



1,000 THINGS BOARDS & MANAGERS SHOULD KNOW

Good Governance Tip #6

Role of the Corporate Secretary

FROM RECORD KEEPER TO GATE KEEPER

While the basic duties of the corporate secretary can easily be defined, their multiple accountabilities to the Board, management, and membership, and the varied means to deliver that support, make the role more difficult to explain.

Generally, the corporate secretary is a senior officer with wide ranging responsibilities, serving as a focal point for communication with the Board of Directors, senior management, and the membership, and playing a key role in the administration of important corporate matters. In addition, the corporate secretary often plays the role of confidant and counselor to the Board Chair, CEO, and other members of senior management.

As Michael Barrett says, “the role of the corporate secretary continues to evolve. Gone are the days of the horn-rimmed, pencil sharpened, visor-clad, minute taker; the corporate secretary is now:

- An active partner with the directors to ensure Board effectiveness and good governance
- An advisor to the Board to ensure that policy and intent are manifested correctly
- A resource to provide trends and information
- The ombudsman for all members of the co-operative community to ensure a commitment to the values that we hold dear

The corporate secretary is an integral part of the effectiveness of any co-operative”.

The Traditional Role

Corporate secretaries continue to retain their traditional responsibility for the ‘administrative’ side of the Board and committee meetings. This often includes:

- Managing all Board and committee meeting logistics, which may include coordinating, preparing, and distributing Board and committee pre-read materials, meeting agendas, notifications, and meeting minutes for the Board of Directors and committees
- Attending Board and committee meetings and recording minutes, highlighting Board and committee decisions and/or information items, actions, and directives
- Reporting on outstanding agenda items and taking action to ensure information is provided to the Board and/or committee members in a timely manner
- Preparing all correspondence for the Board, including responses to inquiries or complaints directed the Board
- Orchestrating the co-operative’s annual meetings
- Maintaining key corporate documents and records
- Supporting the Board Chair in performing their role, including the provision of appropriate briefing material to represent the co-operative to the membership and other instances as requested by the Board

The Strategic Role

Beyond this, the emerging role of the corporate secretary is that of a senior, strategic-level corporate officer who plays a leading role in the co-operative’s corporate governance. Here is a breakdown of these newer responsibilities that you can use as a benchmark for your own co-operate secretary’s duties:

- Researching and staying current with corporate governance and secretarial functions and services
- Keeping board members apprised of governance trends and developments through the provision of briefing materials in order to assist the co-operative in formulating and developing effective policies and making informed and contextual decisions to ensure the co-operative operates within the confines of its best business practices
- Developing and proposing innovative corporate governance policies and best practices by recommending policies and procedures to the Board and committees for approval and implementation, while balancing governance needs and the co-operative's goals
- Providing expertise, advice, and recommendations related to a broad range of corporate governance and Board issues by identifying concerns and developmental needs, and providing strategic advice to the Board, committees, and CEO
- Promoting and facilitating open and full communication links, and ensuring an effective flow of information between the Board, its committees, management, and outside advisors
- Acting as advocate for the Board with management with respect to roles and accountabilities, and how these contribute to organizational success
- Monitoring and evaluating the implementation of governance policies and directives, and recommending proposals to address deficiencies in order to achieve the co-operative's overall strategic objectives
- Supporting and directing governance processes, including:
 - Supporting the Board in ensuring an effective director nomination process
 - Orientation of new directors and ongoing Board education
 - Developing and implementing guidelines, criteria, and instruments to evaluate and enhance individual member and Board performance
- Building and maintaining an effective network of business relationships in the corporate governance field in order to understand and achieve best practices

The Reporting Dilemma

These multiple and changing roles raise tough questions about accountability, such as 'to whom should the corporate secretary report', and 'who is the right person to fill these roles'?

Traditionally, the corporate secretary was appointed from among the (volunteer) board members, as were the Chair, vice-chair, and treasurer. This was a reasonable fit when the primary role was record-keeper for the Board. However, most co-operatives today name a full time staff member as corporate secretary (and another as treasurer) in recognition of the higher demands (in terms of time and specific knowledge areas) of the position.

A little over half of corporate secretaries report directly to the CEO or indirectly through another senior management team member (such as the vice-president of member relations or the legal counsel). A little less than half of corporate secretaries report to the Chair on behalf of the Board.

Regardless of which reporting line is chosen, it is a constant struggle to balance the practical need for dual accountability. When a corporate secretary reports to the CEO, the Board may perceive that it is not receiving 'independent', unbiased governance advice and that the corporate secretary's time may be called on by management to perform various other duties. In this case, the Board may even ask the corporate secretary to absent themselves, along with the CEO, during in-camera sessions. This can risk minutes not being taken properly or not being taken at all, or decisions being taken without full deliberation of their consequences.

Yet when a corporate secretary reports to the Board (or Chair), there is a risk (real or perceived) that a second line of communication or, worse, direction has been established in competition or in tension with the main Board-CEO line. If the Board has multiple employees, this argument goes, how long will it be until the Board actually becomes the senior management committee and all the managers report to it?

It is a balancing act. The corporate secretary has to find a way to be accountable effectively to both the Board and the CEO, no matter where the formal reporting line is. At times, it is less balancing and more acting as an ombudsman and neutral space. Wearing many hats (human resources, member relations, and other) means you have to compartmentalize, exercise great discretion and confidentiality, and always be on the look out for commonality, compromise, and consensus.

In some larger co-operatives, the corporate secretary is also the senior legal counsel, which adds another layer of responsibility, giving the organization and the Board advice on legal matters in addition to keeping records and assisting with corporate governance. Whichever choice you make, the key is to enable the corporate secretary to have a dual reporting role, to management and to the Board, on different matters.

Rising to the Challenge

The very nature of these roles presents some key challenges, including:

- Working simultaneously with the Board and management
- Acting as the gateway and facilitator for information between these two autonomous power bases
- Balancing governance team (Board Chair, CEO, etc) needs with the goals of the co-operative

Rising to these challenges requires, first and foremost, having the right kind of person appointed as corporate secretary. The corporate secretary must be someone with the strength of character to be able to report to both the Board (via its Chair or President) and the co-operative itself (via its CEO or general manager). They must be someone with sufficient seniority, skills, and stature to fulfill the strategic as well as traditional roles of corporate secretary. And, they must be someone who is prepared to undertake significant and ongoing professional development in order to stay current with a rapidly changing field.

Further, the board and management teams have a responsibility to ensure that the corporate secretary is given sufficient resources and latitude to complete their responsibilities. This means budget (financial resources), support staff (human resources), and respect (delegating scope of authority).

For further information on this and other related topics, as well as many co-operative development subjects such as governance, finance and marketing, strategic planning, management, etc, contact the Nova Scotia Co-operative Council at the address below. Our knowledgeable staff of Business Development Officers, located in Truro, Sydney, and Yarmouth are available to assist you in all areas of co-operative development. You can also visit us on the web at www.nsko-opcouncil.ca.



Nova Scotia Co-operative Council

Making a Difference in Nova Scotia Communities

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