



Mentoring Circle

Outcome Report

**Topic: Being a Company
Secretary**

Date: 28 September 2015



**INSTITUTE OF DIRECTORS
SOUTHERN AFRICA**

The aim of the Mentoring Circles is personal development, building a community of directors, and contributing to the social and personal competencies of the Director Development Framework.

The Challenges

- The role of Company Secretary is largely misunderstood, misperceived, poorly defined and not respected by Boards, despite literature that supports the extensive evolution of and changes in the role. The 'traditional' view of the Company Secretary – as an administrative minute taker – persists. Boards do not appreciate that Company Secretaries share the liabilities of the Directors.
- Company Secretaries can find themselves in a politically sensitive and/or ethically uncertain position between the CEO and the Chairman, privy to information that must nonetheless remain confidential. This can put people under extreme pressure, needing to manage interpersonal relationships without creating undue tensions.
- Maintaining an objective stance can put Company Secretaries in difficult positions, that can threaten their livelihoods, reputations and may even result in their being used as a 'scapegoat' for poor governance.

The Ideal

Ideally, the Company Secretary reports to the Chair, and has the resources to manage their broad scope of responsibilities including governance, legal, administrative and functional requirements. A Company Secretary should play the role of a governance advisor, and be the "go-to" person for any Director with a governance query.

The Solutions

- Company Secretaries should avail themselves of all opportunities to develop their own skills in the fields relevant to their work, particularly governance.
- The findings of the Institute of Chartered Secretaries and Administrators (UK) / Henley Business School collaborative Report should be made available to board members to demonstrate the shift in role of the company secretary. This report highlights the Company Secretary as " ...the third member of the top team..." requiring the same skills and attributes as the chairman.
- Impeccable integrity, honesty, trustworthiness, knowledge and experience in the incumbent are vital to supporting the company secretary role.
- It may be that Company Secretaries need to actively seek to do work that is not conscribed by their actual job description, to demonstrate the value that they can add. This can be burdensome in the short-term, but beneficial in the longer-term.
- It can be useful to communicate the role of the Company Secretary in risk management and liability language. Directors listen when they understand that money is involved, and/or that they are personally legally exposed. A special agenda item can also be set to discuss expectations about the role of the Company Secretary. Director indication packs should also contain an explanation of the role of the Company Secretary.
- Some Company Secretaries refer to themselves as Chartered Secretaries, to help shift the perception of the role. Shifting language to talk about "Chartered" or Company Secretary as a profession, rather than as a role could also help change perceptions in the long-term.
- Company Secretaries should not accept tasks that do not conform to their roles – they need to act in accordance with the value that they genuinely add. This does not require confrontation, and should be managed courteously. Company Secretaries need to be confident in managing their boundaries, and be 'brand ambassadors' for the profession, always delivering the highest standard.
- Company Secretaries can seek to build relationships, particularly with someone who can champion their role, and help them deal with conflict. When having to address contentious issues, the use of questions for clarification can help diffuse potentially negative situations.
- Preparation for meetings is one of the most crucial tools through which to add value: as a Company Secretary each hour of a Board meeting probably requires 4 – 6 hours of preparation.
- A high EQ, tact, and the ability to engage with people are necessary to be an effective Company Secretary.
- All agreements and decisions must be captured in writing, whether during meetings or outside of meetings. As a Company Secretary, there is no such thing as tacit approval by anyone.
- If ethical issues are constantly challenging the Company Secretary role, then a board appraisal can help surface this and depersonalise the issues.
- No matter how difficult, the Company Secretary is obliged to raise points of order, including the declaration of conflicts of interest.