

Outsource the Corporate Secretary Role?

Does it ever make sense for a company to outsource the corporate secretary role? Or to bring someone in temporarily, to supplement existing staff?

Kris Veaco, founder of the Veaco Group in San Francisco, shares some insights...and some recent case histories



Many companies – particularly the robust and well-seasoned ones – have a robust and well-seasoned Corporate Secretary’s Office. Generally, they won’t need additional ‘outside’ or outsourced support.

Many other companies however – often smaller or newer ones – do not have full-time staff for these functions. Some divide the work within the General Counsel’s office, or bring HR or IR staffer, or staff from the CFO’s office into the mix.

Some companies use their outside counsel to be the Corporate Secretary – and to provide a lot of the needed staff support as well. But even the largest companies sometimes find themselves shorthanded and have a sometimes pressing need to obtain a seasoned Corporate Secretary who can work on an ongoing or as-needed or project-oriented basis.

A few examples of WHEN you might need to look outside the company for help:

- When your Corporate Secretary has to be out for extended period
- When your Corporate Secretary leaves unexpectedly, and the company needs temporary support while they look for a replacement
- When the Corporate Secretary simply has too much to do – and needs some help on an ongoing basis – or for a special project – or to help with a crisis
- When you have a new Corporate Secretary just learning the role, who needs temporary or perhaps ongoing support from a seasoned expert
- When you need an extra pair of experienced hands to work on Board and Annual or Special Meeting matters

- When you feel you need a fresh look, or a “governance audit” of your existing practices and processes

A few case-histories of how and when an outsourced expert can help:

- At a newly public company, the legal and HR staff had no prior experience with sound corporate governance practices. It soon became apparent that meeting materials were inadequate and minutes were poorly drafted, creating an uncomfortably weak platform from which to initiate board and committee actions and to properly document and record the Board and Committee deliberations and the actions taken. The General Counsel engaged an experienced Corporate Secretary/Corporate Governance Consultant to audit existing practices, to advise on, educate on, and to very quickly document and implement appropriate governance practices tailored for that company to ensure solid legal and regulatory compliance.
- At a small company, a very busy CFO also held the Corporate Secretary title, but did little more in the role, other than taking the minutes. He soon realized that he lacked the time, the background and the right staff to fulfill the obligations of the Corporate Secretary in a way that would make Directors as comfortable as they should be: In fact, several Board members began to express concerns. The CFO engaged an experienced Corporate Secretary – on a totally “outsourced basis” – to provide the needed governance support, both for senior management and the Board.
- At a troubled bank, the CEO’s assistant had been acting as the Corporate Secretary. But as the number and duration of Board and Board Committee meetings increased, the Board recognized that the internal process and support for the many board meetings they were holding was no longer adequate. Regulators also expressed concern about the processes – and about the records of Board ▶

deliberations and actions – which led to greater regulatory scrutiny and to heightened board concern. The Board engaged an experienced Corporate Secretary on an outsourced basis to work with existing staff to organize Board files, to work with the Board and senior management on meeting agendas, to help with the drafting of resolutions and minutes and to advise the Board on sound governance practices. The Corporate Secretary was also able to identify issues requiring input from outside counsel to maintain legal and regulatory compliance, and quickly became a trusted advisor to the Board.

- A new Corporate Secretary came into the role a few months prior to the Annual Stockholders Meeting. She engaged an outsourced Corporate Secretary/Corporate Governance Consultant to educate her and her staff about sound Annual Meeting processes and procedures, to provide sample documents and to work with her on the logistics, and on the agenda for the Annual meeting. The meeting was conducted smoothly in every respect, which enhanced the reputation of the new Corporate Secretary and her team with the General Counsel, senior management and the Board.

What kinds of things should you look for if you need to outsource – whether temporarily or on an ongoing basis?

In all cases, having the right person is essential: Board work is probably the most sensitive work in the company and the Board deserves to have someone with experience, judgment, discretion, and deep and up-to-date *expertise* at handling Board matters. Look for someone who has done the work; who understands the role and responsibilities from the in-house perspective and – above all – for someone who is an expert, and who keeps current on governance developments.

An “outsourced Corporate Secretary” must also be an outstanding collaborator and team builder: He or she needs to be able to work as a partner with in-house staff, with outside counsel and other advisors to the board, and, above all, with the senior management team – and with directors themselves.

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