

SPRING / SUMMER 2016

Cayhill
partners

BEYOND CORPORATE AFFAIRS

How can senior communicators
secure non-executive director
roles to broaden their careers?

Table of contents

	<i>page</i>
Foreword	5
1 <u>Introduction</u>	7
2 <u>Executive summary</u>	9
3 <u>The senior communicator</u>	13
A modern discipline	
Prospects and aspirations	
Staying with communications	
Moving outside communications	
Skills and competencies	
Getting careers advice	
4 <u>The non- executive director</u>	21
The position	
NED skills and competencies	
How communicators fare	
5 <u>Barriers to career advancement</u>	31
Communications-specific barriers	
General barriers	
6 <u>What chairmen think</u>	43
7 <u>The successful breakaways</u>	49
8 <u>Our action plan</u>	55
9 <u>Conclusions</u>	63
10 <u>Useful resources/additional reading</u>	66



Foreword

As a former FTSE100 communications director, I have long believed that there are not enough career opportunities for senior communicators.

In particular, there are simply too few corporate affairs and communications directors being considered for NED (non-executive director) roles.

Having discussed this issue with numerous communications leaders over the past 12 months, the majority seem to agree.

One of the key aims of Cayhill Partners, the communications executive search and research firm, is to open up career development opportunities for senior communications professionals. That means exploring the path that leads to new senior executive roles both within the communications world and beyond, but also considering what NED positions can offer. I believe they are a powerful way of further developing leadership skills and can boost careers in communications that often follow a somewhat linear path.

Many corporate affairs directors possess a range of unique skills and experiences which would add considerable value around the board table. I was keen to explore why when so many communications professionals are eager to secure NED posts, so few are successful.

The findings in this report shed light on the situation and give both communications directors as well as business leaders an insight into the topic. I hope they provide a platform for further discussion – and action.



Dee Cayhill

Director, Cayhill Partners



Introduction

BACKGROUND AND OBJECTIVES

The collapse of trust in big business and its leaders has become the biggest corporate issue of our time. Together with the rise of citizen journalism, the demand for greater transparency and the increasingly hostile and activist nature of shareholders, the spotlight is trained on companies' management teams and boards as never before.

Shareholders and customers seek reassurance that businesses are being governed effectively and ethically. At the same time, the increasing number of high-profile reputational crises that have erupted over the past 12 months - think Thomas Cook, HSBC and Volkswagen – are a reminder of how those firms that have erred get treated.

Not only are these sagas played out in excruciating detail across the world's media, but board members are frequently hauled before MPs at select committee meetings and asked to justify their actions.

As a result, the need for boards to better manage their corporate reputation and identify potential risks in this area has never been more critical. Consider that reputation contributes £790bn of shareholder value – 36% of the market capitalisation of the FTSE 350 - according to the latest UK Reputation Dividend Report.

Yet, when looking at the make-up of UK boards, particularly those of companies in the FTSE100, non-executives with these skills are noticeable by their absence. And this is at a time when chairmen are being pressed to ensure they have a range of diverse voices in the boardroom – diverse defined not just by gender or race, but also by professional discipline.

Against this backdrop, Cayhill Partners was keen to establish why, when so many of the skills and experiences gained from a career in corporate affairs could potentially add tangible value around the board table, so few corporate affairs directors secure NED roles or transfer into other senior roles in different functions of a business.

METHODOLOGY

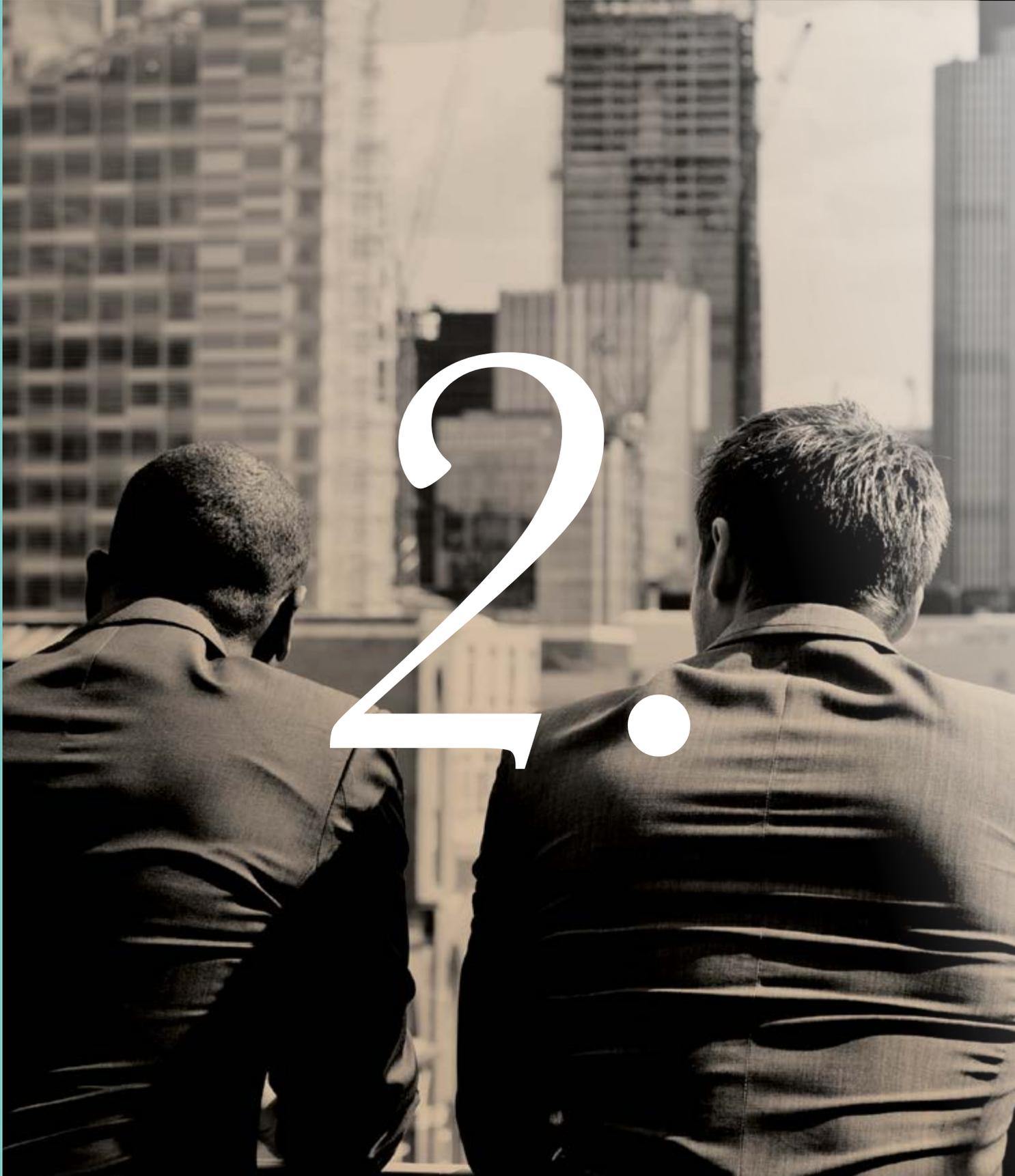
Over several months, Cayhill Partners interviewed (both face-to-face and online) more than 100 communications leaders in publicly-listed and other large organisations about their career aspirations and their views on NED roles.

We also carried out face-to-face interviews with selected FTSE chairmen, as well as conducted telephone interviews with a number of NED advocacy groups. In addition, we interviewed a number of ex-corporate affairs directors who now hold a range of senior, non-communications posts.

Keen to ensure that contributors to this research felt able to give their frank and honest opinions, we committed to ensuring that all comments contained in this report would be non-attributable. We would like to thank those who gave their time and insight so generously.

NOMENCLATURE

Communications leaders go under an array of different job titles. Throughout this report, we have used the term corporate affairs director, corporate communications director, communicator and communications leader interchangeably to denote the most senior communications practitioner in any given organisation.



Executive summary

Corporate reputation has risen swiftly up the boardroom agenda in recent years, as the demands of customers, shareholders, media, politicians, the investment community and the wider public have grown.

At the same time, the corporate affairs discipline has established itself as a key support function in most FTSE100 companies. Corporate affairs directors - or their equivalent – oversee large teams and budgets, managing relations with the media, government, employees, investors and often aspects of marketing, social media and corporate strategy.

In the FTSE100, almost half of these senior communicators have a seat on the executive committee (ExCo) giving them an opportunity to contribute to the overall leadership and direction of the company and broaden their experience.

Their progress masks some frustration with how their careers might progress. More than half of the communications leaders surveyed felt they lacked sufficient opportunities for promotion or career development – especially compared to their peers in operations and marketing.

More than three-quarters could not see a career outside communications in the medium term. Many pictured themselves in exactly the same role in five years' time. Some hoped they would have shown progress by moving to a larger company with a bigger global footprint albeit still as a communicator. As a next step, they would consider allied roles that remain communications-focused, including marketing or consultancy.

There are too few examples of communications leaders who have successfully moved outside the discipline. Almost nine in ten of those surveyed thought they would have to move company to achieve this.

Non-executive roles are by far the preferred path for communications leaders to step outside communications. CEO roles, such as leading a trade association, or business development, are viewed as alternative routes. These candidates believe the breadth of their skills – management of corporate reputation, identification of corporate risk – make them suitable NED candidates.

They are most likely to turn to headhunters for careers advice and support, ahead of their own business network or a mentor.

Both chairmen and – surprisingly - corporate affairs directors ranked communications as the function with the least relevant skills for NED work. Finance, operations and strategy came top.

Enthusiasm for broadening careers outside communications has not been matched by success. Some 85% of those communicators surveyed were very interested in NED work, but only a fifth had ever held a NED role. These appointments were typically pro bono, unpaid, in the arts or charity worlds. Communicators face a range of barriers to career progression. The corporate affairs discipline is relatively new, has a perception problem and is poorly understood. This is not helped by the role and responsibility varying from company to company – as well as the quality of the person in the role. Too few communicators make it onto the ExCo and options for professional development are limited.

More general barriers include the lack of understanding of how to find a NED role and the limited number of NED seats around any board table.

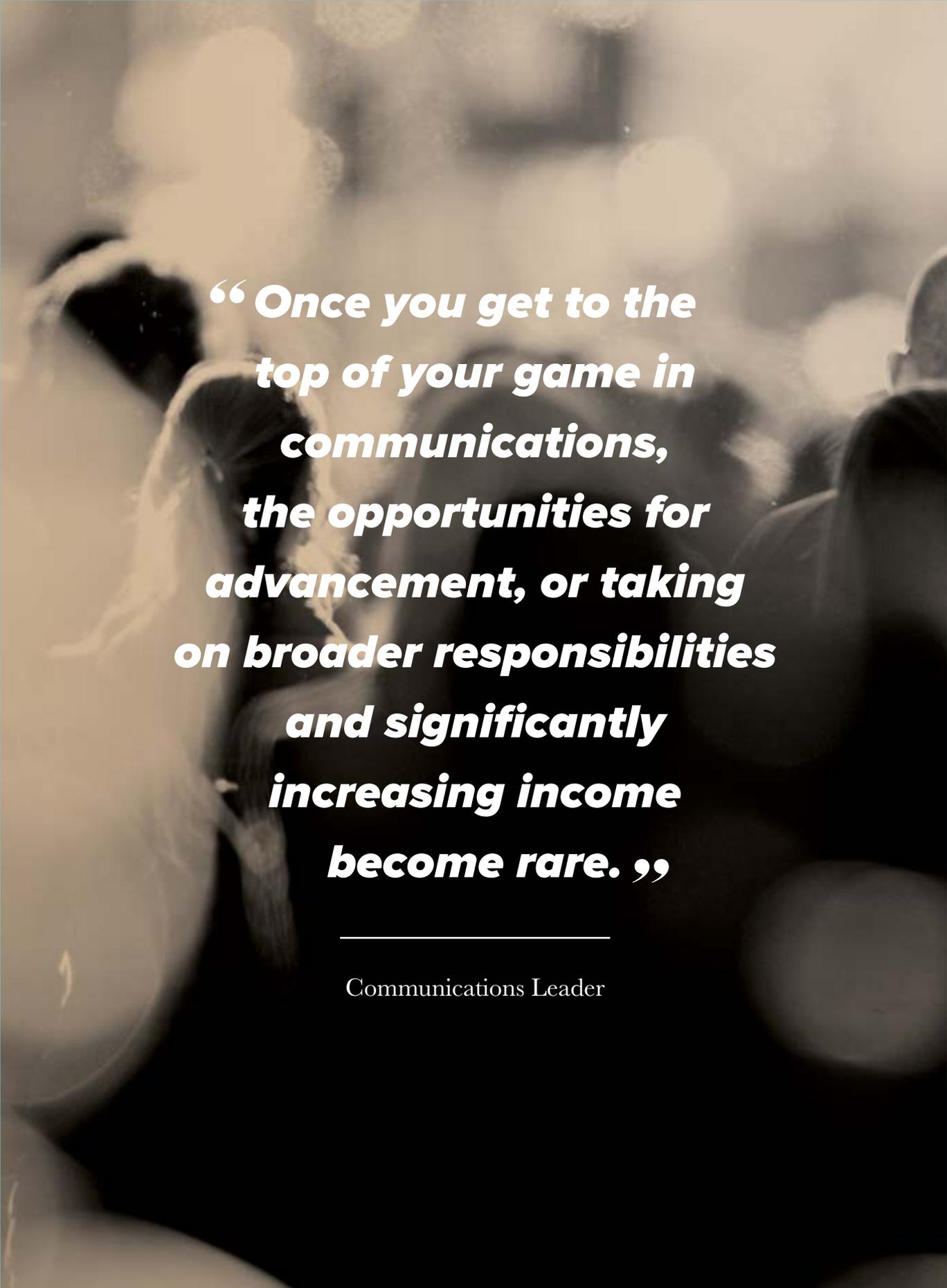
Chairmen are mainly sceptical about corporate affairs directors taking on NED work, although they believe those that have worked for big brands in highly-regulated industries stand the best chance. They question what another communicator would bring to the table on top of in-house and crisis agency expertise. They view as a risk appointing someone with a lack of commercial expertise. They recommended that picking up broader managerial experience in-house is the best first step to broadening a communications career.

That advice tallies with the fact that half of the executives that have moved onto non-communications leadership roles made the first move with their existing employer. A third eventually moved on to run a trade body, where communications and advocacy are key skills. Half of these breakaways have a political background.

Communications leaders who want to make broad career progress must contribute beyond the corporate affairs brief, network carefully and gain new skills such as strong financial literacy. A mentor, such as the company CEO, will open doors to taking on wider responsibilities and also support candidacy for NED roles.

Headhunters and NED training groups can help to develop a USP and assist with talent spotting. Becoming a NED at a small organisation can provide useful experience, but is not a guaranteed pathway to a FTSE100 board seat or a plural future.

However, the continued drive for boardroom diversity, the evolution of the senior communications role, plus a sharp focus on gaining new skills, can only increase opportunities in the future.



“Once you get to the top of your game in communications, the opportunities for advancement, or taking on broader responsibilities and significantly increasing income become rare.”

Communications Leader





The senior communicator

A MODERN DISCIPLINE

Corporate affairs – rather than corporate communications or public relations – has only emerged as a dedicated discipline in the past 15 to 20 years. The role is a senior post with some corporate affairs directors, particularly in the FTSE100, leading teams of 100+ staff and managing multi-million pound budgets. Our research shows that around 75% report directly to the CEO and the role sits on the executive committee (ExCo) of around 45% of companies in the FTSE100.

The corporate affairs director is arguably the steward for the organisation's corporate reputation. Responsibilities can be extensive and usually include overseeing corporate communications, corporate reputation, media relations, financial PR, public affairs, government relations, internal communications, corporate responsibility, and often, aspects of marketing, digital communications, investor relations and social media. Some corporate affairs practitioners also include customer relations or strategy in their remit.

As the role has evolved, so too have the skills and competencies of post-holders. These individuals are highly regarded internally, with many corporate affairs directors now seen as a critical component of an organisation's success.

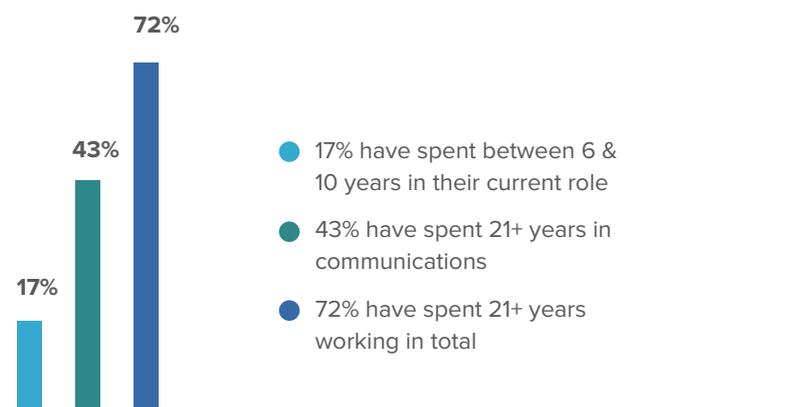
“I think good corporate affairs directors, those that run communications, internal, external, media, public affairs etc. have an extremely important functional role within an organisation. The world has changed hugely in the past decade and those that gained their skills in the past 10 years rather than the past 30 years are more professional, thoughtful and rigorous. ”

FTSE Chairman

The 100+ corporate affairs and communications leaders that participated in this research are senior practitioners and therefore well placed to evaluate career opportunities both within and outside the communications arena.

The vast majority (72%) of respondents have spent over 21 years in the work place, with almost half of those (43%) spending that time in communications-specific roles. In terms of their current communications positions, almost 80% have been in situ for less than five years with most of the rest (17%) having been in their current post for between six and 10 years. Just 5% of respondents have been in their current role for more than 11 years.

Career longevity

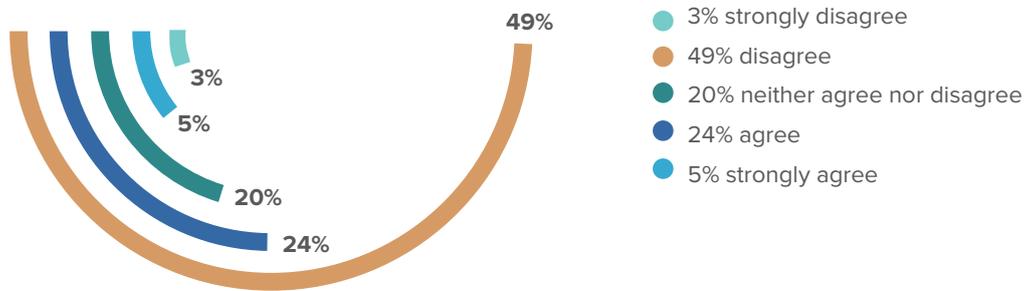


PROSPECTS AND ASPIRATIONS

However far the role itself has progressed, it was striking to discover how many senior communicators are frustrated about the trajectory of their own careers from here.

Over half (52%) of corporate communications leaders we surveyed disagreed or strongly disagreed with the suggestion that they had “sufficient opportunities for onward promotion and career development”. This compares with less than one in three who believe there are sufficient opportunities open to them. A fifth of respondents sat on the fence.

I am satisfied there are sufficient career opportunities for me



The perceived lack of opportunities might explain why the vast majority (over three quarters of respondents) do not see a career for themselves beyond communications in the medium term. Just one in five expect to take on a different, non-communications role in the future.

Those that see opportunities outside of the communications profession envisage taking on the role of a CEO, or marketing or business development roles, among others.

Where do you see yourself in five years' time?

	Same company	Different company, same sector	Different company, different sector
Same role	31% (11)	17% (6)	52% (19)
Different, communications focused role	13% (6)	25% (12)	62% (30)
Different role outside of communications	13% (3)	21% (5)	66% (16)

STAYING WITHIN COMMUNICATIONS

The same communications role

The majority of respondents (78%) do not expect to move out of a communications-specific role in the next five years. They either want to move but believe there are limited opportunities to expand on their current communications role or to move into a non-communications position. Of course, some are very happy to continue their career within the communications profession.

Of those respondents who saw themselves doing the same role, 31% thought they would be doing it for the same company in five years' time. In other words, they saw no career progression at all. Just over half (52%) thought they would have moved company and sector within five years, while 17% thought that they would be in a different company in the same sector.

What factors determine these respondents' job mobility? In some cases, corporate affairs directors move for a new challenge or better remuneration. Often, because this is a key role appointed by the CEO, how frequently they move can be determined by changes at the top.

“ It is a relatively narrow field of expertise, therefore there is an inevitable feeling of a shuffling of the deckchairs. ”

Communications Leader

Some senior communicators, albeit the minority, are content to remain in their current positions. For them, the increased responsibility and profile of the corporate affairs director position means that they see no need to look outside the brief. Progression means moving to a larger company, perhaps with a bigger global footprint or in a different industry, ideally with increased communications responsibilities.

Some mentioned that communications skills are increasingly transferable between sectors, which allows them to move relatively easily.

Different, communications-focused role

For those expecting to move into another communications-focused position (44% of all respondents), potential next steps include chief marketing officer posts which combine marketing with communications. Other opportunities that respondents planned to explore include senior consultancy positions (either joining or setting up their own communications advisory service for firms or individuals) as well as roles that combine human resources, strategy and communications.

The route from agency life into an in-house role is well established, but in recent years the launch of advisory boutiques, for example, Milltown Partners, Pagefield and StockWell (now part of Teneo), has seen senior practitioners reverse out again. The trend has gathered pace as corporate reputation has grown in importance. It also appears to be a sensible next step if the opportunities for communicators to progress in a corporate environment are so limited.

For those that choose to remain in-house, the blurring of lines between marketing and communications at some mid-sized corporations was seen by some as a new opportunity. The increasingly central role communications has in successful engagement campaigns versus advertising or marketing alone has got some respondents believing that the corporate affairs role might evolve further into a chief communications officer post, taking overall responsibility for marketing as well as corporate affairs. This, they believe, would provide a dynamic career path that hasn't really existed until now and reflects the merging of paid-for and earned communications. Simon Sproule at Aston Martin Lagonda is a good example of an executive combining responsibility for global marketing and global communications.

MOVING OUTSIDE COMMUNICATIONS

Many respondents aired their frustration with how difficult it was to move into other, broader management roles or into alternative lines of business. They are not alone. There are very few examples of communications leaders having made a move outside of the communications profession and consequently there are very few role models to emulate.

Of the three options offered in the survey, a far greater proportion (66%) of those that envisaged a non-communications role in five years' time said they would move to a different company in a different sector to achieve it. Almost 90% said they would move company.

Only 13% of these respondents thought they could move beyond communications with their existing employer. This offers food for thought for chairmen and CEOs who are intent on encouraging in-house talent. However, the finding is at odds with our own evidence (collected in Section 7) which shows that half

of former corporate affairs directors who have gone on to other non-communications roles achieved this only after being promoted into a broader role internally.

NED roles

NED roles are, by quite some margin, the preferred career path for communications leaders to step outside their profession. Obviously NED roles are part-time and therefore can be held in addition to respondents' current positions rather than directly replacing them - but they do offer a glimpse of a "plural" future and can serve to extend a corporate career long after full-time posts are exhausted.

“ My best shot so far has been to take up a series of trustee roles over recent years for some great causes. But I recognise that this is not the same thing. I am simply not approached about NED roles but would dearly love to be as long as they were paid for. I would have thought there should be ample opportunity within a broad spectrum of companies for people with our skill set and more. ”

Communications Leader



Other leadership roles

Outside of communications and NED roles, respondents saw their future in either a CEO position (such as in a not-for-profit organisation), business development, operations or other leadership roles in another part of the business or in a different organisation. Executive coaching was also mentioned as an option. Whilst CEO positions are difficult to secure, a small number of former corporate affairs directors have been successful in securing CEO positions for trade associations. This makes sense, as trade associations require excellent communications and advocacy skills, combined with an understanding of policy areas and the ability to engage with multiple stakeholders – often the very skills that corporate affairs directors possess. But what is a step up in profile is inevitably a step down in remuneration, even if it opens up more opportunities ahead.

What roles do you see outside communications?

Different role outside of communications
NED/portfolio career
CEO (mostly leadership in not-for-profit sector)
Business development
Operations
Company strategy
Marketing
Executive consulting/coaching

Those corporate affairs directors that currently sit on the executive committee felt slightly more positive about their long-term career prospects than their peers that don't have a seat at the table. These ExCo members cited potential moves into operational, strategic or marketing roles but pointed out that this is a long-term plan and may likely involve a career side-step in order to gain the necessary experience.

SKILLS AND COMPETENCIES

We asked communications leaders to review the skills and competencies particular to their role and rank them by their importance in enhancing their career prospects – with particular reference to making them suitable candidates for NED roles. A number of respondents pointed out that it is the breadth of their skills, rather than any specific competency, that makes them suitable for NED and other business leadership roles. Setting that point aside, their skills were ranked, with 1 being the most important, as follows:

Which skills & competencies do you believe enhance your career prospects?

Rank	Skills and competencies
1	Management of corporate reputation
2	Identification of corporate reputation risk
3	Ability to bring a perspective from outside the business
4	CEO/executive team counsel/ advisor/influencer
5	Multiple stakeholder engagement/ relationship building
6	Crisis communications/issues management
7	Defender of the brand
8	Acting as the company conscience
9	Creator and narrator of the company narrative
10	Advocate for employee engagement and insight

Communications leaders’ ability to manage corporate reputation and identify reputation risk was deemed as the most important competency (1 and 2), closely followed by their capacity to bring a perspective from outside the business (3). Their talent in providing counsel to the executive team – as well as being a sounding board for public opinion - was also considered important (4).

Slightly lower down the list was experience of building relationships across multiple stakeholders (5) such as the media, government, employees, influencers, NGOs, shareholders, local communities etc.; their extensive knowledge of how to manage corporate crises and issues (6), as well as their proficiency in defending the brand (7). Communications leaders ranked their capacity to act as the company’s conscience by helping executives not only to say the right thing but do the right thing (8).

Overall, the majority of corporate affairs directors we spoke to believe that it is the multi-faceted makeup of the communications role, with its breadth of hard skills coupled with softer influencing and engagement capability, that mark them out as credible contenders for NED and other senior leadership roles.

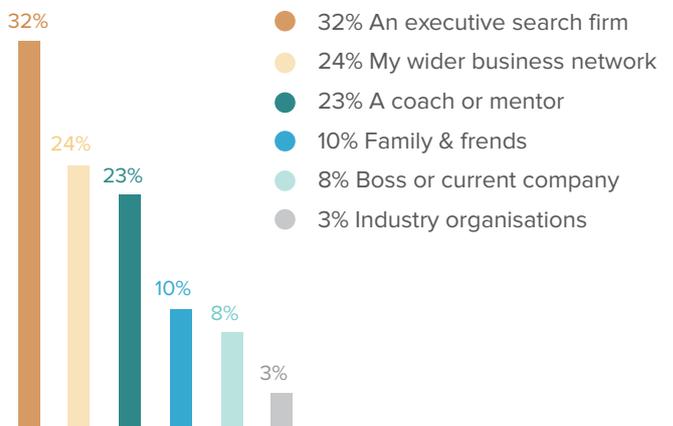
GETTING CAREERS ADVICE

Given the challenges facing communications directors in developing their careers, we wanted to know who they turned to for advice and support.

Reinforcing the belief that most communications directors need to change jobs to progress, headhunters came top by some way. Some 32% of respondents said they would turn to an executive search firm first for careers advice.

Using their own business network came second at 24%, closely followed by a coach or mentor at 23%. Just 10% would first turn to their family and friends, and only 8% would go to their current boss. Only 3% of respondents would turn to industry organisations, such as the CIPR and PRCA for career guidance. This spells bad news for these bodies that claim to help members navigate their profession.

Who to turn to for career advice?



4.





The non-executive director

THE POSITION

An NED is a member of the board of directors of a company but does not form part of the executive team. According to the UK Corporate Governance Code: “As part of their role as members of a unitary board, non-executive directors should constructively challenge and help develop proposals on strategy”.

The code adds: “Non-executive directors should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. They are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing and, where necessary, removing executive directors, and in succession planning”.

“Be aware that being an NED is about listening, encouraging and steering the executive team into the right course of action without prescribing that course of action; it’s about influence. ”

Communications leader who currently holds an NED role

The range of NED roles is extensive. They run from being a trustee of a small charity to holding the Senior Independent Directorship or deputy chairmanship post for a large FTSE100 firm. Time commitments can range from a pro bono trustee post working under 10 days a year to an NED position for a FTSE100, working up to a couple of days a week. Remuneration differs accordingly. Charity trustee posts are unpaid, public sector day rates are circa £250 to £500 (annually around £6,000 to £25,000) whilst day rates at FTSE350s are around £1,000 to £1,500. FTSE100 board roles can pay around £2,700 per day.

NED remuneration rates

Roles	Day rates
Charity trustee roles	unpaid
Public sector roles	£250 - £500
FTSE350 board roles	£1,000 to £1,500
FTSE100 board roles	around £2,700

It is clear that a senior communicator taking on a NED role while still in a full-time post is not going to transform their finances. Those that choose to go plural will experience a significant drop in earnings, but that may be after their executive career is over in any case.

The NED recruitment process also varies. Usually NED positions for large listed FTSE organisations are handled by the board practice of a generalist executive search firm, or by specialist board recruiters. The public sector has to advertise its NED positions, making these roles easier to find. NED roles in start-ups or smaller firms are often found via the founder or a founder network.

NED SKILLS AND COMPETENCIES

The specific background, skills and experience required of an NED depend on multiple factors. Some talents are generic, such as the ability to listen and process a large amount of information quickly. But quite often a role depends on the qualities of the current board members; the particular company concerned (i.e., whether b2b or b2c, international or domestic, product or service based, private or publicly owned, regulated or not); and its strategy and plans for the future.

Despite the variance in these roles, we were keen to explore, both with chairmen and communications directors, what skills, experiences and functional backgrounds they felt were generally most valuable for NED positions. The chairmen look for individuals to complement and supplement the skills and experience they have on their current board, balancing by industry, function, competency and cultural perspectives. Experience, gravitas and connections are critical.

“ It’s not a NED thing, it’s a board thing. It’s how everyone on the board complements each other. It’s about the make-up of the boards in its entirety, not the individual. ”

Chairman

“ I look at what our organisational needs are likely to be in five to ten years, identify what issues and challenges we will likely face, and therefore what experience and functional expertise we need at board level. And then I look at the current experience we have within the board (both at exec and non-exec level) to see where the gaps are likely to be. ”

Chairman

A balanced board

Chairmen told us that the make-up of a board must reflect the diversity of its stakeholders. They require a board that contains a wide range of individuals with different experiences and backgrounds. Hiring NEDs was also about not only meeting the organisation's current needs, but looking to the future requirements of the business as well.

Industry experience

Whilst industry experience is by no means a pre-requisite for an NED role, it is more important in some sectors than others. Companies in manufacturing sectors or in heavy industrials as well as financial services tend to prefer some NEDs to have previous sector experience. Whilst industry knowledge can be useful, most chairs prefer a mix of industry experience around their board. They

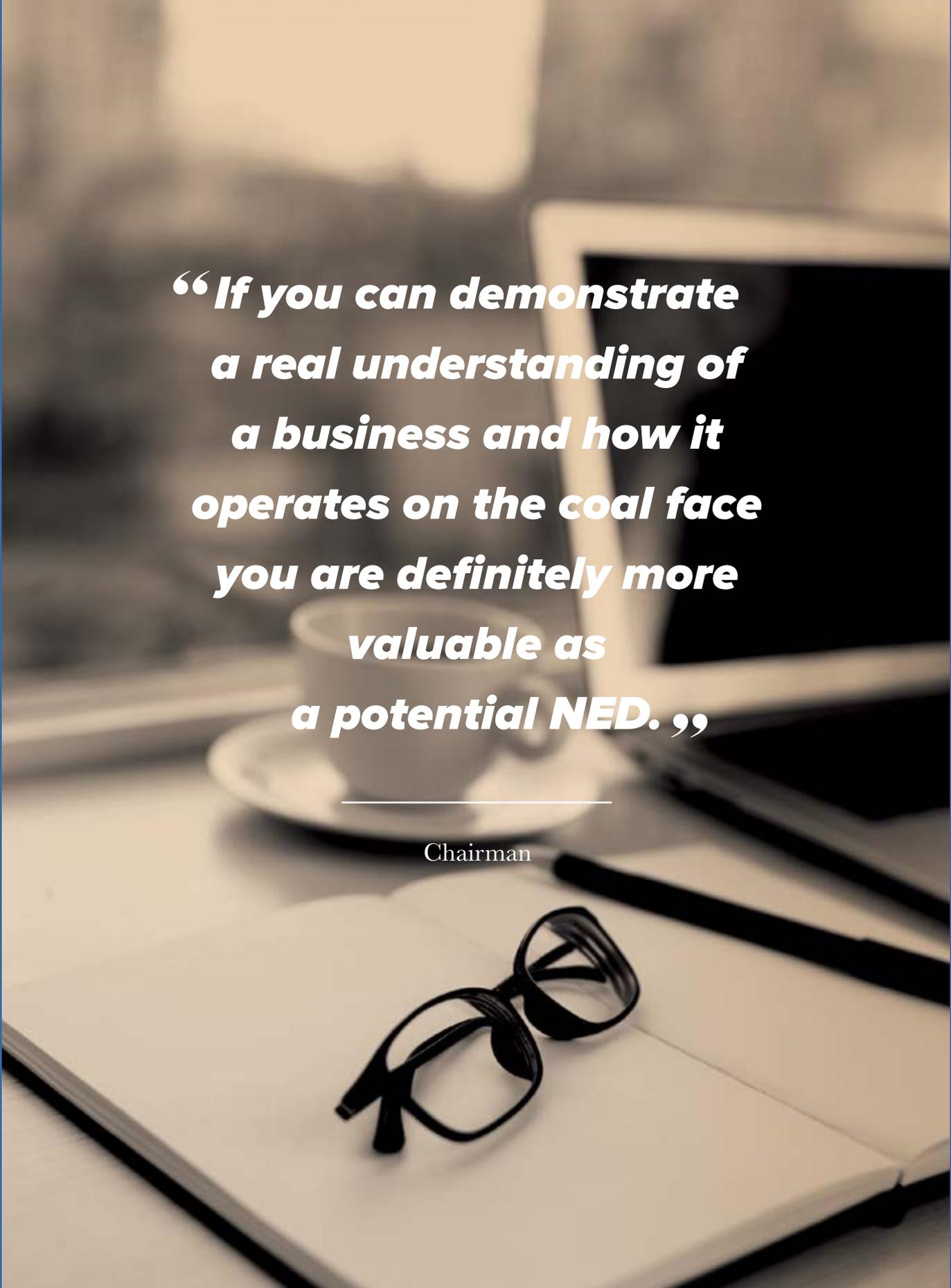
favour NEDs from affiliated industries as they don't hire from direct competitors to avoid potential conflicts of interest. Individuals that have worked in highly regulated organisations where there are pressing 'licence to operate' issues were ranked highly by chairmen running organisations that have similar regulatory pressures.

Functional experience

Functional experience is not required from an NED as this is represented at an executive level, but there are certainly some functions that produce more NEDs than others. The key priority of chairmen remains to ensure expert insight into the traditional business functions such as finance, marketing, and operations. Support functions, such as corporate affairs or human resources tend to be ranked as a much lower priority.

“ Experience in finance, operations and even HR is always going to trump corporate affairs when it comes to NED roles. Communications leaders need to emphasise business critical skills like crisis communications ahead of wider reputation management to become a NED. ”

Communications Leader



***“If you can demonstrate
a real understanding of
a business and how it
operates on the coal face
you are definitely more
valuable as
a potential NED.”***

Chairman

We were keen to determine where corporate affairs ranked in comparison to other executive committee functions and asked interviewees – both chairmen and communications directors – which functional heads they thought generally had the most relevant skills and experience for NED roles.

Where does corporate affairs rank in comparison to other functions?

According to Chairmen (unprompted responses)	According to Communications Leaders (ranked from list provided)
1. Finance	= 1. Finance = 1. Strategy
2. Operations	
3. Marketing	3. Operations
4. Strategy	4. Legal
5. Human Resources	5. Marketing/sales
6. IT/Technology	6. IT/Technology
7. Legal	7. Human Resources
8. Corporate affairs/communications	8. Corporate affairs/communications

While the table above is not a direct comparison (we asked communications leaders to choose from a list provided, and chairmen provided their responses unprompted), responses were very similar, with identical rankings at the top and bottom. Leaving aside the CEO (which chairmen ranked as the most likely to secure an NED role) those coming from the finance function, most likely the chief financial officer, were rated highest. Corporate affairs directors came in at the bottom of both rankings. The result emphasises not only the chairmen’s scepticism at their NED abilities – but communicators’ doubts too.

Finance featured as the function most likely to produce NEDs in both lists. Firms are generally complex, long term businesses and so there is always a need for financial skills on a board, plus financial experience is needed to chair and populate the board’s audit committee.

Operations was the runner-up discipline on both lists. Operational experience is particularly sought-after in complex manufacturing organisations where boards need people who have experience of front line operations as well as direct customer engagement.

The strategy function came in at =1 and 4; it was ranked much higher (at=1) by communications leaders than by chairmen (4). This discrepancy could be attributed to different business models, some of which rely much more heavily on strategists than others. Additionally, chairmen told us that whilst one of the key roles of the board is honing and buying into strategy, many strategy heads in organisations are ex-management consultants who would not be considered as suitable candidates for NED roles. However, there are notable exceptions among the ranks of FTSE NEDS.

Why did corporate affairs come in bottom of both piles? Numerous reasons: the negative perception of the function, its perceived lack of intellectual rigour and the absence of commercial acumen. We explore these points further in Section 5.

But why do communicators rank their discipline below all the others? We put this somewhat surprising result down to two factors. The first is a lack of confidence among communicators that they have the necessary skills to compete for roles with fellow executives. There must also be some resignation to the fact that NED appointments follow a standard formula and communicators’ faces rarely seem to fit.

“I think we need to accept that there are some roles that easily translate into NED posts and some that don't. Communications, general counsel (legal) and human resources (HR) tend to be difficult to segue into NED roles, albeit that HR is seen to be a somewhat broader church and more linked to the business so some human resources directors do break-through in the NED world. ”

Chairman

International experience

For organisations with an international footprint, overseas experience is particularly valuable, especially if it is planning to enter new international markets. Sometimes an NED with specific country or regional experience can be hired well in advance of eventual expansion to help smooth the way.

NED experience

This is the ultimate Catch 22. Most chairmen prefer to appoint a NED that has already had experience in a similar board role and who therefore knows the ropes. For example, when hiring onto a FTSE board, they would favour a candidate who had previously been a FTSE NED or a FTSE executive rather than an individual that had been an NED in say a charity or in the public sector.

“ *NEDs need to use their wisdom to read a lot of board papers and then be able to ask relevant, pertinent questions. It’s about strengthening the organisation whilst supporting –rather than undermining – the executives. It’s about providing high level oversight, challenge and support to the business. ”*

Chairman

“ *Some NEDs don’t say much but when they do it’s worth its weight in gold. ”*

Chairman

“ *You want a handful of brave challenger types, but not too many as otherwise the board becomes a counter-productive jungle that’s incapable of making a decision. ”*

Chairman

Personal qualities

For chairmen, the competencies and personal qualities of an NED are critical, particularly as a counter balance to their existing NEDs. They want confidence, self-motivation, credibility and authority.... AND:

Intellect. This was one of the top attributes that chairmen identified as being crucial in a NED. NEDs need to assimilate a lot of information quickly, be able to dip into complex issues and get to the nub quickly and effectively. They need the intellect to be able to focus on what’s important and identify the right questions to ask.

Bravery. A number of chairmen flagged bravery as an important attribute, including those that are willing to put their head above the parapet and challenge orthodoxies. A board can be a tough environment particularly when NEDS don’t know the subject matter too well and there can be a danger that the board drifts into ‘groupthink’. Having one or two challengers around the table ensures that the board is vibrant and dynamic yet not too combative.

Excellent interpersonal skills. To include strong relationship-building abilities, diplomacy, first-rate verbal and non-verbal communications skills, good networking skills.

Cultural fit/diversity

Chairmen pointed out that it is essential that NEDs are able to fit into the organisation's culture and crucial that they embody the same values as the organisation.

They also noted that diversity was increasingly important, not only in terms of gender and ethnicity but also in nationality (particularly for international companies), as well as in age. One chairman we spoke to is keen to hire 'a youngster' in their late 30s to early 40s who can see the same way as future consumers and reflect that back in the boardroom.

“ A lot of what's needed in the boardroom is common sense. You don't need to know everything but you do need to be a good fit. It's about chemistry, curiosity and courage. ”

Chairman

HOW COMMUNICATORS FARE

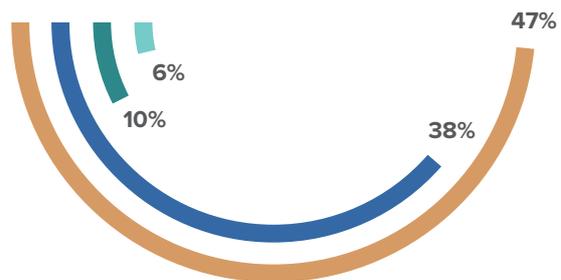
What they want

All communications leaders that participated in this research are keen to secure an NED role with some 85% being either extremely or very interested. They cited a number of reasons why, including opportunities to:

- influence at a senior level;
- gain exposure to a wide range of industries and issues;
- enjoy career progression beyond corporate communications;
- be more valued at executive level;
- 'go plural' by holding a number of different non-executive roles.

How interested are communications leaders in securing an NED role?

- 47% Extremely interested
- 38% Very interested
- 10% Fairly interested
- 6% Mildly interested
- Not interested at all



What they have got

While 100% of communications leaders we polled are interested in securing an NED role, just 20% currently hold (or previously held) one. Those that have held NED roles have found them in a wide range of industries with no one sector predominating.

% of communications leaders that hold an NED role

- Currently hold an NED role
- Don't hold an NED role



Of the communications leaders who hold, or previously held NED roles, a vast majority (97%) are in pro bono, unpaid positions. These tend to be in the arts (theatre, opera, performing arts) as well as in the charity sector. Education (school governor, trustees), tourist boards and healthcare (public & private healthcare authorities) also feature.

Paid-for NED roles for communications directors are in short supply. Just over 3% of respondents hold remunerated NED positions. Not surprisingly these are all in the private sector and span the science, engineering, utilities, reputation analytics and food manufacturing industries.

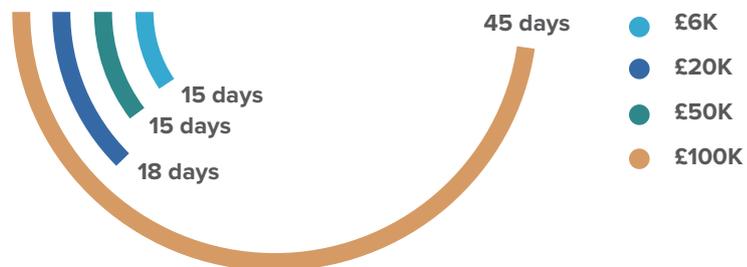
Annual remuneration levels range from £6,000 (for an NED post in a property company), £20,000 for NED work for a reputation analytical firm, to £50,000 for a listed sports firm, and £100,000 per annum for a listed oil & gas company.

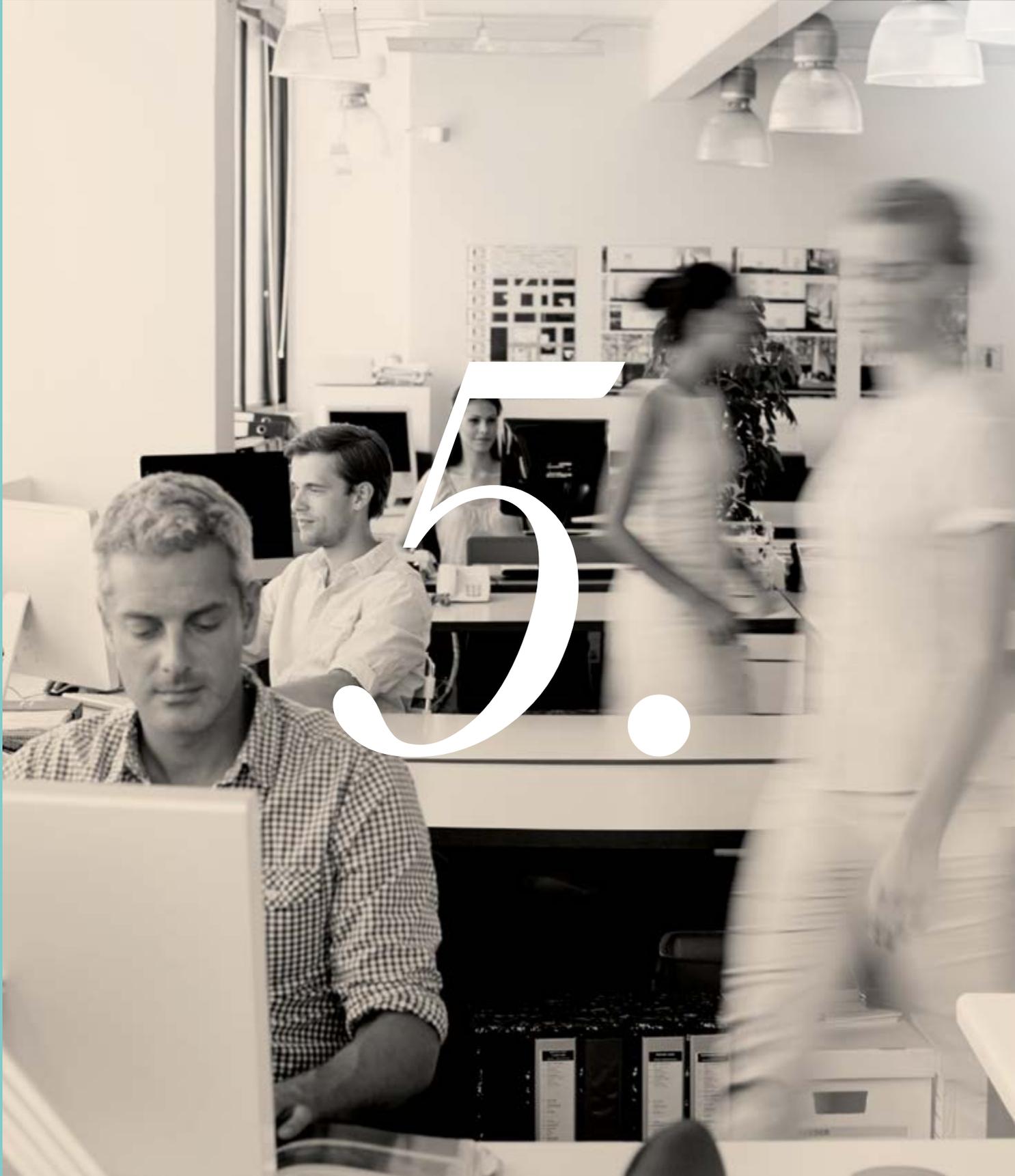
NED remuneration levels



Whilst there is a clear correlation between remuneration and days worked at the top end of the scale, with the most highly paid NED (£100,000) working for around 45 days per year, there is little connection between fees paid and days worked at the lower end. Whilst this is just a small sample, it does show the wide range of fees on offer for NED roles, in these instances from £330 per day to over £2,200 per day. It is clear that most are not in it for the money.

Number of days worked in paid-for NED roles







Barriers to career advancement

There is a disconnect. Our research shows how many corporate affairs directors have ambitions to move into other business leadership posts or take on NED roles. Yet so few are achieving their goals. We spoke to these communications leaders, as well as to FTSE chairmen, to understand where the problems lie. There was a wide range of opinions, but a number of common themes emerged.

COMMUNICATIONS-SPECIFIC BARRIERS

We first looked at obstacles which are specific to the communication industry or to candidates working in the communications profession. 15 points were identified, all of which are interlinked.

A specialist function that is not business-critical

There is a view that communications is a specialist function and is not seen as either strategic or business critical. This despite the increasing importance of reputation, trust and advocacy across all areas of an organisation. Communications is often relegated to a support role and it takes a strong strategic player to break through, even when trying to move laterally across an organisation.

Perceived as lacking intellectual rigour

There remains a perception that communications directors do not possess intellectual rigour outside of their field of expertise, which is partly driven by the behaviours of some within the profession itself and is partly legacy. Many communications directors are acutely aware of this perception and whilst most rail against it, these negative connotations still exist.

The negative perception of the communications profession

Ironically for a discipline predicated on creating positive impressions, the communications function has an image problem. The negative perception of the profession was seen by many as one of the main barriers preventing practitioners from being considered for other management roles. Can it really still be viewed as being “all about the dark arts”? Consider the words of one former corporate affairs director who has now gone on to become the CEO of a trade association.

“ Bizarrely I probably have a better chance of securing an NED role from my current role as CEO of a trade association than I did when I was a corporate affairs director. This despite the fact that I now manage a much reduced budget (circa £10m versus £80m) and have a substantially smaller team (60 people versus 400). My corporate affairs director role was much bigger in every aspect but it’s simply not seen in that way. ”

CEO, former
communication leader

Limited commercial acumen

An issue which was heavily flagged by chairmen and also raised by some communications directors was the perception that communications leaders lack commercial acumen. Even though many corporate affairs directors manage multimillion pound budgets - often larger than some small businesses - not having direct P&L responsibilities and rarely being involved in the money-making arm of a business was seen as a distinct disadvantage. This means that communications directors are not considered for more commercial roles within an organisation and they are rarely seen as equal in status to those with P&L responsibility.

“ There is a general assumption that communications directors ‘do communications’. However the skills of insight, business acumen, influence, judgement and so on which go along with that position should fit equally well in wider business roles. ”

Communications Leader

“*In general, corporate affairs directors lack an innate understanding of the commercial imperative that runs through an organisation. That’s not to say they don’t have a commercial understanding, but some don’t fully understand how deep that mind-set runs through a business.*”

Chairman

Lack of understanding of the communications discipline

The relative youth of the corporate affairs discipline means that it is often not understood by non-practitioners. This lack of understanding is particularly prevalent among some generalist headhunters and in the lower levels of the FTSE (250 and below) as many of these organisations don’t have dedicated corporate communications functions and so do not know the value corporate affairs can bring to an organisation. Ironically it is often these smaller market cap firms that would benefit most from having a corporate reputation specialist sitting on their board.

Inconsistency in the remit of the communications director

Unlike similar support functions (such as company secretary, human resources director or general counsel), there is no common ‘spinal cord’ of activity for the communications director, no universally recognised brief for which the corporate affairs leader is exclusively

and directly responsible. In the past, media relations was probably the one defining feature of the communications department, but even this isn’t consistent across organisations and the role of the press officer itself can have negative connotations.

So while some communications directors may be excellent potential candidates for NED roles, the inconsistent remit of the communications post makes it harder to single those candidates out.

Large variation in job titles

This variety in role and remit is exacerbated by the huge array of communications job titles which give little indication of the post-holder’s responsibilities or levels of seniority.

By way of example, participants in this research had a wide range of titles such as corporate affairs director, corporate communications director, head of external relations, SVP public relations, VP corporate communications, chief communications officer, public affairs & corporate communications lead, general manager public relations, head of external affairs, SVP reputation and communications and so on. This makes it very difficult for those outside the communications industry to understand exactly where the incumbent sits within an organisation, what their responsibilities are and how much experience they have.

Reporting lines vary

Adding to the confusion, the reporting lines for communications directors varies tremendously across different organisations, with some companies locating their communications experts outside of the main decision-making theatres, or lumping them in with other departments. A CEO reporting line predominates, but some report to human resources, corporate services, marketing and finance, amongst others.

Disparity in the quality of communications leaders

Aligned to the above, there is a considerable difference in the quality of corporate affairs and communications directors from one company to the next. Some are highly experienced professionals that run formidable teams with extensive budgets, are active members of the executive committee and are involved in the overall strategy of the business, whilst others are little more than press officers reporting to an HR or marketing director. The latter are highly unlikely to qualify for a NED role, but the confusion over titles means this cohort is holding back the prospects of the former. This disparity means that some CEOs and chairmen may have never been exposed to these highly professional, senior communications operators and therefore have limited understanding of the value they could bring to another leadership role.

“There are not that many very senior corporate affairs roles and some are still filled with people who are not specialists. This devalues the role and the skills needed which then makes it harder to show why good corporate affairs directors should be considered for wider strategic roles such as non-executive directorships. ”

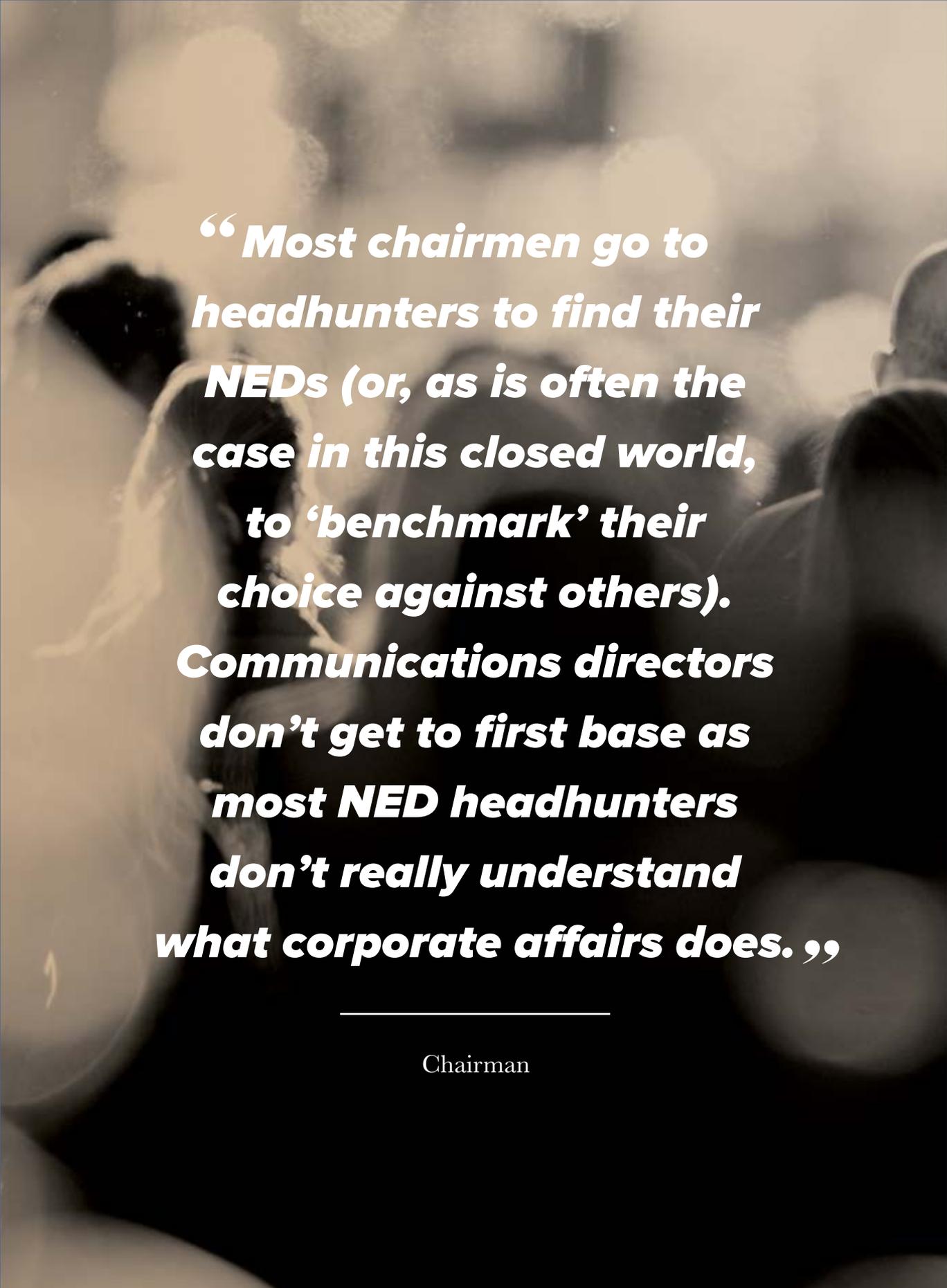
Communications Leader

Boards' use of external advisors

In-house communications directors are competing directly with their PR agency peers (and other external advisors) for access and representation at the highest level. As corporate reputation rises up the business agenda, boards are increasingly turning to their external PR advisors, such as the likes of Brunswick or Finsbury, for help and counsel. This has a twin effect on the career prospects of a senior in-house communicator.

On the one hand, they are competing for attention of their own CEO and chairman, who may not consider them for lateral, internal job moves if they are not even able to position themselves as the out-and-out expert in their own field. PR agency heads can demonstrate that they have run entire businesses, have wide sector experience and tend to have stronger connections in the CEO and wider leadership world.

On the other hand, the fact the chairmen has experienced communications counsel on the end of a phone, plus his company's own in-house team, appears to underscore why he does not need to give away a precious NED role to someone else in communications. Certainly, it is unlikely that retained external advisors would back such a move if it threatened their own relationship with the company because the new NED brought their agency contacts with them.



“Most chairmen go to headhunters to find their NEDs (or, as is often the case in this closed world, to ‘benchmark’ their choice against others). Communications directors don’t get to first base as most NED headhunters don’t really understand what corporate affairs does.”

Chairman

Reputation management is not sufficiently valued nor measured

The management of reputation, issues and stakeholder engagement (the key responsibilities of the communications director) is often not valued or leveraged until there is a crisis. Often reputational advice is sought by boards after a crisis has erupted, meaning it is reactive and in 'crisis mode' rather than preventative. And that board advice is usually provided by lawyers that tend to focus on reducing legal risk rather than safeguarding and enhancing brand perceptions. Aligned to that, the lack of tangible measurement criteria on the impact of an effective corporate affairs strategy continues to plague the communications profession, and the leaders within it.

“ Many companies don't factor reputation management into their business strategy and even if they do, they struggle to measure it. This is particularly true in businesses and industry sectors where the 'brand vs beans' equation is more heavily skewed towards beans and the needs/wishes/direction of the bean counters. ”

Communications Leader

The communications recruitment process

The lack of understanding about what corporate affairs is and what it can do is sometimes propagated by generalist executive search firms and human resources directors who often don't possess the specialist knowledge to be able to interrogate communications applicants sufficiently. They then hire badly-suited candidates into senior communications roles, creating a virtual circle of misunderstanding.

“ Actually the hiring process is an issue too - specialist operations like yours know well what they are doing, but sometimes the search for senior roles is awarded through a global mandate to people who simply haven't a clue. ”

Communications Leader

Not enough communications leaders on the executive committee

This is critical. The vast majority of FTSE chairmen we spoke to stated that they would not consider a candidate for an NED role unless they had first been a member of their company's executive committee (ExCo). Because just under 50% of FTSE100 corporate affairs directors are members of the ExCo, it means that half of the practitioners at the highest level are automatically ineligible for wider, part-time roles.

Clearly it is the CEO who has the biggest influence on whether senior communicators join the ExCo. Their lack of representation is perhaps a reflection on the incumbent but also because companies are keen to keep down numbers on the senior leadership team. It demonstrates that communications leaders have still some way to go to show their current executive, as well as future employers, that they can help run a business and contribute beyond their direct remit.

Associated with this is the issue of corporate affairs directors' limited exposure to the board. Most communications leaders tend to visit the board only once or twice a year – generally for a functional review or as part of the annual report process – and so, unlike other functions such as HR, tend to have limited visibility and engagement with the board as a whole.

Lack of professional development

A lack of deep, and respected, professional development was flagged as an issue, with some pointing out that it will take time for the CIPR (Chartered Institute of Public Relations) status to embed itself into the requirements headhunters and HR teams are given when sourcing new communications practitioners.

In terms of company-driven professional development, organisations are still much

more likely to support development in say their operations directors than in their communications directors. Some respondents believe that there is a tendency to keep talented communications people focused in that area rather than developing them into broader management positions.

Lack of understanding of how to find an NED role

Many communications leaders confessed to not knowing how best to go about securing NED roles. The fact that there appears to be so few opportunities available to them, as well as the dearth of examples of other communications leaders who have been appointed to NED posts, means that they struggle to identify the best route forward.

Even those communications leaders who have managed to secure trustee positions are finding it difficult to determine the best route to secure paid-for NED posts.

“I am completely unaware of any opportunities in the NED space for communications leaders. There's not one of my peers who have made the move and despite my best attempts at breaking through, I feel that I am constantly hitting my head against a brick wall.”

Communications Leader

GENERAL BARRIERS

There are a number of other, more general barriers that respondents identified as potential blocks to senior communicators securing other leadership roles, including NED positions. The majority of these barriers are relevant to other functions. Combined with the extensive issues listed above, they illustrate the difficulties that communications directors experience in developing their long-term career prospects.

The NED recruitment process

There are different processes and channels for recruiting NEDs depending on the size and make-up of the organisation. The recruitment process – usually via headhunters, HR and nominations committees - can be confusing, formulaic and opaque. The majority of board roles are never advertised (unless they are in the public sector), and FTSE NED positions tend to be recruited via traditional NED executive search firms. However, whilst the use of NED headhunters is often cited as best practice to ensure equal access, many communications directors struggle to make it through the door, let alone onto short-lists.

Some respondents point out that headhunters are often not interested in looking for ‘new blood’ and tend to go for the easy option rather than fight for less obvious candidates such as corporate affairs directors. This can be exacerbated by the nominations committee which frequently reinforces existing board make-up and seek appointees from similar backgrounds and experience.

“ *Recruitment of NEDs seems like a closed shop with a small number of headhunters putting forward the same profiles.* ”

Communications Leader

Limited number of ‘spare’ NED roles

Boards are getting smaller - or at least should be. Most chairmen we spoke to believe boards in excess of 12 people result in slower decision-making and more difficulty in processing and governance. But smaller boards mean that there are fewer NED opportunities. It is worth analysing the make-up of a “typical” plc board of say 8 members. There are two executives (CEO plus finance director) and six NEDs. We assume that the chairman and Senior Independent

Director (the main foil to the chairman) are former CEOs or finance directors and might chair a sub-committee handling remuneration or nominations. One NED must have a strong accounting background to chair the audit committee. Our research suggests that two further roles will supply industry-specific experience. That leaves corporate affairs chiefs fighting it out for the 'other' NED role that typically brings general business expertise, marketing, consulting or an international focus to the boardroom.

In addition, opportunities do not come up frequently. Most boards obey governance rules which assume that NEDs lose their independence after nine years – although some hang around for longer.

“ I’ve never wanted a board that is larger than 12 people as you can’t have a proper discussion. Too large and it becomes about speech-making rather than candid discussions. You want a compact, effective board. ”

Chairman

The diversity drive

The old boys' network has been broken up by the diversity drive of the last five years. In the past, senior leadership teams were homogenous and dominated by men who had similar styles and opinions. This network was where business got done and had unwritten rules that marked out the insiders and the outsiders.

Things are changing, albeit slowly, largely as a result of the increased pressure on companies to have more diverse boards in terms of gender

and ethnicity. For women starting out on the NED route today, it is probably easier to secure an NED role than it is for a man. There are still a limited number of female NEDs and boards are particularly keen to hire females to fill their unofficial quotas.

However, while changes are bedding down, respondents believe there is not enough action in terms of bringing 'diversity of thinking' to boards. This they argue, would allow for more corporate affairs directors to be considered for NED positions.

It is worth pointing out that corporate affairs directors offer a deep pool of talent from which to address both types of diversity. Not only do they bring a new skill set to the boardroom table, but, with the possible exception of human resources, this role is more likely to be filled by a woman than any other on the ExCo.

“ I think the era of chess-board management, with senior non-execs moving from one board to another, is ending. These people are now too old (coming up to 70) and that coterie is waning. Some are also a bit tarnished. There’s more openness coming through with the advent of the venture capitalist making things a lot more open. ”

Communications Leader



“ I am a trustee of two charities and have other externally-facing roles, and I would like a NED position - possibly with a company where the client perspective may be important, and where my communications background would be relevant. However I am finding it difficult to know where to start. ”

Communications Leader

Catch 22

As highlighted earlier, in order to be an NED one has to ideally have previous experience of being an NED, which creates a Catch 22 situation. Most NEDs are already NEDs. It can be a vicious circle trying to get on to a board, with most getting their first NED role through someone they know.

“*There’s a lot of backscratching in the NED world and there is a revolving door, so it’s hard to break through.*”

Chairman

Current company not supportive

This is another crucial, general point – but particularly relevant to senior communicators. While some companies actively encourage their senior staff to pursue outside NED opportunities, others are far more reluctant. In some organisations, executives are positively discouraged from applying for NED roles.

Some communications directors have been told explicitly that, as the key executive in charge of their organisation’s crisis communications management, they cannot be spared from the organisation in case they are overseas or unavailable should a crisis erupt within their current organisation. CEOs and chairmen don’t like the idea that ‘their’ corporate affairs lead should be helping someone else with reputational matters just at the moment they need them most. As with other functional heads, their main job takes priority.





What chairmen think

WHAT DO CHAIRMEN THINK ABOUT COMMUNICATIONS LEADERS BECOMING NEDS?

On the subject of whether corporate affairs directors would be good NEDs, what do chairmen think? The simple answer is: not a lot. The majority we spoke to had simply not considered it. And when they did, most were quite sceptical. Nevertheless, what they had to say makes for an illuminating read. It is worth remembering that most of those interviewed were FTSE chairmen. Their board seats are the most coveted, but there are other NED opportunities too.

Some were slightly positive

At best, some chairmen were slightly positive about the chances of communications leaders securing NED roles to broaden their career path. None was particularly effusive. They recognised that certain communications directors have skills and experiences that could add value to a board. They singled out those that sit on the ExCo, are responsible for all communications disciplines, are able and credible advisors, have an in-depth understanding of corporate reputation and brand and who have commercial understanding. These were seen as potential, rather than probable, NEDs.

Those communications leaders that have worked for big brands and for large, publicly-listed companies, particularly in highly-regulated industries were considered by chairmen to have more chance of securing an NED role than their peers in smaller, lower-profile companies. But even then, they pointed out, these candidates would be viewed in the same way as management consultants, with their industry experience seen as less relevant compared to say an operations director.

Most chairmen were very positive about the corporate affairs directors they knew and rated them highly. They commented that the communications discipline has come a long way over the past decade and that the function was becoming a critical part of an organisation's armoury.



Most were neutral or negative

However, for most chairmen, the communications discipline is seen as just too specialist to produce that many NEDs. They see corporate affairs directors in the same way as they see those in the legal function: strong functional heads with specialist knowledge rather than business leaders with a broad set of skills.

Chairmen recognised that the likelihood of a communications leader making it into an NED post had a lot to do with whether the recruiter (be that the chairman, nominations head or headhunter) was both knowledgeable about what corporate affairs experience could bring to the board table, as well as willing to encourage and sponsor that application. However, they identified competition for these board seats from former politicians and regulators too.

The majority saw the hiring of a corporate affairs director as a potential risk, with one pointing out that few FTSE boards would be willing to take that gamble. Some chairmen felt that since the financial crash of 2008/9, there has been a significant increase in personal risk associated with being on a board, and as a result recruiting 'non-obvious' NEDs could exacerbate that risk. However they recognised that it was a question of the calibre of the hire. In addition, the limited number of seats around the board table meant there simply wasn't room for a dedicated seat for a NED communicator.

“ Many communications leaders are adept at seeing things from other points of view which is a valuable asset on a board, but unfortunately there are very few seats around a board table. ”

Chairman

The risk/reward ratio of being on a board was raised by a number of chairmen, some of whom felt that corporate affairs directors weren't always fully aware of the potential risks of taking on an NED role. They pointed out that whilst the NED role itself hasn't changed over the past decade, the understanding of how the role is delivered and executed has.

In addition to the statutory duties, there are personal legal responsibilities too and the role has become a tough balancing act, often carried out in the full glare of the public eye, particularly during times of crisis.

Most chairmen recognised that a good corporate affairs director adds tangible value to corporate thinking. They appreciate that corporate reputation is important and is becoming increasingly so, and therefore, longer term that might create more opportunities for communications leaders to take up NED roles. However they don't think that corporate reputation is yet high enough up the board agenda to warrant a specialist on the board and they believe that they can rely on that expertise via the executive, or through their external PR advisors. They said that the ambition for a corporate affairs director should be to be at the top of their game.

“ It’s not going to be impossible for communications leaders to become NEDs but they have a very slim chance at the moment. This is not an indictment on communicators, or meant to be negative, but communications directors need to go where their skills are relevant, valued and valuable and that’s not generally as an NED. ”

Chairman

Communications leaders' lack of commercial, financial and operational experience was a key factor in their negative outlook, with chairmen stating that there are far more relevant candidates from other functions to consider first. A number were downright sceptical about the prospect, particularly for those communications leaders that aren't members of the executive committee.

These chairmen are aware of the negative perceptions of the discipline and acknowledge the onward career challenges facing communications directors. However, most believe that corporate affairs is not a natural career path towards an NED role. They recognised that practitioners would likely have to move into another function within their company, or take on additional responsibilities before attempting to undertake an NED or other leadership role.

One example of a senior communicator who has taken on broader responsibility is Shane O’Riordain. He became managing director, communications, at Royal Mail in 2010 and subsequently assumed responsibility for strategy and in 2014 added regulation and pricing to his brief. Likewise, in 2015, HSBC’s Pierre Goad took on the leadership of the bank’s human resources function, in a new role that retains his oversight of communications.

“ This is an evolutionary jungle and those companies that have experienced great corporate affairs will become more successful and will spawn corporate affairs directors who go on to bigger and better things. But it’s going to be a slow burn. ”

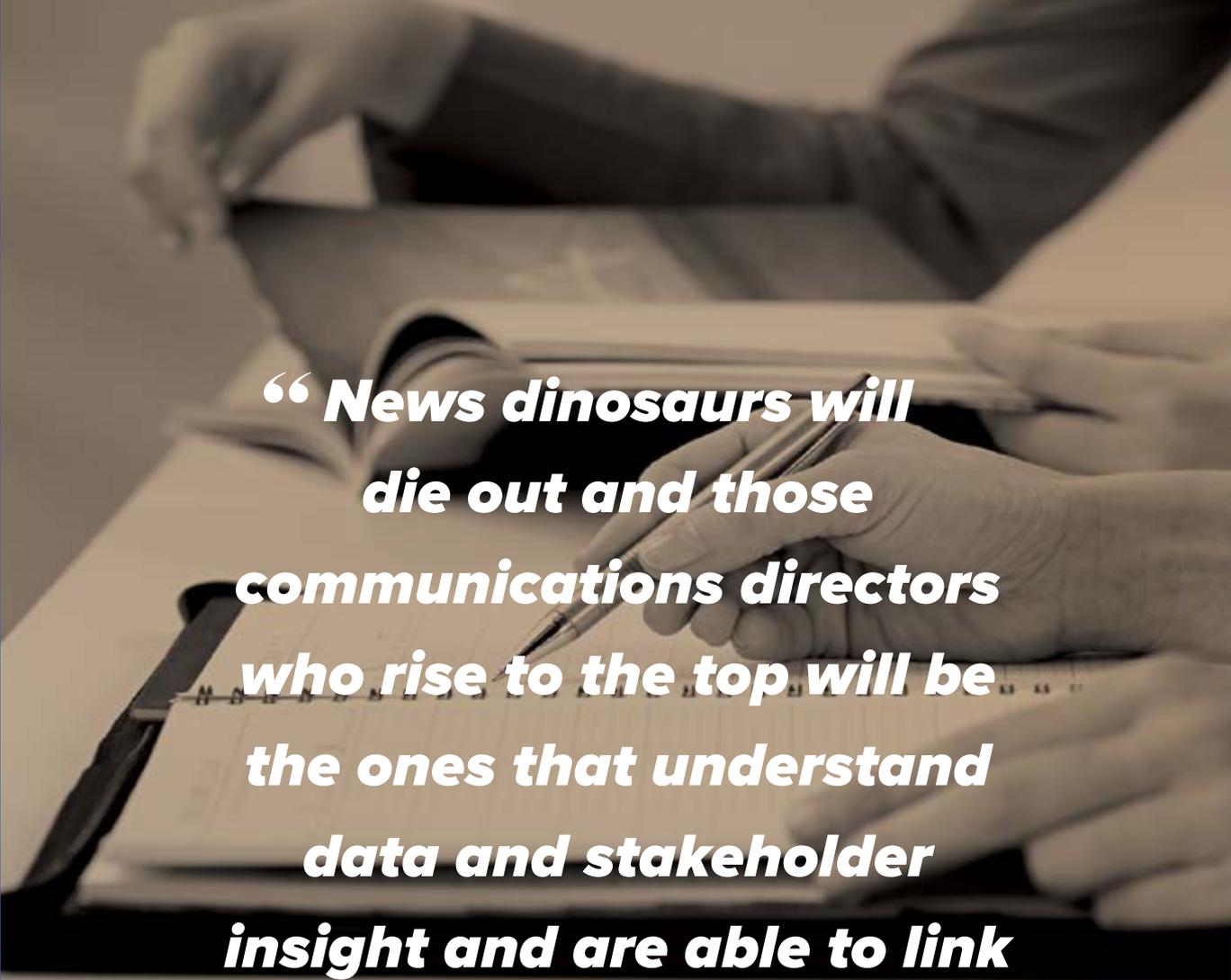
Chairman

Future opportunities

The chairmen we spoke to said that there may be more chances for communications leaders to join boards in the future. They cited a number of opportunities including the rise in social responsibility committees which boards are now forming and which many chairmen struggle to find people to chair. British American Tobacco, for example, has a corporate social responsibility committee comprised of three non-executive directors one of whom chairs the meetings. Just because the in-house senior communicator regularly attends this committee should not negate the desire for additional, external, corporate affairs experience in this arena.

The growing need for social media experience as well as the increasing reliance on technology was also mentioned as potential pathways to the board.

Continuing on this slightly positive note, some chairmen recognised that corporate affairs is still an emerging function and has come a long way over the past decade. As the discipline matures further, they believe that an increased number of communications leaders would become NEDs. But, in their view, it’s not going to happen overnight.



“ News dinosaurs will die out and those communications directors who rise to the top will be the ones that understand data and stakeholder insight and are able to link it all to business strategy and the bottom line. ”

Chairman



Successful breakaways

There are very few examples of corporate affairs directors having left the communications function to take on other non-communications leadership roles, including NED positions.

However, despite the low numbers, we were keen to identify whether there was any commonality in the backgrounds and experience of those who have made the break successfully. We have identified 11 such executives. Whilst the following list is not exhaustive, it does include some of the most well-known corporate affairs directors who have moved into other leadership roles over the past years.

“ I earned my wings by working in tough, testosterone-fuelled environments that took no prisoners. It was difficult at the time but that experience has definitely opened doors which would otherwise have been closed to me. ”

CEO (former communications leader)

Former corporate affairs directors who now have other leadership roles

Name	Current role	First non-comms role after comms leadership post	Most recent dedicated communications role	Also worked for	Route into communications
Sue Clarke	MD, SAB Miller Europe	(see current role)	Corporate Affairs Director, SAB Miller (2003 – 2012)	Railtrack Group, Scottish Power plc	Finance (Investor Relations)
John Fallon	CEO, Pearson plc	President, Pearson Inc.	Director of Communications, Pearson plc (1997 – 2001)	Powergen plc, UK Government	Politics (policy, government)
Liz Hewitt	NED various including Novo Nordisk, Melrose plc, Savills plc	Various NED roles, including NED & Audit Committee Chair, Synergy Health plc	Group Director Corporate Affairs, Smith & Nephew plc (2004 – 2011)	3i Group, CVC, Gartmore, Arthur Andersen	Finance (auditor/ investment)
Simon Lewis, OBE	CEO, AFME (Association for Financial Markets in Europe)	(see current role)	Director Communications, 10 Downing Street (2009 – 2010)	Vodafone plc, Centrica plc, HM the Queen, NatWest, Social Democratic Party	PR agency/ politics
Dame Lucy Neville-Rolfe, DBE	Parliamentary Under Secretary of State for BIS	Company Secretary and Group Director Corporate Affairs, Tesco plc	Director of Corporate Affairs, Tesco plc (1997 – 2006)	Various roles in UK Government	Politics (government civil service)
Robin Pauley	Chairman, Cellex Networks + various board positions	President European Affairs, BT	Group Communications Director, BT plc (1999 – 2005)	FT Asia (managing editor)	Journalism

Pre-communications backgrounds are broad

Almost all have a degree, but no one subject predominates. Two have MBAs. Their route into a senior in-house communications roles is divided between four launch pads: finance, journalism, politics and PR agency.

Name	Current role	First non-comms role after comms leadership post	Most recent dedicated communications role	Also worked for	Route into communications
Julia Simpson	Chief of Staff, IAG	(see current role)	Head of Corporate Communications, British Airways (2007 – 2011)	UK Government, Communication Workers Union	Journalism
Nick von Schirnding	CEO, Carajas Copper Company	ExCo member, Asia Resource Minerals plc	Head of Investor & Corporate Affairs, Anglo American plc (1999 – 2010)	Minorco, De Beers, Anglo American	Finance (management trainee)
Simon Walker	CEO, IOD (Institute of Directors)	Chief Executive, BVCA (British Private Equity & Venture Capital Group)	Director of Corporate Communications & Marketing, Reuters (2003 – 2007)	Buckingham Palace, British Airways, 10 Downing Street	Journalism
Stephen Whitehead	Former CEO, ABPI (Association of the British Pharmaceutical Industry)	(see current role)	Group Communications Director, Prudential plc (2007 - 2011)	Barclays, Allied Domecq, Eli Lilly & Company, Diageo plc, GSK plc	PR Agency
Ian Wright	CEO (DG) Food & Drink Association	(see current role)	Corporate Affairs Director, Diageo plc (2004 - 2014)	Boots, Pillsbury, Burger King, Mars, SDP, Liberal Democrats	Politics (political officer)

Almost 50% made the move out of communications with their existing employers

Of the 11 individuals we feature here, five made their first move out of a dedicated communications role by being promoted or moving into a different business unit with their existing employers. In other words, in addition to having their talents recognised, it was by transferring into another part of the business with the same company that allowed them to start a career beyond corporate affairs. A number of these former communications directors commented that this was often the easiest way, as, if they are well regarded and trusted within their current organisation, the company will often take a risk on them that others would not be prepared to do. Supporting the benefits of staying put, three of those five have had only one main communications role, averaging 10 years with the same company.

Almost all have worked for big brand, high profile organisations

Reviewing the list of current and previous companies that these former communications directors have worked for, it is clear that almost all have worked for big brand, high profile and often publicly-listed companies. Many are multinational firms. Experience in FTSE100 organisations is extremely common with all individuals featured here having worked for a major plc on at least one occasion during their career.

“ My CEO was a great mentor and actively encouraged me to take on additional responsibilities beyond my corporate affairs remit. That meant that I was able to learn new skills and occasionally make mistakes without jeopardising my career. ”

Communications Leader

Experience in heavily regulated, issues-rich industries predominates

Most of the industries that these individuals have worked for have been in heavily-regulated firms in issues-rich environments such as financial services, utilities, oil and gas, food and drink, mining and pharmaceuticals.

Running a trade body is a common first step out of communications

Just over a third made their first move away from communications into a CEO position with a trade organisation. This is no surprise given that running a trade body requires many of the same skills such as advocacy, strong communications abilities, policy and government experience and multiple stakeholder engagement. It might pay less, but clearly the move is even more obvious if staying within the same industry or sector.

Wide breadth of industry experience

Also of note is that almost all have worked across different industries and sectors as they progressed through their career. Very few have stuck to the same industry.

“ I made a point early on in my career to make sure that I wasn’t pigeon-holed in any one sector. In my view, the longer you stay in a specific industry, the harder it is to break free. ”

CEO (former communications leader)

50% have a political background

One half of these former corporate affairs directors have political backgrounds, with at least two having been active members of a political party. Others have held a variety of senior roles in government and a number are still actively involved in Westminster.

Average of 10+ years leading corporate affairs before moving on

Almost all were experienced communications leaders before leaving the profession, having held an average of 2.5 corporate affairs director roles over an average 11 years before moving out of the communications function. They were at the top of their game.

Personal attributes

Having talked to and met a number of these former corporate affairs directors over the years, we can attest that most are confident, credible and very articulate. As one noted,

“ I’m rarely touched by self-doubt. ”

CEO (former communications leader)

“ When I left my role, the assumption was that I would go to another big corporate affairs post as that was what I was good at. However, moving to become CEO of a trade body made for perfect sense and a smooth transition as there are many similarities between the two roles. ”

CEO (former communications leader)



Our action plan

We asked chairmen, communications directors (particularly those that are already NEDs) and NED advocacy organisations what senior communicators can do to increase the likelihood of securing NED or other senior leadership roles. Along with our own insight and findings, we have compiled the following 10-point action plan to help improve communications leaders' chances.

“To be able to make this transition a corporate affairs director needs to do more than just be a brilliant communications director. Being an NED is not just about bringing excellent core skills to the table (companies can either have those skills in-house, or use service providers). Being a NED is about having the ability to contribute across the full range of discussions. As such, they need to have broadened their executive roles to encompass all aspects of a company's business, and gained experience of other companies and cultures. Before being appointed to my first plc NED role, I had been a NED of a hedge fund, a trade association and a charity - and my executive career had spanned different industries and functions. ”

Communications leader
with NED role

1

BE AN EXCEPTIONAL CORPORATE AFFAIRS OPERATOR

Ensure that you're at the top of your game as a communications leader. Don't work in a silo and make sure you contribute beyond your remit. Actively seek more responsibility; it's easier to take on a wider remit when you are trusted to deliver so build that trust across the business. Ensure that you have regular access to the board and have a voice in the business.

“ Speak out and be heard. Directors are given credit for their ability to carry clout and therefore you need to be seen as a genuine contributor to the business. ”

CEO (former communications leader)

2

MAKE SURE YOU SIT ON THE EXECUTIVE COMMITTEE

Potential NED candidates who have not previously sat on the executive committee are at a distinct disadvantage. If you are not on the ExCo, start lobbying now to become a member. If you are a member, make sure that you are contributing above and beyond the corporate affairs brief. You need to participate in proceedings, talk about the business and engage in the wider business debate.

“ It's unthinkable that a potential NED for a FTSE hasn't sat on the Executive Committee. ”

Chairman

3

PLAN AHEAD

Both communications leaders and chairman pointed out how important it was to forge ahead and carve out career opportunities rather than sit passively and wait for openings. Communications leaders need to push for development opportunities, both executive and non-executive, to take risks in their careers and make relevant, non-linear choices.

This onus on self-promotion, personal growth and pro-active career management is particularly relevant for communications directors as many CEOs and other business leaders don't necessarily think about developing their communications leaders, as they would with say operational managers or the like.

One important consideration is to build a career across multiple sectors where possible. That breadth of understanding – especially of issues-rich, heavily regulated sectors – is a big component in making corporate affairs chiefs more employable at the point at which they aim to branch out.

“ You should own your future and need to take ownership of your career, no one else is going to do it for you. ”

Chairman

4

BUILD YOUR NETWORK AND YOUR PROFILE

This means getting out there, building up your professional and personal network. It's about getting better known and brokering yourself, so speak at conferences, contribute to research, pen op-eds or blogs, join business forums and engage in relevant debates. Tell people you're interested in NED roles. Ensure your profile is up-to-date on social media sites, particularly LinkedIn.

5

KEEP LEARNING

Financial literacy is a prerequisite for an NED role and it is of great importance that NEDs are able to read and deconstruct a balance sheet; every person on a board is responsible for the accuracy of its accounts. There are a number of good training organisations, including Finance Talking and the Investor Relations Society which also offers some very practical training modules, including ‘Demystifying company accounts and valuations’.

An MBA from a well-recognised institution can also be useful, but by no means essential. Having gained one shows that you’ve committed to improve yourself and can grasp complex business models and balance sheets.

“ To avoid being just a ‘nodding dog’ at the board table, as a bare minimum, NEDs need to be able to read a balance sheet. ”

Chairman

6

GET A MENTOR (IDEALLY YOUR CURRENT CEO)

Many of those who have gone on to successful careers beyond corporate affairs did so with the help of a mentor to guide, train and support them in the relative safety of their current organisation. This works particularly well if the mentor is your CEO as they will usually help in a number of different ways including coaching, sponsoring (i.e. helping open doors and promoting your talents to others) as well as supporting you to take on added responsibility. Communications directors need a good commercial understanding of how businesses operate, so ask to spend time in key functions, whether on sabbatical from your current role or as a development opportunity. You will also need the CEO’s blessing to take on NED roles.

“ Onward careers for corporate affairs directors largely depend on the commercial experience the individual has. I was very keen to gain that experience before moving into communications, simply because I wanted to approach PR and marketing from an added value perspective, rather than simply brand building or reputation building. I wanted to help drive footfall into the retail space and impact sales and revenue within the organisation. That has always been my goal and if I am not able to sit at the table as a revenue provider, I move. ”

CEO (former
communications leader)

7

PICK THE RIGHT HEADHUNTERS AND WORK CLOSELY WITH THEM

Headhunters can cross the divide and help you drive your portfolio career. Build your connections with executive search firms but choose which ones you work with carefully. Don't register with too many. Ideally select those ones that understand the value of corporate affairs. Select a couple of niche NED operators, as well as one or two generalists that have NED practices. Stay in contact with them regularly; elegantly timed calls and updates ensure that you are kept top of mind.

8

DEVELOP YOUR USP

There are not many NED board seats to go round, fewer still if your background is in corporate affairs. In the rare event that a seat is allocated to a communicator, there is competition from ex-politicians, regulators and the like.

Work out what your pitch is. Are you the challenger to orthodox thinking that every board needs, or a potential chair of the risk committee? What extra skills do you need to position yourself for that?

Or are you a technology specialist or the ideal chair for the new breed of corporate social responsibility committees that consumer-facing companies are setting up? The boardroom is like a game of chess, so get your best moves ready. Chairmen need to see you are multi-faceted. If you can, play the youth card.

9

JOIN NED ADVOCACY AND TRAINING GROUPS

Opinions vary about whether NED training and membership of NED advocacy groups are important. The chairmen we spoke to said that whether someone had undertaken an NED training course or not surprisingly made no difference to their eligibility. However, these groups and the courses they run ensure that individuals have a thorough understanding of what is involved in becoming an NED and how to go about securing a role. We found that too few corporate affairs directors understood the responsibilities fully. Groups such as the FTSE Non Executive Directors' Club (www.non-execs.com) and Women on Boards (www.womenonboards.net) are among the most popular. These organisations will also help candidates with their networking as well as with the creation of a NED CV, which is a very different animal from that of a functional CV.

10

GAIN EXPERIENCE WITH NED ROLES AT SMALLER ORGANISATIONS

Consider starting with a small, pro bono NED role. This is not an established path to larger, paid-for NED positions but it brings experience and builds confidence nonetheless. Though take care when accepting your first NED role as it will set the tone of your future portfolio career. An NED position with a charity or NGO provides valuable experience of how to operate as a board member as well as gives an insight into board etiquette and politics. Many charities value the skills a communications leader can bring, since they often don't have full-time, in-house communications talent and so need the help.

“ *My advice to corporate affairs directors wanting to further their careers is to look at sitting on a charity board. Charities are crying out for help and the skills that a good communicator possesses.* ”

Chairman

Sometimes NED opportunities can also present themselves at start-up companies. Among a team of young entrepreneurs, experience will be in heavy demand – but business-wide experience, not just corporate affairs. These roles are usually found through your professional network.

The same is true in smaller, lower-profile organisations, perhaps in the FTSE250. These organisations don't generally have dedicated in-house functions. However many of these firms use external agencies as a remote press office or for one-off crisis assistance and so don't necessarily know what good corporate affairs looks like. It is a case of going where the critical eye that communicators bring is missing.

The step up to FTSE100 NED roles is a difficult one. Most head-hunters are focused on the FTSE100 end of NEDs so these roles will be usually be via executive search companies.

“ *Perhaps the biggest impacts we could have are in smaller companies - FTSE 250/AIM/start-ups. I've been on the advisory groups for two start-up organisations and it is very clear the benefit and impact you can have.* ”

CEO (former
communications leader)

9.



Conclusions

Some might say the debate about whether corporate affairs directors have non-executive potential is too niche to matter. Certainly, it is only one piece of a puzzle that is ensuring the boards of the future are peopled with adequate experience and diversity to guide the decisions that will make corporations prosper.

However, just as human resources directors or lawyers can lay claim to bringing new perspective to the boardroom so too can senior communicators. There is greater recognition that innovation happens when there is diversity of thinking among leadership teams. Together with the increasing importance of reputation, trust and advocacy across all areas of an organisation, the skills and experiences of a corporate affairs director should be in high demand at board level. That demand should convert into broader careers in business for communicators, at executive as well as non-executive level.

As our study shows, we are not there yet. It would be too easy to dwell on the negative points that this research report throws up. We would rather focus on the challenge that lies ahead. What surprised us in carrying out this work is that so many senior communicators were privately asking the question “What next?” for their careers - and that so few had a clear answer.

We hope that, far from providing all the answers, Cayhill Partners’ research ensures that chairmen and chief executives will at least have heard the question. And we should point out once again that in asking it, we have no intention of denigrating the value inherent in being a senior communicator. Rather, we would like to see many professionals build

on their existing skills, not cast them off in search of an alternative. We understand that a significant proportion of practitioners do not feel the urge to diversify from their current roles.

Those that do want to broaden their careers must compete in a crowded field. The number of communications leaders keen to secure NED roles is completely at odds with the number attaining them. We think that many of the barriers they face, such as the inconsistency in and lack of understanding of the corporate affairs role, are surmountable. Others, such as reputation management not being sufficiently valued or measured will take more time and more effort.

The fact that communications directors are themselves so sceptical about their chances of securing NED and other leadership roles in relation to other corporate functions may go some way to explaining another fundamental challenge, which is that communications leaders themselves do not seem to have faith in their function or profession. In our opinion, the communications industry should take a far more confident view of its abilities and long-term prospects. After all, here is a function unrecognisable from 20 years ago. However, it still has a long way to go. Such a relatively young discipline is going to take time to be recognised by those responsible for board and

other leadership appointments as a valid addition to the boardroom debate.

Even then, only a small proportion of corporate affairs directors can expect to develop non-executive and other leadership positions. Being a good corporate affairs director is a start, but not enough on its own. To become a more compelling candidate, communicators must expand their skills to demonstrate a breadth of knowledge and leadership. A number are already doing this.

The challenge then is trading up. Communicators already make excellent NEDs on a pro bono basis for charities and NGOs. There are benefits both ways. But for those looking for bigger, paid-for plc NED roles, the path is tougher still. Competition is fierce and to be successful, corporate affairs directors not only need to fight for their place with other more obvious candidates such as those from finance, operations, marketing and human resources, but also need to compete for air-time with their PR agency peers and other board advisors. It is worth it, to broaden and lengthen a career, but most NED work does not pay generously.

Those corporate affairs directors that have an in-depth understanding of corporate reputation and brand, who are commercially and financially astute, who sit on the ExCo and contribute beyond their remit, and who have authority, credibility and gravitas in equal measure could, in our opinion, make the grade. Yet it will need the support of recruiting bodies, including headhunters, chairmen and nominations committees to make this happen. We are certainly not there yet and it will require a sustained and intense campaign over a period of time before opportunities start presenting themselves.

In the meantime, communications leaders can start laying the ground work, increasing their skill base, expanding their network, further honing their leadership skills and making sure they become known for the breadth of their talent rather than their domain knowledge. And the communications industry as a whole needs to start working together to dismantle some of the inconsistencies and negative perceptions that remain. As more communications leaders begin to start to break through, it will inevitably smooth the path for others to follow.

Chairmen are requiring more from their NEDs and if candidates have what it takes, the role can be extremely fulfilling. But it is not without its risks. Being on the board is not for everyone, indeed for some it will be the wrong step. The risk to reward ratio for an NED is high and the time commitment increasingly onerous. Corporate affairs directors need to ask themselves if they want to take on the personal and professional risks that come with such a role, as well as whether

they can really commit the time required. For those exploring a plural career this may well be possible, but for those looking to take on an NED post whilst at the same time holding on to their executive communications post, it will be extremely tough.

The research raises important issues for a number of stakeholders. For CEOs keen to retain their senior communications leaders, the research illustrates that giving them added responsibilities internally whilst sponsoring them for external NED positions can pay dividends. Over 80% of communications directors see themselves moving companies within the next five years. Helping them develop further inside and outside their existing company could help lift retention and satisfaction levels substantially.

For chairmen, particularly those that are keen to expand their boardroom talent pool, increase levels of diversity around the top table, as well as improve their long-term corporate reputation management and risk identification, appointing those with corporate affairs experience could add a unique element to their team. Additionally, the growing trend for boards to have corporate responsibility committees – and the challenges that some are having in finding suitably qualified individuals to chair those committees – offers an opportunity for communications leaders to introduce tangible value to the board's make-up.

This issue is about influencing and educating over time. As this report demonstrates, Cayhill Partners intends to play its part. So too must a professional discipline that has grown up by changing mindsets, managing reputations, thinking strategically and planning for the long term. If corporate affairs professionals can better articulate their unique skills and the value they provide, the prize – a varied and long career path – is great indeed.



10.

Useful resources/additional reading

NED GROUPS

- Financial Times Non-Executive Directors' Club. Appears to be one of the most popular amongst communications leaders. Paid for membership club with benefits including networking with other non-executive directors, member events, access to expert knowledge and resources and access to NED roles. Offers good NED courses (see below). www.non-execs.com/
- WOB (Women on Boards). As the name suggests, helps women make the right connections and career choices to get to the top within their own company or to take on a board or committee role as a non executive director, trustee or governor. Excellent advice, on line and on the phone. Free membership plus paid for option for more access. www.womenonboards.net

TRAINING/FURTHER DEVELOPMENT

- FT Non-Executive Directors Diploma. A post-graduate level qualification for current and aspiring non-executive directors. (www.fttoolkit.co.uk/NEDD)
- IOD. Role of the Non-Executive Director. A one day course including practical advice and participation in interactive case studies (www.iod.com/developing/courses/list-of-courses/role-of-the-non-executive-director)
- WOB (Women on Boards). A range of different training and development courses including an excellent introductory seminar into NED roles (www.womenonboards.net)
- Investor Relations Society. Offers an extensive professional development programme, with scheduled and bespoke courses available for those new to the financial markets as well as those with significant experience. All are designed to be practical in approach and include a contribution from a senior IR practitioner. Practical modules include 'Demystifying company accounts and valuations' (www.irs.org.uk/professional-development/course-programme). See www.irs.org.uk or contact John Gollifer, General Manager at john.gollifer@irs.org.uk for further details.
- Finance Talking. Provides practical financial training for non-financial people, corporate communications, financial PR and Investor Relations. (www.financetalking.com).
- Centre for Public Appointments. A free to access website by the Cabinet Office where you can search for all current appointments to the boards of a public body or advisory committee. (publicappointments.cabinetoffice.gov.uk)

ADDITIONAL READING

- IOD. The Directors Handbook. A practical guide to assist those that run companies, including a blue-print for best boardroom practice. (www.iod.com/guidance/publications/the-directors-handbook)

With grateful thanks to the communications leaders and chairmen (both past & present) from the following organisations who participated in this research.

3i Group	Food & Drink Federation	Paddy Power
AFME	Gala Coral Group	Petrofac plc
AMEC Foster Wheeler plc	GKN plc	Premier League
Arm Holdings plc	Guardian Media Group	Prudential plc
Arsenal FC	Gulf Keystone Petroleum	QBE Insurance
Association of the British Pharmaceutical Industry (ABPI)	Hanson Green	Rentokil Initial plc
Astra Zeneca plc	HM Department for Business, Innovation & Skills (BIS)	Rexam plc
Aston Martin Lagonda	HM Department for Transport	Royal Mail
Atkins plc	Home Retail Group plc	RSA Insurance Group plc
BAE plc	Food & Drink Federation	RWE NPower
Balfour Beatty plc	HSBC plc	Samsung Europe
Barratt plc	Hutchinson 3G	Santander
BBC	IHG plc	SAP
Bell Pottinger	ITV plc	Scottish Power plc
BG Group plc	John Lewis Partnership	Segro plc
Blackstone Group	Johnson Matthey plc	Serco Group plc
British Airways	Kings College London	Sports Direct International plc
British Gas	Ladbrokes plc	Starcom MediaVest Group
BTG Group plc	Lafarge Tarmac	Tate & Lyle plc
Burberry plc	LinkedIn	The Bank of New York Mellon
Business Growth Fund	Lloyds Banking Group plc	The Body Shop
Cameron International	Lockheed Martin	The Crown Estate
Capita plc	London City Airport	Thomson Reuters plc
Carlyle Group	Manchester Airport Group	Towergate Insurance
Centrica plc	McDonald's	Trainline
Cellex NetworksChannel 4	MHP Communications	University of Cambridge
Cisco Systems	Mitie Group plc	Viacom Media Network
Civil Aviation Authority (CAA)	Monitise plc	Virgin Media
Cobham plc	Morrisons plc	Visit Britain
Compass Group plc	MSL Group	Vodafone Group plc
Corinthia Hotels	NATS	Walt Disney Company
De La Rue plc	Network Rail	Warner Bros
Dentsu Aegis Network	NHS	Whitbread plc
English National Opera (ENO)	Nuclear Decommissioning Authority	Wolseley plc
Enquest plc	Old Mutual plc	Women on Boards (WOB)
Eurostar	Oracle	Wonga
Experian plc		



Cayhill Partners is a specialist executive search, capability benchmarking and coaching firm focusing entirely on the corporate reputation disciplines (corporate affairs, corporate communications, media relations, public affairs, government relations, financial PR, investor relations, external affairs, public relations, internal communications and corporate responsibility). Run by a former FTSE100 communications director, the organisation combines a deep, first-hand understanding of the senior communications world with a flexible and professional approach.

As important as what we do, is why we do it. We are passionate about the communications industry and see our role as not only supporting clients and candidates, but also supporting the wider corporate communications community. That's why we proactively engage across the entire PR industry, from consultancies, trade associations, academics, in-house practitioners, industry bodies and the like; promoting the unique capabilities of today's senior communications practitioners.

To discuss this research further or to find out how we can help you with your executive search, capability benchmarking or career plans, please contact:

Dee Cayhill, Director, Cayhill Partners
Email: hello@cayhillpartners.com
Telephone: +44 (0) 20 7731 7150
London, England.

www.cayhillpartners.com

[@cayhillpartners](https://twitter.com/cayhillpartners)