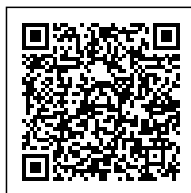


# THE INCREASINGLY INFLUENTIAL ROLE OF SECRETARIES OF THE BOARD

*Posted on 17/12/2013*



Category: [In-house news](#)



## **Iberian Lawyer's In-House Club Master Class raises key trends on the emerging strategic importance of this role within Spanish companies**

Historically seen as a purely 'legal' function keeping the company in line with regulatory and statutory obligations, secretaries of the board now have an increasingly integral and strategic role to play alongside the company president.

Iberian Lawyer's In-House Club and ICH Legal recently presented the results of a unique Study in Spain analysing the true functions of this role. The Study focuses on Spain's listed companies and provides an analysis of functions and duties, remuneration, budget and teams, among others. It provides a fascinating snapshot into the structure and evolution of this strategic role, said Iñigo Cisneros, Managing Partner of ICH Legal.

The results were presented and debated in a Master Class held at the Intercontinental Hotel in

Madrid, attended by more than 40 participants including secretaries of the board and heads of legal from Spain's largest companies along with lawyers from leading firms.

The Master Class was moderated by Iñigo Cisneros and Mari Cruz Taboada, Managing Director at the Iberian Legal Group (Iberian Lawyer), with a special panel made up of Salvador Montejo Velilla, Secretary of the Board at Endesa, Emilio de Palacios Caro, Secretary of the Board at Compañía Vinícola del Norte de España, and Juan Carlos Alfonso Rubio, Secretary of the Board at ICEX España Exportación e Inversiones.

### **Playing a larger role**

Participants concluded that the role of the secretary of the board went far beyond just dealing with company issues related to market regulator, CNMV (Comisión Nacional del Mercado de Valores).

"The role is gaining more and more strategic value for the company, is demanding greater technical and legal knowledge, and is growing in importance," commented Emilio de Palacios Caro.

There is also a trend for secretaries to be much closer to the commercial side of the business, said Juan Carlos Alfonso Rubio. In fact, secretaries now regularly contribute to financial statements, annual reports and general meetings, remuneration, drafting and even CEO's General Meeting speech-writing. Also, the majority of respondents to the Study said that they were also responsible for the secretary role in the audit & controlling, and appointments & remuneration committees.

"The role is definitely becoming much more strategic, and getting the 'balance of power' right is not easy given the amount of issues that they now have to deal with," said Salvador Montejo Velilla. "It's not an easy job and the risk of getting it wrong is very high."

Few Secretaries operate alone – almost all respondents had a team of three, participants were told. And when it came to budgets, the vast majority of secretaries manage a budget of around €750,000 in 2012.

### **An independent role**

One distinction with regards to a secretary's functions was identified as whether the role covered just the parent company or included the subsidiaries, as well as whether the company was listed or not. In corporate groups, social administration is vested in a board of directors in the parent company, therefore it is recommended that the subsidiaries opt for another type of social administration, hence the role of secretary of the board may focus only on the parent company, said Iñigo Cisneros.

Participants agreed that if the company was listed it would make sense for the secretary to be part of the staff and also to serve on the boards of all the affiliates as well.

The issue was also raised of whether it is appropriate for secretaries to serve on the boards of different companies. Many secretaries say they perform their duties within a single company, with the majority answering that they held the role at more than one company.

"But if you are secretary of a listed company with stock options then you are really 'married' to that company," said Gonzalo Cerón Hernández, head of Corporate at Olleros Abogados. "So the question is whether that secretary could really serve on the board of another listed company." But, participants agreed that, in principle, if the companies are in different sectors then there was less likelihood of there being a conflict.

### **Internal versus external**

There was also a great deal of debate among participants about the benefits and challenges of having internal or external secretaries of the board. "An external secretary of the board knows the company but maintains a certain level of independence," said Emilio de Palacios Caro, "something that could be difficult when the role is internal."

The Study shows that 59 percent of those questioned were internal, whereas 41 percent were not. Something that struck participants when comparing that to the role of in-house heads of legal that are almost always on the staff.

But if you have a non-strategic external that only does what law says the job requires and they do

not go those steps further such as communicating with the CNMV, added Iñigo Cisneros, then they do need a shadow secretary, which is often the head of legal.

While some listed Spanish companies have external secretaries with the internal heads of legal performing a 'shadow secretary role, explained Salvador Montejo Velilla, many have internal secretaries because of the sheer size of the business and the dedication that is involved on an ongoing basis.

This distinction between internal and external secretaries was really noticeable when it came to the topic of remuneration. The majority of respondents were employees and their salary was, on average, more than 26 percent higher than external secretaries. And the average Spanish Secretaries earn less than their Anglo-Saxon peers, with over half of those questioned earning below €200,000 – the UK and US average.

But participants also said in practice this would depend on the origin of the company, in that international companies were more likely to reflect international salaries, and IBEX listed companies were also likely to be high.

### **Internationalisation**

Participants also looked at whether the internationalisation of companies had an influence on the role, considering that there is a great deal of foreign investment in many large Spanish companies. So when a foreign company participates on the Board, they question the secretary's position and see their salaries as excessive, participants said.

Many said that it was curious but that the roles seemed to be the same regardless of the jurisdiction. Although, with the amount of foreign investment coming into Spain, participants agreed that there would likely be a wave of change to come. "As foreign companies take control of Spanish ones, or there will be changes of leadership, we are likely to have to adapt to much more aggressive and varied ways of working, such as from China or Singapore," explained Juan Carlos Alfonso Rubio. "And our roles will have to change in line with this."

The disparity in some of the results surprised the participants, including in particular with regards to remuneration, whether the roles were internal or external, and the extent of secretaries' functions within the companies.

Participants agreed that as secretaries now have to manage people, budgets and companies, new demands are being brought to the role. And as the Study showed that a secretary's role usually remains totally separate from the company's in-house legal department, concluded Cisneros, it is vital that that law firms understand the main priorities that a secretary is dealing with because of their increasingly important role within businesses.

If you are interested in receiving the complete Study findings, please email:  
[research@iberianlegallgroup.com](mailto:research@iberianlegallgroup.com)