# Company Secretaries Help Drive Organisational Success

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New research by Henley Business School reveals that good company secretaries make a significant contribution to board performance, share the same qualities as good chairmen and enable effective decision-making. Sometimes undervalued and often misunderstood, the role is intrinsic to organisational success.

“The role of the company secretary has evolved over the years. There are few other roles in senior management that are as flexible in their scope or require such a breadth of skills from the technical to the diplomatic; all this has to be wrapped up in the absolute trustworthiness that is an essential part of the job. The role is often unsung simply because when it is done well the role is not conspicuous. But any Chairman or Chief Executive knows that their own effectiveness depends crucially on this role being performed immaculately.” (*Robert Swannell, Chairman, Marks and Spencer plc*)

The highlights of the research are as follows:

- With the growth in importance of strong corporate governance, the role is much more than dealing with detail and administration. Top performers deliver **strategic leadership**. The company secretary is the third member of the CEO, Chair, company secretary triumvirate at the top of the company and as such is a vital, independent bridge linking the board and the executive.
- Company secretaries align the interests of different parties around a boardroom table, facilitate dialogues, gather and assimilate relevant information, and **enable effective decision-making**.
- The **skills and attributes of the best company secretaries are closest to those of the chairman**: humanity, humility, high intelligence, negotiation and resilience.

The research, **The Company Secretary: Building trust through governance**, was led by Professors Andrew and Nada Kakabadse of Henley Business School, who engaged with over 200 company secretaries, chairmen, NEDs and CEOs from FTSE, SME and private, not-for-profit and public sector boards in the UK, the Republic of Ireland, and internationally-based organisations. Undertaken in collaboration with ICSA, it scrutinises the unique role of the company secretary, exploring what they do and the qualities they need to perform the role effectively.

“People who think that the role of company secretary is purely administrative are living in the past. I believe that the role has grown exponentially, particularly in the years following the financial crisis. I know that during my time as chairman, I relied heavily on the knowledge and strategic judgement of the company secretary when ensuring that we were meeting our organisational objectives.” (*Sir Richard Olver, Chairman of BAE Systems, 2004-2014*)

The research identifies the importance of a good working relationship between the chairman, CEO and company secretary and points out that company secretaries are often the longest-serving board members whose wealth of knowledge about company history and culture provides priceless continuity.

Other key findings include:

- The role is changing and is increasingly outward-focussed with the company secretarial role now incorporating investor engagement and corporate communications.
- Board members often lack awareness of the ways in which the company secretary supports decision-making. As a result, boards can miss out on making full use of the skills, knowledge and experience at their disposal.
- 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 to be filled.
- The breadth and depth of the role means that it must retain independence to rebalance power as required and demonstrate accountability.
- Company secretaries must have both direct and informal access to board members.
- A company secretary's direct reporting line should be to the chairman.

Dame Alison Carnwath, Chairman of Land Securities believes that appropriate training is crucial. “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. There is much to be said for the additional technical skills that such a qualification can bring.”

ICSA Chief Executive Simon Osborne agrees. “The research reveals the crucial role played by company

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secretaries in maintaining the complex and occasionally strained relationships between chief executives, chairmen and their boards. It highlights the crucial management, organisational and strategic function of the company secretary, and illustrates why the next generation of these often hidden, yet vital professionals need proper training and urgently need improved recognition and mentoring. As the guardians of governance, their value to organisational success is now more vital than ever."

The author of the research, Professor of Governance and Leadership at Henley Business School, supports this view: "While the NED has been the focus of much attention in the post-financial crisis period, it is now time for the company secretary role to come to the fore. Company secretaries are the only ones with access to all relevant information, know the culture of an organisation inside out, and are attuned to the reality of what is happening on the board and in the organisation. They have only one agenda – what is best for the company and the board." (*Professor Andrew Kakabadse*)

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