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Hedley May is unique in the world of executive search. We specialise in senior functional roles for major corporates, financial institutions and professional services firms, operating globally from our offices in London and New York.

Find out more:  
Nick Hedley  
Hedley May, London  
+44 (0)20 7858 9430  
nick@hedleymay.com

Eleanor Sutton  
Hedley May, London  
+44 (0)20 7858 9437  
eleanor@hedleymay.com

Vanessa de Samamé  
Hedley May, New York  
+1 646 666 9397  
vanessa@hedleymay.com

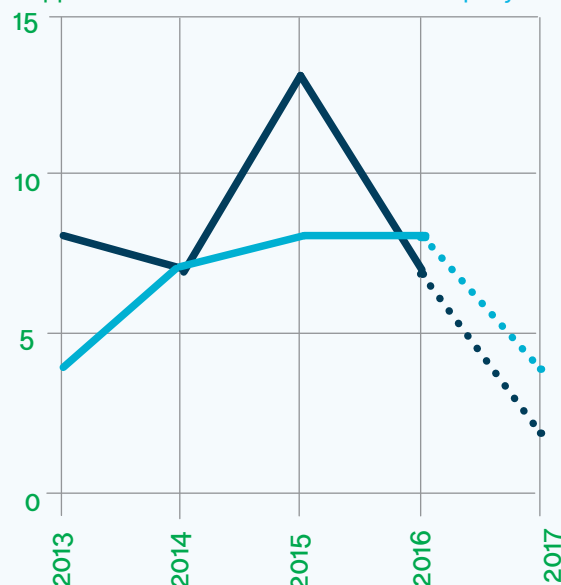
## Retention Index — October 2017

FTSE 100 General Counsel and Company Secretary

### Demand for Company Secretaries outstrips General Counsel as appointments slow to a trickle

- The number of General Counsel appointments at FTSE 100 companies has declined from 13 in 2015 to just 7 last year. And this trend looks set to continue; in the first 10 months of 2017 there have been just 2 appointments. It is a trend that is mirrored, albeit less starkly, in the FTSE 250 with General Counsel appointments down from 18 in 2015 to 16 in 2016.
- This decline is brought sharply into focus by the fact that FTSE 100 General Counsel appointments have been overtaken by standalone Company Secretary appointments — there were 8 of these appointments last year, which represents a reasonable rate of activity as 53 of the Company Secretarial roles are double-hatted by the General Counsel.
- With economic growth predicted to be around 1.5% this year—insipid, but stable — there is no great impetus for change. With few companies issuing profit warnings nor venturing into major new growth initiatives, PLCs find themselves in a steady state environment. As a result, there are fewer changes at C-Suite level as a whole — CEO, CFO and HRD appointments across FTSE 100 were all lower in 2016 than they were in 2015. However, this is most pronounced with what has always been the stickiest of senior management roles — the General Counsel.
- This could all change, with the downside risks to the economy appearing to be greater than the upsides. However, for the time being there are a number of implications — detailed overleaf — which are affecting the demand for General Counsel and, in turn, will start to impact legal functions as a whole.

FTSE 100 appointments: General Counsel vs Company Secretary





# Hedley May

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## Internal candidates

In a stable environment, companies are more willing to appoint the step-up internal candidate. This is the ideal time for someone to learn the ropes without throwing them into the deep end. In 2016, of the 7 General Counsel appointments, 4 went internal.

## Stockpiling of external candidates

With a weak pound, the number of takeovers of UK PLCs is increasing. As one PLC disappears, so does a Group General Counsel role as well as any standalone Company Secretarial role. In a market that is already slow, the number of available external candidates is rising.

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## Gender diversity

The legal function has long been a relative success story for a strong gender balance. However, this has not yet translated into a significant rise in the number of female General Counsel — in FTSE 100 it is currently 20 and 39 in FTSE 250. However, with a high percentage of step up candidates — internal and external — being female, expect the needle to move. Last year, 3 of the 7 FTSE 100 appointments were female but only 4 of 17 in the FTSE 250.

## The number of FTSE 100 female GCs edge upwards... slowly



FTSE 100 Female GCs from 2013–2017

## Stagnation in the Legal Function!

The weakness in the market affects all levels and so in-house lawyers as a breed are finding it harder to build their career, through either internal or external promotions. Against this backdrop, preventing the function from becoming ‘stagnant’, particularly at a time when the company itself is embarking on fewer growth initiatives, will be a key leadership challenge for General Counsel.

