



GUEST COLUMN

Five Great Reasons...



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Take two pivotal communication points for a company, add lunch, stir and enjoy. Tremendous value is unleashed when a corporate secretary and an investor relations officer become fast friends. Here's why:

1. Coordinated Communication – IROs are particularly concerned with and have great talent for clear communication with investors. Corporate secretaries need to communicate effectively with shareholders. But, in the end, they are talking about (and to) the exact same group of people.

Corporate secretaries can add value by making legally required disclosure reader-friendly. Proactively seeking advice from their IROs can certainly help with that process. The IRO may identify untapped opportunities to enhance messaging to investors, such as the annual proxy circular and the governance section of the website.

2. Board Access and Insight – The corporate secretary has the most contact with the greatest number of board members. For an IRO who doesn't have direct access to the board, this can be precious. The corporate secretary can provide insight gleaned from board and committee meetings, which might not otherwise make it back to the IRO through ordinary channels. The corporate secretary is also well-situated and equipped to seek feedback from individual directors and highlight the benefits of providing the IRO with more exposure to the board.

A strong relationship with the corporate secretary also provides value to the IRO who is already in the boardroom. By the

...The Corporate Secretary and IRO Should Be Best Friends

very nature of their role, corporate secretaries deal with the delicate balance of human relations, group dynamics, and conflicting interests and priorities. One of their most important skills is listening: not just separating the wheat from the chaff to produce precise minutes, but also accurately interpreting what is being said. The corporate secretary can use this skill to provide insight into a director's comment – based on context, relevant knowledge and familiarity with board members and management.

3. Shareholder Activism – This movement is big and getting bigger. And it's not going away any time soon.

In the past several years, shareholder activism in North America has increased substantially and substantively. Previously the realm of a few particularly focused institutional investors and infamous individuals, it has become a source of anxiety for many companies. A hot topic for discussion among corporate secretaries as submission deadlines approach for shareholder proposals is whether any have been received. The corporate secretary, as the addressee for proposals, is usually tasked with leading the response and negotiation. Thus it's critical for the corporate secretary to understand the investor making the proposal and keep communications on message. Who better to team up with than the IRO?

4. Governance – Here's a worst-case scenario – an aggressive investor knocks loudly at the door, demanding seats on the board. To gain support, the investor publicly cites poor governance practices, such as a real or perceived concern with executive pay or independence, as reason to oust the existing board and management. The troops – including the corporate secretary and IRO – will be rallied to deal with the situation.

But how familiar will the corporate secretary be with the investor and its strategy and history? And how familiar will

the IRO be with the company's governance practices and how they are viewed by investors? In both cases, I would say probably not very. Most of us will never have to face this situation, but an IRO who is conversant with the company's governance strategy and a corporate secretary who understands the profile of significant investors are both better equipped to react quickly and insightfully.

5. Misery Loves Company – I couldn't resist a Letterman-style item in my top five list. However, as always, there is a grain of truth. No, corporate secretaries and IROs are not miserable, but they can empathize with each other. Here are a few of the reasons:

- Although their worlds are quite different, investors and their concerns are critical to both;
- Their workloads are heavily influenced by communications and regulatory requirements with respect to quarterly and annual results; and
- Their roles frequently place them between a rock and a hard place. For IROs, that often means between disclosure restrictions and demands of investment analysts. For corporate secretaries, pressure often comes from their duty to serve two masters – those who pay their salaries (management) and the board.

The bottom line is that we have more in common that we might first think – and that is the basis for a great friendship.

IROs take your corporate secretary to lunch. Corporate secretaries should do the same for IROs. If you wear both hats – well, order your lunch in; you don't have time to go out. ●

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