An evolving profession

Organisations are increasingly splitting the general counsel and company secretary roles, says Connor Simms

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A RECENT survey of general counsel and company secretaries within UK private and listed groups has highlighted that 68% could be classified as ‘incidental company secretaries’. In other words, company secretarial work forms a small part of a wider legal role. If you look at the data from seven years ago, when the figure was 84%, the reduction seems to indicate an emerging trend that aligns itself neatly with the increasing profile of the company secretarial profession.

For those general counsel who inherit the company secretarial role, many admit to having a very limited working knowledge or experience of the company secretarial function. Within smaller listed and private groups, the work tends to cover basic statutory compliance, board support and meetings administration. Here the work is not too onerous and lawyers are generally more than happy to service the board and keep the administrative house in order as part of a wider legal role. There may be an element of learning on the job, however, most companies will provide appropriate training to ensure the right level of support.

The larger and more complex a company becomes, the more this is not the case. In these environments it is common for the general counsel to service the board, attend the main board meeting, and provide high-level legal and governance advice to help the company meet its strategic objectives. The day-to-day statutory and governance work is not left to company secretaries by an accomplished and experienced deputy company secretary, who, in turn, may manage a team of ICSA part and fully-qualified staff. With governance right at the top of the UK corporate agenda, we have noticed some interesting changes. Increasingly organisations are splitting the general counsel and company secretary roles to create two distinct teams. This is particularly evident within regulated industries such as financial services. This creates more opportunities at group level for career company secretaries and diverts the reporting line away from the general counsel towards the CEO or chairman.

New issue IPOs are favouring career company secretaries, although those with legal backgrounds arguably have a slight advantage as the remit within these companies often incorporates basic legal duties. The ratio between legal and company secretarial duties is levelling out. Lawyers are sitting up and taking notice of the career opportunity that being the company secretary brings, not least a seat at the board table. So perhaps it is not surprising there has been a noticeable increase in the number of in-house lawyers achieving ICSA qualification via the CSQS Fast Track programme, demonstrating genuine commitment and focus to the role.

The number of enquires from private-practice lawyers actively looking to refocus their career towards an in-house company secretarial role has risen 130% in the past two years alone. However, the transition from lawyer to company secretary is not always easy. Lawyers face intense competition from ambitious career company secretaries who offer unrivalled depths of experience and a lower risk profile to their legally qualified counterparts.

In a changing market, career company secretaries should not rest on their laurels. The regulatory and governance frameworks are increasingly interconnected. Dual-qualified lawyer/company secretaries present a compelling option to those companies with an increased focus on governance to provide the right balance of support without the need to split their function and increase headcount.

Many ICSA-qualified company secretaries have a law degree or equivalent. Some companies offer the opportunity to qualify as a lawyer in-house as a way of retaining top talent, something almost unheard of 10 years ago. For those aiming high, this offers some future security against a rising tide of lawyers securing the coveted number one role.

Incidental or otherwise, company secretaries continue to adapt to shifts in the market in the long-held belief that the position should be separated from, but closely aligned with, the legal function.

Company secretaries taking the professional services route develop extensive marketable experience, says Leena Myers

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LET’S briefly rewind to 2005, when if you happened to work as a company secretary within an internationally operating professional services firm, you may well have been seriously reviewing your career options – especially those subject to the Sarbanes-Oxley Act. Sarbanes-Oxley stipulated that companies could no longer outsource their company secretarial administration to their auditors. What followed was a wholesale restructuring of the sector, including closure of departments, high-profile mergers and acquisitions, and the establishment of joint ventures between law firms and the larger consultancy firms.

The knock-on effect was felt across the professional services industry, as for many years these firms had been a defined entry point and training ground for those looking to enter the profession. Across the 10 most established teams, there was a yearly intake of around 50 high-calibre trainees who went on to become ICSA-qualified. After Sarbanes-Oxley, the number reduced dramatically to around 15, which is now causing a supply issue for those companies recruiting at the junior to mid-level.

Fast-forward to 2012 and we began to see evidence of a post-financial crisis revival, led by the largest firms that utilised their global network to develop global compliance functions. Where previously the business model centred on a high-volume, low-margin annual compliance service, teams were engaging in low-volume, high-margin restructuring projects, M&A work and IPOs for some of the world’s largest and most complex organisations, including UK PLCs.

The potential was so big that firms invested significantly to establish new teams and attract senior talent from competitors. For those who had previously dismissed it, this dramatically impacted the profile and perception of a company secretarial career in the professional services. More importantly, this looks as if it could be what the sector needed to stem the flow of talent out of the professional services into industry. Evidence suggests that attraction rates within teams that provide bigger-ticket project support to global clients has reduced by 60%. The big firms offer the opportunity for key personnel to lead international project teams, address skills gaps, and work with clients onsite. For many, the sheer variety of work, coupled with the ability to engage with the brightest minds within a global network has reduced the need to seek a role in-house, as they are effectively doing the work already, albeit for a portfolio of companies.

The small to medium-sized practices continue to benefit from the recurring income from loyal clients and steady growth over time. They are growing their teams as an increasing number of limited companies and small PLCs benefit from outsourcing their company secretarial work. This lower-risk approach has created some companies of significant value that have become takeover targets for larger firms looking for a more balanced risk profile and the opportunity to cross-sell services to an established client base.

In the past two years, recruitment into the professional services has increased by 40% as larger firms gear up to double revenues over the next few years. That said, professional services firms have historically struggled to attract talent away from industry, but there are compelling reasons why many will now consider the move. Some question whether working in a PLC should be the ultimate career goal, especially given a hierarchy that may inhibit promotion and offer no guarantee of interesting project work.

The professional services have invested in strong leadership, first-class training and development, agile working, and flatter, more collegiate team structures. This encourages creative thinking and opportunities based on merit and ability, not just length of service. For the new generation of company secretaries coming through and taking a more holistic view of their career, this could be a big draw.

Given the diverse and transferable nature of global compliance work, listed companies are ditching the ‘PLC-experience only’ approach to recruitment and taking a fresh look at those coming out of the professions. However, the professional services will not lose their top talent to industry without a fight.

Careers: Company secretaries