



Learning to Adapt

The pandemic has highlighted the need to accelerate organisational transformation, and the company secretarial team is not exempt

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Working through the pandemic has presented many practical challenges to company secretaries up and down the land, from moving board and committee meetings online, running virtual AGMs, to obtaining electronic signatures. For those managing teams, there has been the additional responsibility of ensuring everyone stays connected and motivated whilst juggling with the increased demands on personal life. The pandemic has also accelerated the already-speedy elevation of ESG expectations. Thankfully, with vaccinations well under way, there is now a roadmap in place that sees us closer to the new normal than ever before and it seems increasingly unlikely that we will return to whatever the previous status quo was. Some changes will prove to be permanent and others will continue to evolve.

For many organisations the return to the office will present a watershed moment as thoughts move from managing through the crisis to preparing for the new reality. Company secretarial teams will want to look anew at their operating model to ensure it remains fit to deliver maximum value to the business. The key areas to address will be structure, process, people and technology. Are existing roles and responsibilities still the right ones? Is the balance of in-house resource to

outside support appropriate going forward, and does external spend continue to deliver value? Is the skillset within the team right for new ways of operating, and are the right individuals focused on the right tasks? Does the business have the right technology in place and do emerging technologies offer new opportunities to drive efficiency?

Different Expectations

The challenge of course is that every organisation has different expectations of its company secretary and the value placed on the function as a whole. The role of the company secretary covers a wide range of activities from core compliance duties through to more strategic governance responsibilities. The resource available within the company also varies widely from organisations having one individual wearing two hats as both company secretary and GC or CFO, all the way up to large scale teams with numerous specific, dedicated roles each focused on one particular element of the function.

With so many different models in place, new technologies coming on board and the changed landscape of the post-COVID world, it can be difficult to determine 'what good looks like'. Whilst it may be tempting to look to replicate a formula that has worked elsewhere or previously, there is no guarantee that a successful model will automatically work at

another organisation due to different stakeholders, expectations and company culture or, indeed, in the changed environment we are likely to find ourselves in when a return to the office becomes feasible. As such, it may be best to step back and take a fresh look, starting with the answers to these three core questions – what is it that the organisation needs, will the current set-up still deliver those needs, and have you got the right individuals in place in the right roles?

The role of the company secretary can be largely divided into three main areas:

- 1 the board: acting as a trusted adviser to the chairman and directors, providing guidance and information before, during and after board and committee meetings and, based on in-depth knowledge of legal, regulatory and governance requirements, best practice and the company's constitution, advising the board on appropriate governance arrangements
- 2 the company: acting as a conduit between the board and the wider business, contributing to cross-functional projects and strategic leadership, as well as ensuring the company's compliance with relevant legislation (and listing requirements where appropriate), and maintaining the company's statutory registers and returns
- 3 the stakeholders: supporting stakeholder identification, consideration and dialogue, in particular with the company's shareholders in respect of corporate governance matters and managing general meetings.

From this base point, a more detailed list of responsibilities can be drawn up to fully capture what is needed within the organisation and understand the risks of these tasks not being properly carried out.

Putting in place the above can help to determine the level of expertise required and prioritise the technology, resource and skills needed for the function as a whole.

As well as identifying the tasks expected of the company secretarial function, there is also a need to assess the current set-up of the resource in place. This can vary widely depending on company size, sector and budget available. New post-COVID ways of

working and emerging technologies may also alter the requirements.

The Structure

Some FTSE 100 companies in the financial sector can see company secretarial teams of up to 200, with sub-teams in place to focus on specific areas such as board support, subsidiary management etc. However, a more common structure for large companies outside the financial sector will be based upon a company secretary, with one or two deputy company secretaries, two or three assistant company secretaries and a handful of more junior company secretarial assistants and support staff.

Once you look beyond the larger listed companies, to FTSE Small Cap and AIM companies, as well as larger private companies, the typical team size is much reduced to the extent there may just be one individual in place as the company secretary, with potentially some junior resource for support depending on the company's needs.

For smaller companies in particular, outsourcing some or all functions to known specialist external firms – typically centred on board support and assistance with the statutory requirements – may be the ideal solution to supplement in-house resources with a limited amount of otherwise missing, but still essential, dedicated expertise. This can not only bring with it the benefit of ensuring that in-house resource is able to focus on the tasks that add the most value, but also remove some of the people issues in respect of recruitment, training and retention.

Having the right team balance is essential to delivering quality and value to an organisation. When operating a sizeable team, it is important to offer the right development opportunities to those keen to progress in order to retain that talent. With remote working no longer such a constraint tying workers to live close to the office, the door is now open to recruiting further afield. Shaping the team so that there is a sharing of responsibilities can create roles which are wide, and therefore more interesting, and which introduce colleagues to the range of different functions the department is responsible for, thereby naturally



Area	Key responsibilities	Risks
Governance framework and processes.	Board and committee responsibilities, schemes of delegation, terms of reference, internal authorities, execution of documents.	Breaches of directors' statutory duties, poor oversight and unclear decision making, breach of company law.
Board and committee support.	Clear agendas, meeting procedures (pre, during and post), sufficiently detailed minutes and action points.	Invalid meetings, impact on decision making, incomplete information flow to/from the board.
Statutory requirements.	Proper maintenance of the statutory registers and records, formal approvals adequately documented.	Breaches leading to sanctions against companies and/or directors, reputational damage.
Group subsidiary governance.	Understanding local requirements, ensuring adequate controls are in place such as through a global subsidiary policy, annual compliance calendar of local requirements, oversight of local advisers.	Non-compliance with local regulations and associated penalties, reputational damage and loss of ability to do business in that jurisdiction.

producing more flexible and rounded team members who can step in to provide cover and be a logical successor for future promotion. That is not to forget, however, that there is a key part to play for those technical experts who are comfortable to remain in a narrower specialist role.

Identifying Needs

Having defined the team's collective responsibilities and the right structure, the next step is to identify suitable individuals for each role. The personal skills required to be a company secretary are wide and varied. As well as the technical knowledge required to fulfil the tasks listed above, there is also a range of softer skills needed to be effective based around emotional intelligence and influencing skills. These are more difficult to define and develop but they can be transformative to the value added by the team as a whole and therefore they are well worth investing in.

As well as assessing an individual's technical skills, it is important to ensure that other factors are considered to ensure a right fit with the company.

Many businesses will create their own development and competency frameworks designed to measure performance against, amongst other things, the

which are process driven to others which are more sophisticated.

The four levels of proficiency are identified as follows:

- entry: the starting point for learning the craft of a governance professional. Entry roles focus on core processes, administration and providing support under the supervision of more experienced team members
- emerging: with some solid experience under their belt, emerging professionals will be increasingly trusted to take the initiative, to work on more complex matters and to juggle multiple priorities, perhaps with some supervisory responsibilities
- established: with the skills and experience to lead and advise others, established professionals already have an expert grasp of governance and company law matters. They are recognised for their sound judgment and are trusted to manage complex and nuanced situations
- excelling: part of the strategic leadership of their organisation, they are able to influence the direction of their organisation's governance.

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company's values and culture. Focusing on these softer skills will support the organisation in building a pipeline that is diverse, that understands and is aligned to the purpose of the business, and that is fit for the future.

Recognising the need for a clearer understanding of the personal skills required to fulfil this role, The Chartered Governance Institute has published an example of such a framework in the form of *The Competency Framework for Governance Professionals*. This guide identifies the behaviours required for high performance in a company secretarial or governance role. These behaviours are grouped into three areas: understanding, practice and values.

Understanding: knowledge of essential technical and functional information.

Practice: actively applying technical, strategic and commercial understanding.

Values: operating with integrity and thought to make effective contributions.

The Competency Framework for Governance Professionals goes on to identify four levels of proficiency. This is a helpful way of assessing expertise and thinking about the next development steps needed. In doing so, it is worth taking account of how technology is increasingly automating functional processes, thereby shifting the skills needed from those

Next Steps

Against a backdrop of increased levels of home working on a permanent basis, the skills and proficiency needed within the team may be different in some respects to those that were required when everyone was primarily office based. By assessing these levels of proficiency against the emerging resource needs of the organisation, you can start to build a picture of where the areas of strength are, and where gaps may need to be filled.

Strong company secretarial and governance functions are essential to the success of an organisation. Without effective support, the board will not perform at its optimum level and the business will be hindered. The models that have served businesses well hitherto may need to be adapted to take advantage of the efficiencies technology increasingly offers, and in order to rise to the challenges of a new world of increased remote working and greater emphasis on ESG expectations.

There are many factors that must go into determining the optimum operating model for the company secretarial unit to ensure the delivery of quality and value. Taking a structured approach to understanding what an organisation's requirements are, assessing the team structure and processes and ensuring the right individuals and technology are in place to deliver them is an exercise that takes time, but will ultimately help to produce best results both in the short and longer term. ■

