that deal with known board weaknesses in a subtle way:

'I very carefully picked a short list for the chairman that I thought would provide a range of options. And then we discussed how ready the board was for something within that range... I design the questions for the internal [evaluation]... we can see an opportunity for things to be done better; you can generate questions around that.'

Co Sec 04, Private sector

Few company secretaries indicate their involvement in the selection of third parties to evaluate the effectiveness of the board. Some evaluations are more intrusive than others in this regard, dependent on the brief given.

'It was fairly benign with XXXXX. They were holding a mirror up so they were reflecting what other non-execs were saying, or what the non-execs were saying about the board.'

Co Sec 04, Private sector

Other providers will attend and observe a board meeting, and probe about process and the opinions of board members:

'And that included a board evaluation exercise... and used a template for that. And that was largely through board observation though... we also interviewed some individual board members.'

Independent Consultant 01

Company secretaries observe that when they participate in an internal evaluation, care is needed when an interviewer and interviewee know each other. In these circumstances, the purpose of their evaluation is to be critically inquisitive and identify any gaps or risks.

Conclusions and recommendations

This extensive inquiry has explored the responsibilities and key characteristics of the company secretary. The focus has been on understanding ‘What makes a good company secretary great?’ and ‘How can a company secretary become a highly valued contributing member of an effective board?’

As every organisation is different and leadership teams are unique, this study concludes that there is a need to build discretionary capacity within the role. The deeper question is thus: ‘Is discretionary capacity acquired through learning, or gained through experience?’

These findings identify the discretionary capacity of the company secretary in terms of the breadth and majesty of the role. Breadth is the individual discretion required for team alignment. Majesty brings attention to the particular interpersonal and softer people skills – calmness under pressure, diplomatic approach, resilience: these are statesman-like qualities.

Discretionary capacity is acquired through a combination of learned competencies and relevant experience.

Individual discretionary action includes:

- using one’s own discretion or judgement in making choices, managing ambiguity and choosing options;
- having and negotiating the ability to make decisions;
- exercising personal discretion as an independent mindset; and
- using shared language in communication.

Team alignment – acting as a member of the team – includes:

- understanding that each organisation and board is unique;
- utilising both implicit and explicit negotiation;
- maintaining key relationships with the chairman first, and then the CEO;
- using interpersonal skills effectively; and
- realising the company secretary is critical to highly effective boards.

The majestic role includes:

- the outcomes of discretion and team alignment;
- size of an organisation and sector as an influence on the role;
- independence of the role and in relationships within the organisation;
- public and private discretion; and
- recognising that the role can be underutilised or forgotten.

Three gaps need addressing:

- 1 The competitive advantage of the ICSA qualification.
- 2 How the company secretary’s reporting line impacts on the role.
- 3 The higher levels of discretionary capacity needed as the role develops.



This research indicates decision-making that reflects different role interpretations, with 'boss, entrepreneurial and bureaucratic' qualities.⁷ Separated and distributed power enables 'freedom', with no single interest prevailing.⁸ In reality, poor decision-making often occurs where the CEO adopts a 'boss' role.⁹ A more effective application calls for the CEO as entrepreneur, NED as bureaucrat, and chairman as boss or arbitrator. This facilitates the capacity of NEDs to become more than the board's custodian or act as devil's advocate on robust decision-making.

The challenge of identity may warrant better formal structural positioning of the company secretary between board and executive. Respondents suggest the breadth of their job includes additional responsibilities as an officer of the company, chief of staff to the chairman, and adviser to the board on governance. Other company secretaries are adamant that the secretariat needs to retain independence to rebalance power as required, and demonstrate accountability.

Clearly:

- 1 ICSA needs to raise the bar on the core competency of the qualification.
- 2 The company secretary role should be a direct, primary reporting line to the chairman and is most effective as a standalone position.
- 3 There is a need to build high levels of discretionary capacity into the role to enable junior staff to advance into top roles, which should further offer routes into NED positions.
- 4 There is a need to raise the profile of the company secretary role among other board members.

ICSA may also wish to consider the development of an accredited Doctorate-level qualification in which individuals with sufficient experience can engage, as part of their continuing professional development. A highly effective outcome would be to further generate new knowledge and progress decision-making through more rigorous avenues of discussion and review.

The company secretary role is a critical component of effective boards. The position is progressing in line with a gradual improvement to boards in the UK. While the NED has been the focus of much attention in the post-financial crisis period, it is now time for the company secretary's role to come to the fore.

Succession planning for company secretaries needs to improve, and there remains a requirement for better alignment between the executive and non-executive within individual board teams. This calls for more open internal dialogues so that strategy can fully emerge and be intimately understood.

In conclusion, the broader ICSA-qualified professional is better placed to fulfil the needs of highly effective boards. These recommendations support the continued improvement and profile raising of the immensely important work carried out by the company secretary in a continuously evolving and demanding role.

7 See Cutting and Kouzmin (2000).

8 Suited more to direct democratic environments rather than representative democracies – requiring greater degree of transparency and mindset of 'service orientation in role'.

9 Over-dominant/short-term representation in narrow decision-making.



List of abbreviations

| | |
|--------|-------------------------------------------------------|
| AIM | Alternative Investment Market |
| CBI | Confederation of Business Industry |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| Co Sec | Company Secretary |
| COO | Chief Operating Officer |
| FRC | Financial Reporting Council |
| ICSA | Institute of Chartered Secretaries and Administrators |
| IOD | Institute of Directors |
| KPIs | Key Performance Indicators |
| NED | Non-Executive Director |
| NGO | non-governmental organisation |
| SID | Senior Independent Director |



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