

Methodology

We interviewed 62% of Group Directors of Corporate Communications/Affairs in the FTSE 100. The interviews took place between October and December 2019. The same questions were asked of all interviewees.

Not all companies in the FTSE 100 employ a dedicated Group Corporate Communications/Affairs Director. At the time we conducted the interviews there were 78, leaving 22 companies that don't have the role or individual. Percentages are calculated on that basis, i.e. 78 = 100%.

Nomenclature

We interviewed both corporate communications and corporate affairs directors, whose roles are increasingly similar, with one key distinction. In several FTSE 100s, the corporate communications function does not have responsibility for public affairs/government relations.

For ease and consistency we have used the Corporate Communications nomenclature throughout, since it is still more commonly found than corporate affairs in the FTSE 100 (52% vs 36%).

Unlike other corporate functions such as Finance and Legal, there is still no universal nomenclature for the function. Other functional titles that are found in the FTSE 100 denoting the same or very similar functional remit include:

- Corporate Relations (growing)
- Corporate Affairs & Sustainability
- Investor Relations & Communications
- Public Affairs and Communications (PAC)
- Chief Business Development and Corporate Affairs Officer
- Communications & Marketing
- Corporate Affairs & Strategic Planning

Acknowledgements

Our thanks and gratitude go to all those FTSE 100 corporate communications and affairs directors who gave freely of their time and insight. We would also like to thank the senior consultancy figures we spoke to from a number of consultancies including Brunswick, Teneo, Headland, Powerscourt and Finsbury, who contributed their valuable insight to the survey.

Executive summary

Compared to other corporate functions, the role of Group Director of Corporate Communications/Affairs is still not firmly established in the FTSE 100. Indeed, some 22% of the FTSE 100 do not have the function represented at a senior level at Group. This figure has oscillated between 20% and 23% since the survey began in 2013 but has largely remained static.

Reporting line

Where the role exists, a reporting line into the CEO is commonplace, but not yet the norm at 76%. Again this figure has remained consistent over the years, hovering between 75% and 78% since 2014.

Gender representation

This year the percentage of female corporate communications directors has risen from 39% to 44%, but still short of parity and still short of its high of 51% in the 2016/17 survey. Unlike in 2018, the majority of new appointments made during 2019 have been female which has obviously been a contributory factor.

The percentage of FTSE 100 Corporate Communications/Affairs Directors who are formal members of the Executive Committee has risen to 51% this year, back to the level it was in 2017. There as many female communications directors on the ExCo as there are male.

Executive Committee

The biggest corporate communications team is over 500 and the smallest is five.

The size of teams in the FTSE 20 has fallen.

In 2018 65% of companies in the top 20 had teams numbering 300+. This year the less than half (44%) had teams of over 300. Whilst headcount has decreased across the top 50 companies, the average team size has in the bottom half of the FTSE 100 grown (36 vs 34).

Remuneration: a continuing gap

As in previous years, there is a significant gap between the remuneration of a FTSE 20 Corporate Communications/Affairs Director (average salary £400,000) and one in the lower half of the FTSE 100 (£218,000). On average women are paid 7.5% less than men so there is also a gender pay gap.

More emphasis on sustainability

Over 60% of interviewees told us that sustainability had become a much bigger and time consuming part of their role. Sustainability is now a direct report in 48% of FTSE 100 corporate communications functions (it is actually more common in corporate affairs but in this survey we are using the corporate communications nomenclature, see page 3).

Capability and skill priorities

This year two stood out from a list of seven that we identified. The two are Integrated Campaigning and Digital. Digital is now a perennial in this survey, simply because the social media landscape changes so rapidly that there is an automatic tendency for most teams to believe they are behind the curve.

Corporate brand

Corporate or Group brand continues to rise up the agenda, mainly because of the growing convergence of brand and purpose and the power of both to carve out a differentiated position for a company. With many companies aspiring to be purpose-led brands the two have become even more intertwined.

Interaction with the Non-Executive Board

We asked each corporate communications director whether their level of interaction with the Board had changed over the past year and 62% reported that it had. This is due to the fast evolving corporate governance agenda along with the rapid escalation of the ESG agenda and all the associated commotion.

Better news on budgets

This year 32% of interviewees reported increases in their budget for the year ahead vs 10% last year, though 30% also reported cuts in budget, the same as last year. This year it was the 'No change' figure that declined.

Changing of the guard

Unlike the previous two years, where there have been a significant number of changes and new appointments, 2019 saw less change, with only nine departures/new appointments. The amount of change in 2017 and 2018 is reflected in the 'Tenure in the role' section. In 2016/17 only 25% of FTSE 100 group corporate communications had been in the role for three years or less. Now 62% have been in the role for three years or less.

01 / Percentage of FTSE 100s employing a Group Corporate Communications/Affairs Director

This year we found that 78% of FTSE 100s employ a Group Corporate Affairs Director, similar to last year (79%). Of the 22% of companies that do not have the role, several have the functional capability but at more of a middle-to-senior management level. The position is therefore not sufficiently senior to be included in this survey (it would also skew the findings, in particular regarding remuneration).



Corporate Comms/Affairs

78%

2019/20

79%

2018/19

81%

2017/18

With/Without the role % by market cap



FTSE 100 (in total)

78%/22%



FTSE 20

100%



FTSE 21-50

77%/23%



FTSE 51-100

67%/33%

It is mainly in the lower-profile, frequently B2B companies towards the bottom of the FTSE 100 that the role is less established at a senior level. It has to be assumed that they don't regard communications, stakeholder relations and reputation management as business-critical. The figures above demonstrate this very clearly.

The small further decrease (vs last year) in corporate affairs representation at director-level is also explained by the relegation of companies such as Royal Mail Group who employ a senior level corporate affairs director; coupled with the arrival of one or two that don't.

02 / Reporting to the CEO

We found that 76% of Corporate Communications/Affairs Directors report to the CEO, which has dropped back to its 2016/17 level, but only marginally. Other main reporting lines include: HR/People (8%), Marketing/Commercial (6%) Finance (4%), Other (6%) includes General Counsel, Strategy and Regulation and Business Transformation. The reporting line to HR and Marketing has increased, Finance has held steady, but the line into General Counsel now appears to be declining.



03 / Executive Committee membership

The number of Corporate Communications Directors that are formal members of their respective ExCo has increased this year, from 49% to 51%, which is back to its 2016/17 level. As the figures below reveal, the probability of ExCo membership is greater in the FTSE 50 where there tends to be a keener understanding of the importance, contribution and strategic insight of the corporate affairs function and the non-negotiable need for its representation on the Executive Committee. Here it can exercise greater influence over decisions which have (often unintended) reputation-related consequences.

Membership of Executive Committee

51%

2019/20

49%

2018/19

51%

2016/17

Membership of Executive Committee by size market cap

58%

FTSE 20

57%

FTSE 21-50

44%

FTSE 51-100

We have observed in previous surveys that corporate communications, with some exceptions, still lacks the standing and recognition enjoyed by Finance, HR, Legal and (in big FMCG companies) Marketing. Unlike these functions it is not yet formally established or institutionalised and this is arguably due to the lack of any consensus and widespread understanding of the function's contribution to business success, as well as the absence of any formal training and qualifications.

There are no set criteria, but membership of the ExCo is more probable if:

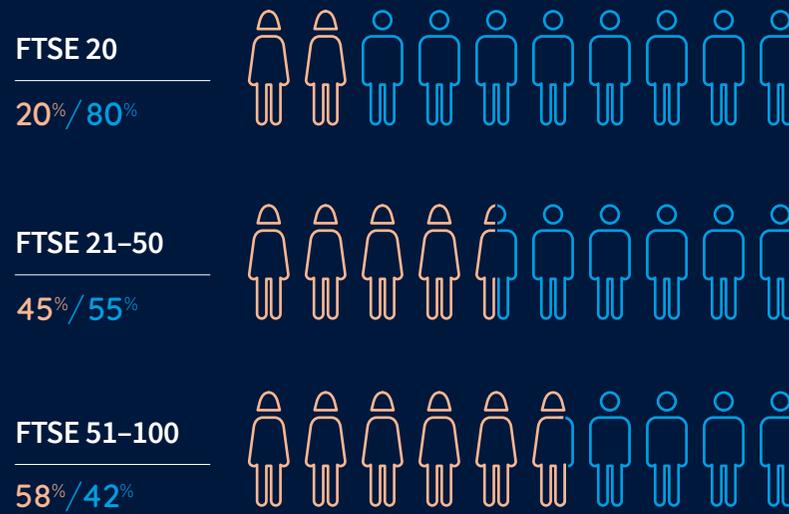
- 1 / The CEO values the function's expertise, advice and perspective.
- 2 / The company is high-profile, highly regulated and highly politicised, has a multiplicity of stakeholders and consequently corporate reputation is deemed to be a highly prized strategic asset that requires the most senior level of professional management.
- 3 / The individual represents a broader range of functions, such as Legal & Corporate Affairs.
- 4 / They are seasoned and high-calibre executives who have proved themselves at this level and are capable of making a wider contribution to ExCo discussion and decision-making.

04 / Gender analysis

There is a higher proportion of female Corporate Communications/Affairs Directors than there was last year (up from 39%) but the figure is still below the 51% figure recorded in 2016/17. The majority of new appointments this year have been female (55% vs 45%) which partly explains the increase. New entrants to the FTSE100 have also helped account for the change. An interesting picture emerges when the gender balance is examined by market cap. The proportion of women in the role clearly increases as market cap decreases, to the extent that they outnumber men in the bottom half of the 100.

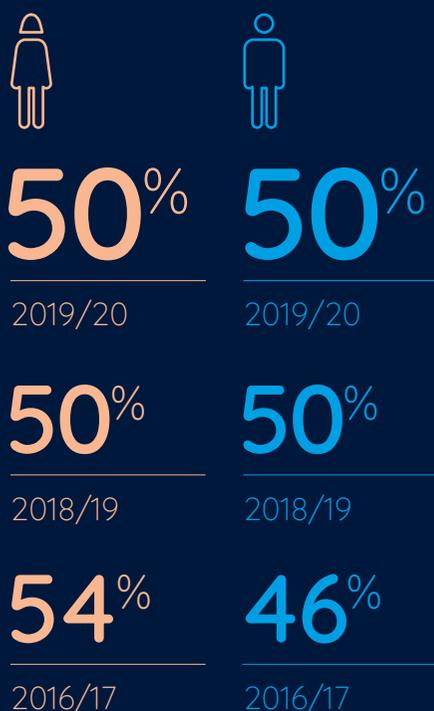


Gender ratios by market cap



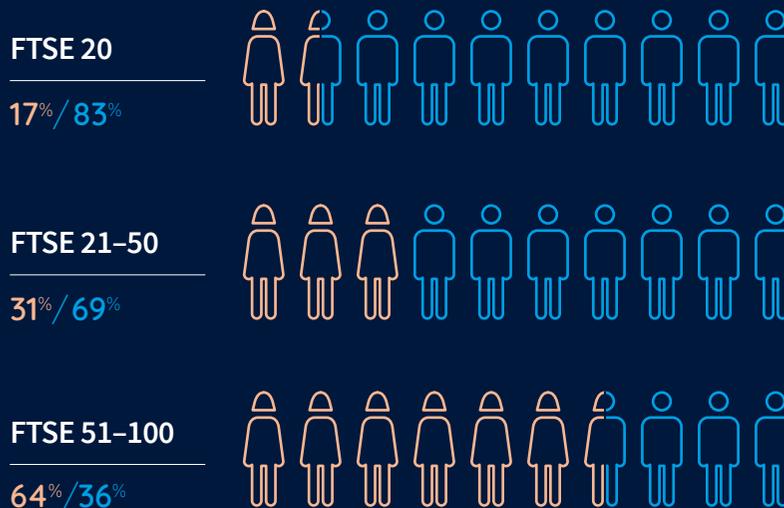
04 / Gender analysis / Gender balance on Executive Committees

Looking at Executive Committee membership (now at 51% overall across the FTSE 100), the gender balance has remained the same as last year, with an exact 50:50 ratio of female to male, so there is no discernible bias. Women in fact are over-represented since they are under-represented overall in the FTSE 100 (44% vs 56%). Again, it is interesting to examine this by market cap. In the FTSE 20, where Group Corporate Affairs roles are male dominated (80% vs 20%), it follows that male representation at ExCo level predominates. But this male bias steadily declines in relation to the decline in market cap.



Gender balance on ExCo

In the FTSE 50 28% of female Directors of Corporate Affairs are on the ExCo and in the bottom half this figure rises to 64%.



05 / Remit and responsibilities

The disciplines and activities for which the corporate affairs and corporate communications functions are responsible vary, but the following are common to all functions in the FTSE 100.

- Communications (often includes Media and/or Internal Communications, but sometimes External only)
- Group Media Relations (if not included in Communications above)
- Social & Digital
- Crisis & Issues Management
- Group Brand (sometimes combined with Digital or Reputation)
- Corporate Reporting (normally shared with IR and Company Secretary)

The main variations are:

Internal Communications

a direct report or incorporated into the Corporate Communications reporting line (see point above), is part of the remit of **77%** of FTSE 100 Corporate Comms/Affairs functions. The other reporting line for Internal Communications is HR (19%) and a very small number of companies don't have any internal communications resource at Group and instead embed it in the business units.

Public affairs – part of the remit in **58%** of FTSE100, more often when the function has the Corporate Affairs nomenclature. It is less common in Corporate Communications functions.

Sustainability (see below), a function or team for which **48%** of corporate communications functions in the FTSE100 are now responsible (strategy, narrative, outreach, reporting NOT delivery), a figure that has grown this year since a number of interviewees reported that it had been moved into their team by the CEO. It often includes Community Relations/ investment, which in a number of sectors such as Energy can be a sizeable team.

Investor Relations reports into the Corporate Communications/Affairs function in **18%** of the FTSE 100 (previous year: 14%). When this happens the function is likely to be quite IR-focused and led by someone with an IR or investment banking background.

Although digital and social media is omnipresent, a specialist direct report (i.e. **Head of Digital**) is not as widespread as might be assumed – only **31%** have a Head of Digital on their leadership team. **Corporate Brand and Digital** are sometimes combined under one functional head.

We asked each interviewee for the titles/ responsibilities of their leadership team/ direct reports, and this revealed a number of less widespread specialist teams. Of these the most interesting and fastest growing is a **Strategic Planning and Insight** team (it had different titles but the same remit) which tends to employ a mix of planners, data analysts and researchers. Others included: **Brand & Reputation; Content (& Campaigns); Events and Hospitality; Community and Investments.**

05 / Remit and responsibilities / Emerging themes: Sustainability

Sustainability, as a function and an activity, was explored in greater detail in this year's survey. The rationale being the pervasive nature of the discourse around climate change, a low carbon economy, the planet, responsible business, ESG, societal impact, purpose and stakeholder balance (Business Roundtable CEO statement and the annual Larry Fink letter), etc.

Just over 60% of all interviewees reported that it had become a bigger and more time-consuming part of their role, as demonstrated by the following quotes.

▲▲ It has been about 85% of my workload over recent months.

ESG investor roadshows are increasingly prevalent and the IR team is reliant on the corporate communications/affairs function for narrative, content and other materials.

In a number of companies the Sustainability team now accompanies IR on ESG roadshows, a trend that is likely to increase in 2020.

▲▲ The last three months have been taken up producing content and narrative for ESG roadshows.

The Board is taking much a greater interest in the whole sustainability agenda too and this is inevitably reflected in the agenda and priorities of the function.

▲▲ We now have to report to the Board on how the company develops better outcomes for all stakeholders. That is fairly new.

▲▲ It has accelerated more in the previous two years than in the previous fifteen.

The Corporate Responsibility title (or CR/CSR) has all but disappeared. **Head of Sustainability** is most prominent but others include **(Head of): Responsible Business; Society, Purpose and Sustainability; Sustainability and Transparency.** Sustainability can also be combined with Government Relations into one team.

▲▲ Our key drivers of reputation sit in this area. It's pretty well constant now.

05 / Remit and responsibilities / Emerging themes: Purpose

With companies now expected to demonstrate a purpose beyond profit and with some more proactively seeking to carve out leadership positions on certain societal issues, we introduced two questions about purpose.



b) “Who leads on Purpose?”

Although the definition of a company’s purpose, along with the commitment to making key business decisions through the lens of purpose, has to come from the top, it still needs a focal point and someone to drive it forward, energise it and to bring it to life.

We found that in 46% of the FTE100, the corporate communications leader is responsible for leading the purpose agenda. In certain cases this was done in conjunction with HR (because of the culture and employee brand proposition) and sometimes with Marketing (because of the overlap with brand).

Like other components of the overarching sustainability agenda, purpose is now a key business priority, if not a business imperative, in the year ahead.

- ▲▲ How do we become a purpose-driven organisation, that is the big priority for us this year.
- ▲▲ The CEO is fixated on sustainability and our role in the community.
- ▲▲ We are turbo-charging our social value proposition this year – it’s a business imperative.
- ▲▲ It is crucial in underpinning competitive advantage – access to capital, to talent and to other assets.

06 / Size and structure of Corporate Comms/Affairs teams

The size of the function varies considerably across the FTSE 100, from over 500-strong down to five, and is determined by the following factors:

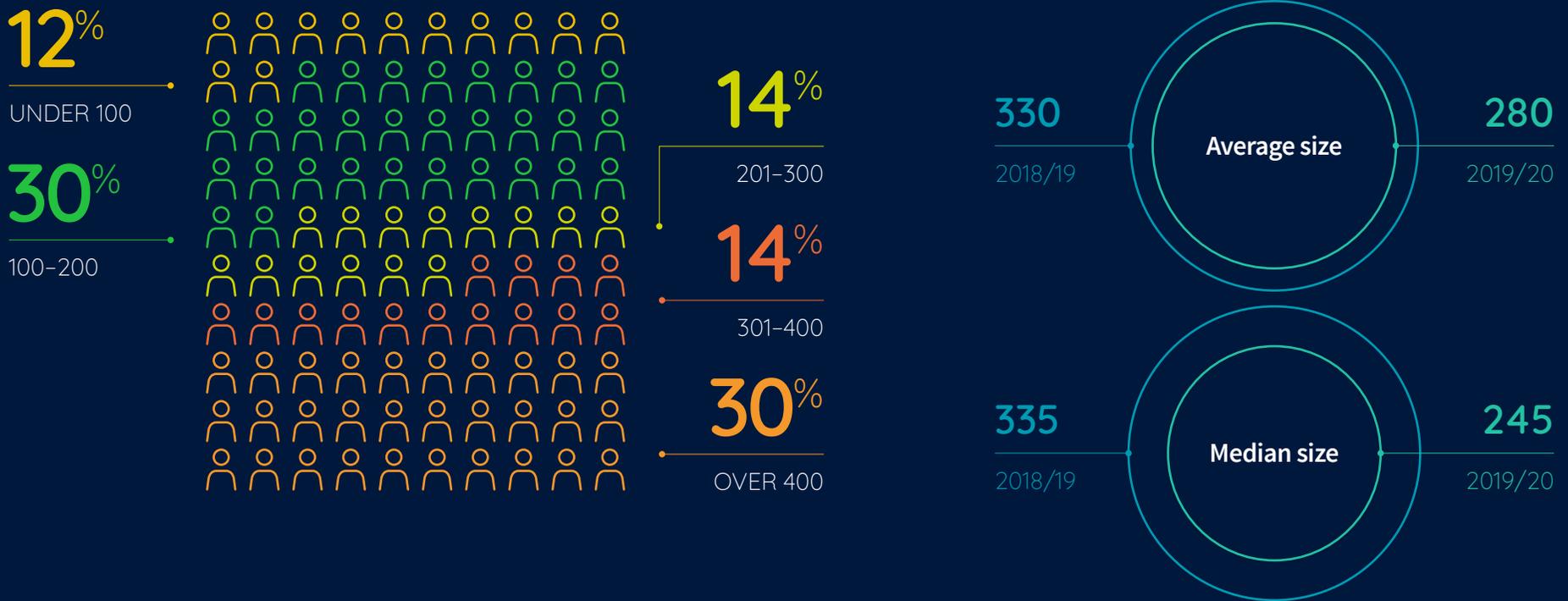
- Global footprint – more regions and/or BUs = more headcount at regional, opco and in-country levels and the need for more direct reports
- Complexity and scale of the stakeholder ecosystem
- Global and in-country regulatory and political complexity
- Breadth of remit and responsibilities
- Market cap
- Perceived value and importance of function to the business.

Corporate communications functions in the top 50 of the FTSE 100 tend to have the majority of their team (50–75%) based in the regions and business units, with a smaller proportion working in Group. This is for the simple reason that, collectively, companies in the top 50 have a comparatively higher proportion of their businesses, assets and people overseas. This ratio has not changed significantly over the years although there has been some movement towards centralisation at Group, mainly for governance reasons. The exceptions to this are those whose UK business far outweighs their overseas interests (e.g. Lloyds Banking Group and BT). Those members of the team who are based in regions, markets or BUs normally have a dotted line (78%) into the Group Corporate Affairs/Communications Director, although a few interviewees had managed to get their wider team hard-lined into them over the past year.

In common with other sections of this report we have analysed the figures by market cap. FTSE 20 teams are predictably bigger, with more direct reports, than those lower down the rankings, as the following analyses clearly indicate.

06 / Team size / FTSE 20

The smallest team is approximately 55 and the largest over 550, so there is a huge disparity in size within just the FTSE 20 itself. The average and median size has dropped considerably this year, reflecting headcount cuts across the board, some more drastic than others. Last year 65% of companies in the FTSE 20 had Corporate Communications/Affairs functions numbering 300+. This year the figure has declined to 44%. The average number of a director's direct reports (leadership team) for a FTSE 20 is eight, higher than the rest of the FTSE 100 due to more regional leads.



06 / Team size / FTSE 21-50

The average number of direct reports is six. The smallest team numbers just 12 and the largest is over 200-strong. As in the FTSE 20 there has been some reduction in headcount, with the average size dropping from 84 to 76 and only 9% employing teams of over 200 vs 21% last year.

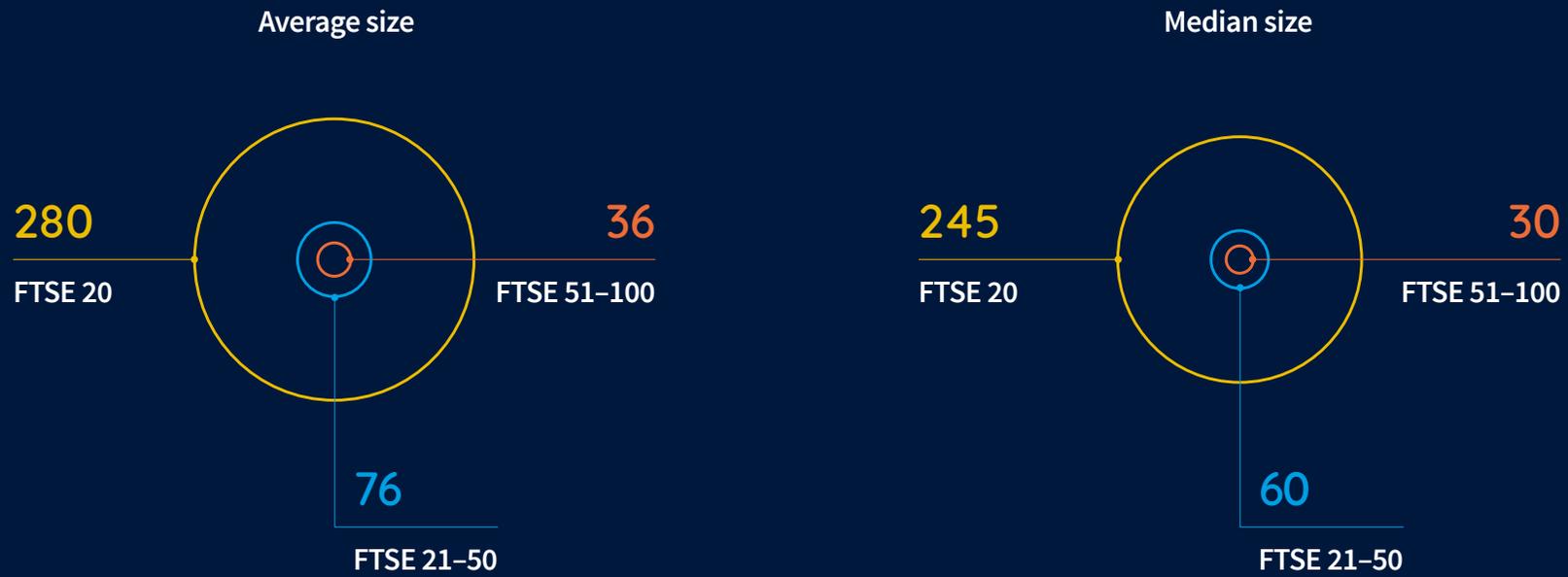


06 / Team size / FTSE 51–100

The average number of direct reports is six. Headcount decreases significantly in the bottom half of the FTSE 100, though number of direct reports does not, with 72% of companies employing corporate communications teams totalling under 50 (a team of that size does not exist in the FTSE 20). Unlike the FTSE 50, however, the average size of the function has grown and 28% now have teams in excess of 50, up from 22% last year.



06 / Team size / Summary



07 / Organisational and capability priorities

Interviewees were asked two questions to elicit their opinion of the overall effectiveness of their function and its development needs. The first was “*From an organisational effectiveness perspective, is there anything you need to change/improve? Do you believe the function is fit for purpose?*”, the second was “*Has the hierarchy of skills and expertise you need your team to possess changed over the past year and do you envisage it changing?*” Since the answers related to either organisational challenges or capability and skills priorities, we have organised them accordingly.

Organisational

Most interviewees believed their function was largely fit for purpose. Those that did not identified a number of challenges and shortcomings that can be summarised as follows:

- Promoting and positioning the function internally, a reflection of the fact that their team is still not as established as other corporate functions, nor its value and impact fully recognised.

“ I am trying to reposition the function away from project creation to value creation and away from functional experts to business leaders.

“ We need a clearer narrative/story on how we are delivering commercial success to the business.

- Better coordination and alignment of communications and communicators across the enterprise, a challenge that tends to be more prominent in those companies with more of a fiefdom culture and where BUs are more empowered. The BU communications teams feel more beholden to their BU leader and are often better resourced than the corporate/group team.
- Measurement. Most companies have tools (e.g. reputation trackers) to help them better understand and evaluate their reputation, but measurement of delivery and impact remains a weakness.
- The need to get more corporate communications/affairs weight on the BU/ regional leadership teams, so that its voice and its ‘outside in’ perspective is both heard and factored into their decision-making.

Capability

All the following skills and competencies are becoming increasingly important and in demand and this importance often exposes their relative shortcomings. Although not ranked in order of importance, the first two (see following page) stood out by some margin:

- Integrated campaigning
- Digital
- Sustainability
- Brand
- Data & Insight
- Content creation, including copywriting skills
- Public Affairs and political risk.

07 / Organisational and capability priorities

An integrated campaigning model is one that several functions are in the process of moving towards. Many functions already run campaigns around certain issues or in support of specific business needs (e.g. policy change), but it's a spasmodic activity rather than an organisational model. This distinct shift towards a campaigning model has been brought about by the blurring of audiences and the recognition that the traditional siloed, audience-centric approach is no longer fit for purpose. Also, as one interviewee observed:

▲▲ We need to become more campaign focused, rather than news focused.

Digital and social includes content (creativity), since social media, digital and content all converge and overlap in the context of corporate communications. As we observed last year

▲▲ The social media landscape is changing so rapidly there is an automatic tendency for most companies to believe they are behind the curve, even if they aren't.

So, by definition, there is an ongoing search for new and smarter ways of doing things, coupled with the nagging concern that they don't have the optimum capability.

Almost every interviewee we spoke to believes that their team, if not the business itself, needs to be more digitally savvy.

▲▲ Always a sense of being behind and playing catch up.

▲▲ We are trying to become more digital, turning off digital channels and realigning budget away from analogue.

In the context of digital and social we identified **six** key issues, challenges and priorities:

1 / How to intervene and convey your side of the story – stories increasingly originate and gather momentum online, sometimes inaccurate (just as they can be in traditional media), and one of the key roles of media relations is making sure that what is written is accurate. Calling a journalist off-the-record to explain the inaccuracy is not an option in social media, so how do you have a responsible dialogue with someone you don't know when everything is public and real time?

2 / The quality and impact of digital communications (creativity and relevance) and engagement on owned, earned and paid for channels.

3 / Achieving the right balance between traditional and social media.

4 / Monitoring and listening as well as managing the minute-by-minute news cycle and the sometimes overwhelming amount of noise.

5 / Enabling and coaching.

6 / Optimising and leveraging social media's potential as a measurement tool but also understanding its limitations.

The following quotes illustrate some of the points above:

▲▲ The digital dimension is ever growing. Trad media is still important but it is social media that we have to focus on. We push out content, but it is not engaging.

▲▲ Creativity is so important. Twitter has reduced everyone's attention span so we are trying to harness the power of social media and digital by communicating in short bites. You learn through experimentation.

▲▲ How do we cope with a minute-by-minute news cycle and determine what warrants attention or not?

08 / The consultant's view

This year, for the first time, we asked a number of senior and respected consultancy figures (Teneo, Brunswick, Headland, Powerscourt, Finsbury) to provide their perspective on the challenges and preoccupations of the function through the lens of their client relationships and mandates. Overall they believe that the function is being swamped and challenged as never before, presenting opportunities for those able to step up and a threat to those who can't.

“The expectations placed upon corporate affairs are so diverse and broad. Day-to-day agility, a wide spectrum of knowledge and insight, combined with long term strategic thinking are all crucial. How does the corporate affairs director organise to meet these demands and stay one step ahead of the business.

“Corporate Affairs has to have a radar on such a broad range of issues and topics and have an informed view of what their company's position is on a much broader range of societal issues.

“They have never been needed more at the top table because of the amount of reputation issues flying around. But how many of them are actually influencing voices around the table?

In their view CEOs prize the ability and insight to bring strategic clarity to a world that never fails to get more complex and where potential reputation risk abounds. If they can't bring that, then they are unlikely to secure a place at the top table.

We asked whether there were any consistent themes running through the mandates that they were pitching for or the assignments they were undertaking for their clients. By some distance the recurrent response was helping clients better understand an increasingly complex and fast changing societal, political and business environment (the external world) and define their position within it, as well as the narrative around that position. Climate change, societal expectations and social activism, purpose, the implications of the revisions to the Corporate Governance Code and the ESG agenda are all drivers. The following quotes were typical:

“They want a better understanding of these things, how other companies are dealing with them, what they should be doing, how they should be positioning themselves.

“We are increasingly helping companies find a position that aligns with the needs and expectations of society.

“An increasing flow of sustainability related briefs, more about story telling at the moment but steadily enlarging to strategic positioning.

These uncertain and rapidly changing circumstances in which many companies find themselves is also leading to more requests to conduct reputation risk audits, sometimes briefed by the Board and not the ExCo; an interesting development that is worth noting.

The other theme, remarked upon by a number of consultants, is technology and digitalisation in all its guises – cyber, data privacy, digital transformation, fake news, social media etc.

“We are now seeing mandates from non-technology companies looking for insight around data privacy.

Some consultancies have established advisory capability in the first two of the above to meet growing client demand.

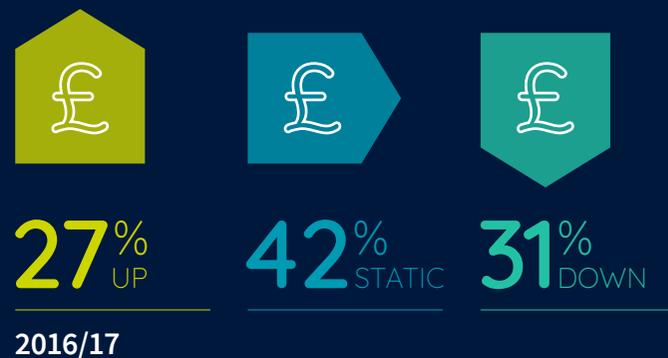
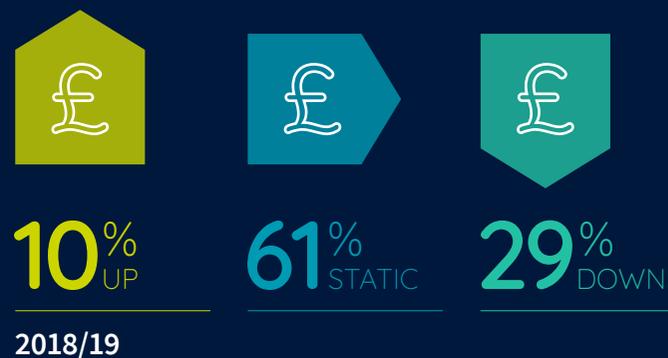
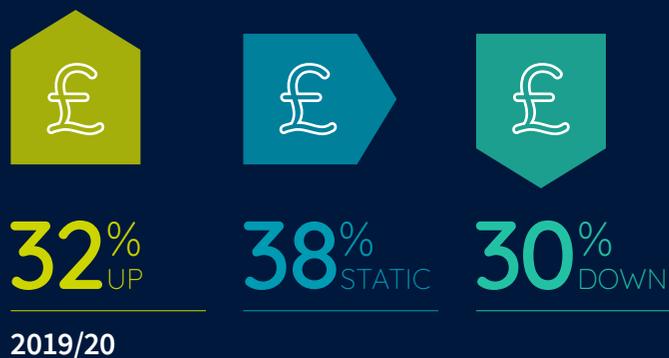
One of the senior consultants we spoke to observed that communications functions generally were just not “digitising” fast enough and that they were

“...underpowered and underinvested in proper integrated mainstream media management.

09 / Budget

The picture this year is more positive **with 32% of interviewees reporting increases** in their budget for 2020. In our last survey only 10% reported increases.

However just under a third also **reported a cut in their budget** year-on-year, a picture that has remained consistent over the past three years. Where budgets have increased, it is either due to an investment in more and bigger campaigns (sometimes both above and below the line) or because of the addition of a new team or function (e.g. Sustainability) to their remit.



The biggest share of budget, anywhere between **25–50%**, goes towards salaries. The balance, still substantial, is spent on consultancy support, campaigns, content, digital assets, research, conferences and events and community investment.

10 / Board interaction

This a new section in the survey, introduced as a result of the new demands placed upon the Board brought about by the revisions to the Corporate Governance Code which took effect at the beginning of 2019 (s172). Its main new provisions were that Boards need to disclose how they have engaged with employees and wider stakeholders and how the interests of such groups have influenced Board and Executive decision-making. There are other factors, namely the escalation, if not explosion, of the ESG agenda over the past year.

Collectively these have led to a new set of questions from investors that the Board has not had to face before. They want to be able to answer these questions credibly and authoritatively and Corporate Affairs, along with HR, is the function that they are most likely to go to for the insight and answers they increasingly require.

Interviewees were asked the question *“Has your level of interaction with the Board increased this past year?”*

This greater level of interaction has manifested itself in different ways. For example they often sit together on Board Committees, which include Sustainability and Environment, Brand & Reputation, Culture and Colleague; or directly with the Chairman or SID.



▲▲ Yes, they are much more actively involved and are asking us to do more horizon scanning for them. The world is moving so fast and so are the questions they are being asked.

▲▲ The corporate governance picture has evolved and the Board is taking more interest in corporate affairs and the things for which I am responsible. It used to be quarterly, now it is monthly.

▲▲ Yes it has increased in a really positive and welcome way. There is much more informal contact now.

▲▲ Ratings agencies now want to hear what they are doing, AGM questions have changed, there are more ESG minded questions from journalists. There is a blending of all external activities towards this ESG agenda.

▲▲ Yes, mainly with the Chairman who wants to talk ESG.

Same (as in level of interaction as before) does not necessarily denote a low level of interaction, it may mean that the level of interaction was already there, as the following quote illustrates:

▲▲ The Board has always genuinely taken a keen interest in this.

Does this herald a future change in the relationship between the Board and the Executive and the way that oversight is exercised? Certainly it is a strong possibility as the following quotes indicate:

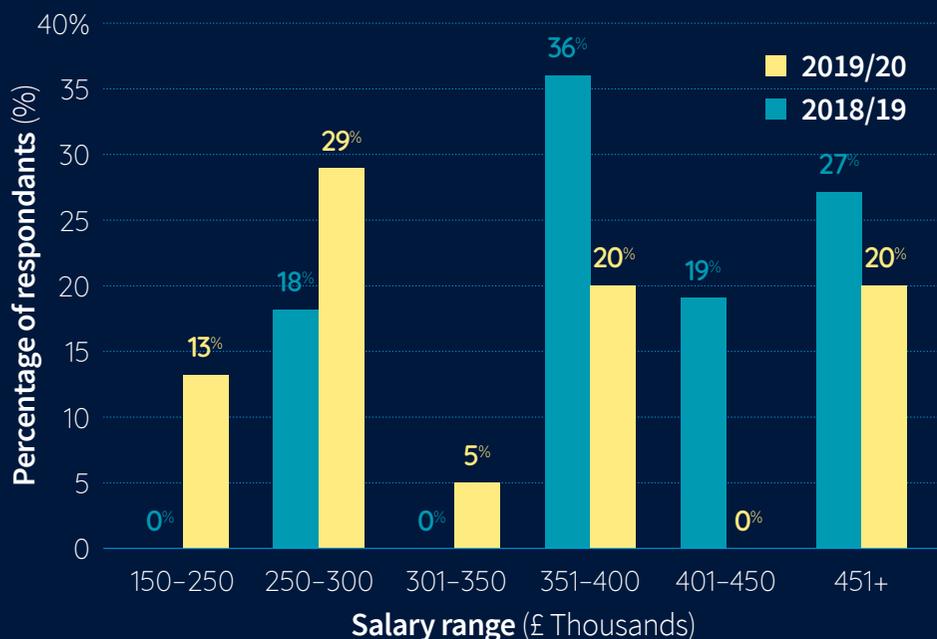
▲▲ The Board is getting more Executive.

▲▲ The Board are more advanced than the ExCo.

11 / Remuneration / FTSE 20

As in previous years we have analysed base salaries by market cap in three different groupings: FTSE 20, FTSE 21–50 and FTSE 51–100. This year, for the first time, we have compared male and female salaries to identify any potential gender pay gap. Such a gap does exist, on average across the FTSE 100 it is 7.5%. The picture has changed since last year. This is because four companies in the FTSE 20 have made new appointments. Average salaries are slightly lower than last year and the percentage of directors earning above £400,000 has declined from 46% to 20%. Now there are more earning a salary of £350,000 or under. Overall base salaries in the FTSE 20 now range from £190,000 to over £500,000.

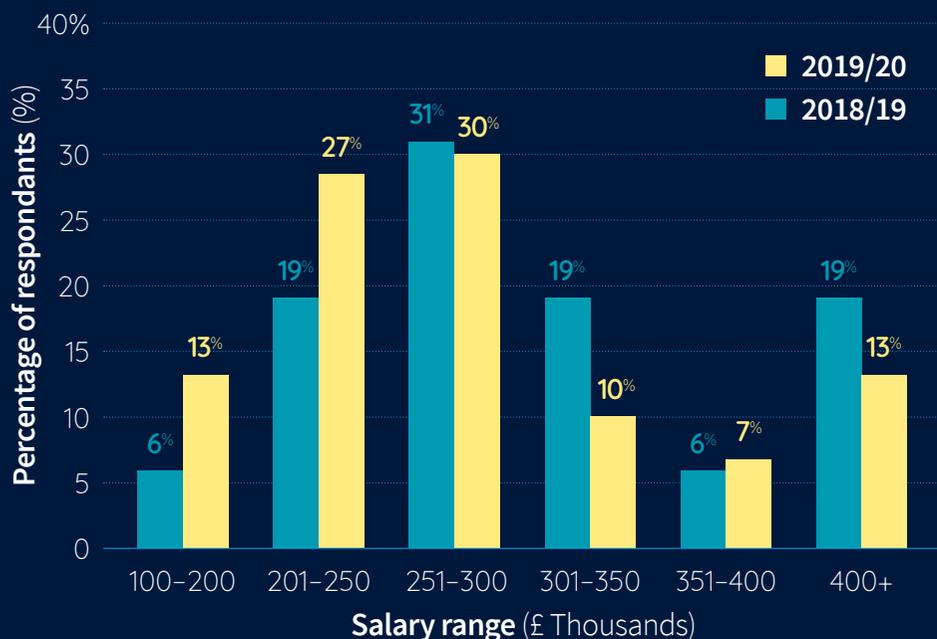
FTSE 20 Salaries



11 / Remuneration / FTSE 21–50

In common with the FTSE 20, the average salary has declined (although the median has risen), reflecting changes to the FTSE 100 and new appointments (not always like-for-like replacements). Base salaries in the FTSE 21–50 range from a little over £140,000 to well over £400,000. The average salary at £295,000 is some way below the FTSE 20 average of £391,000. There is a spike, as there has been in previous years, in the £251,000–£300,000 range and the number earning salaries in excess of £300,000 has declined (30% this year vs 44% in 2018).

FTSE 21–50 Salaries



£270,000

MEDIAN



£295,000

AVERAGE



£253,000

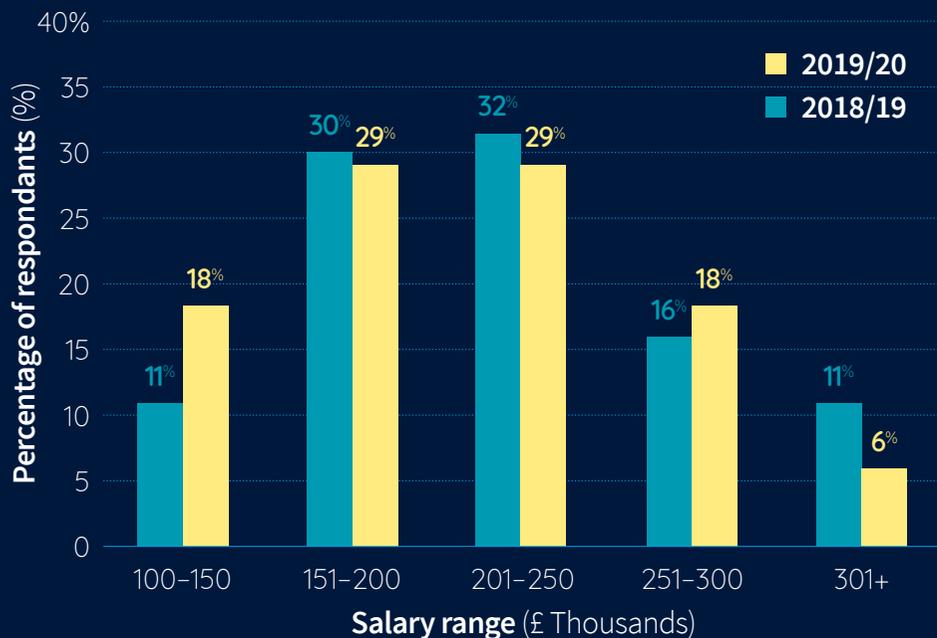


£235,000

11 / Remuneration / FTSE 51-100

In the bottom half of the FTSE 100, base salaries are predictably lower with an average salary of £214,000. There is a much clearer correlation between Executive Committee membership and the size of salary in the FTSE 51-100.

FTSE 51-100 Salaries



£220,000

MEDIAN



£210,000

AVERAGE



£215,000



£207,000

11 / Remuneration / Bonuses and total compensation

Bonus range

As can be seen in the graph below, on target % bonuses do not correlate with market cap and company size in the way that salaries do, although their actual cash value obviously does. Across the FTSE 100 bonuses in the range of 50–100% are most commonly awarded. These are mostly paid in cash, though a split of cash and restricted stock

units is not uncommon, particularly for those who are members of the executive committee. The average on target bonus across the FTSE 100 is 80% of base salary.

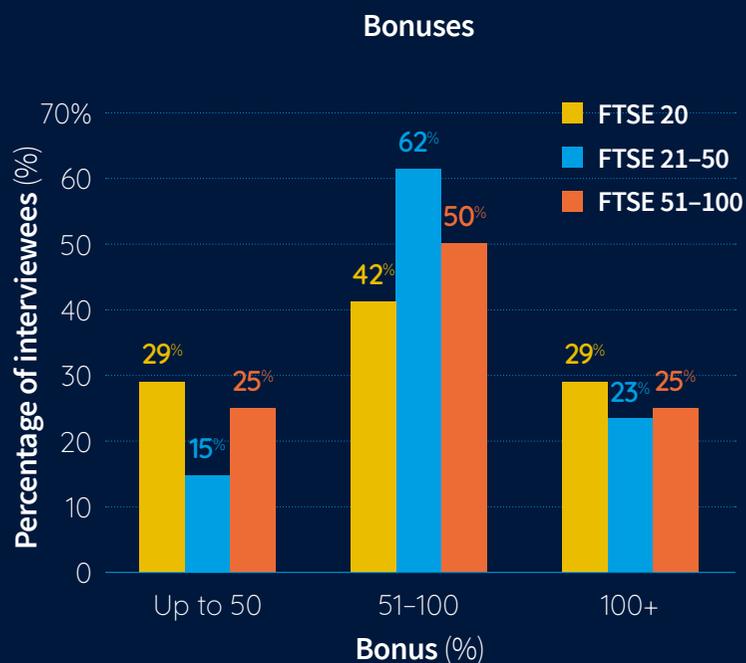
Total compensation

This can vary from £300,000, to in excess of £1.5 million for those on base salaries of over £400,000 and bonus and LTIP percentages of 100% or more.

Nearly all interviewees receive LTIPs in the form of restricted stock units with a vesting value of anything from as low as 40% of base salary to over 200%, assuming the usual complex KPIs are met or exceeded. The % value is considerably higher in the FTSE 20 where 100%+ of salary is the norm.

In the FTSE 51–100 the vesting value is between 50% and 75%.

So although Corporate Communications/Affairs Directors may lag behind some of their senior executive peers the gap is closing and the packages are becoming quite substantial.



12 / Tenure in role

After three years of significant change at the top (see next section), we now see a very different pattern. In 2016/17 only 25% had been in post for less than three years, now the figure is 62%. Likewise 48% of group corporate communications directors had been in post six or more years and that figure has now dropped to 11%.



13 / Change at the top

This past year (2019) has seen less change at the top than in previous years, a necessary correction given that the scale of change (see below) could not continue at such high levels. Between 2016 and 2018 inclusive, 51 FTSE 100s appointed new corporate communications directors and if 2019 is included, the number comes to 60. Given that the number of companies that don't

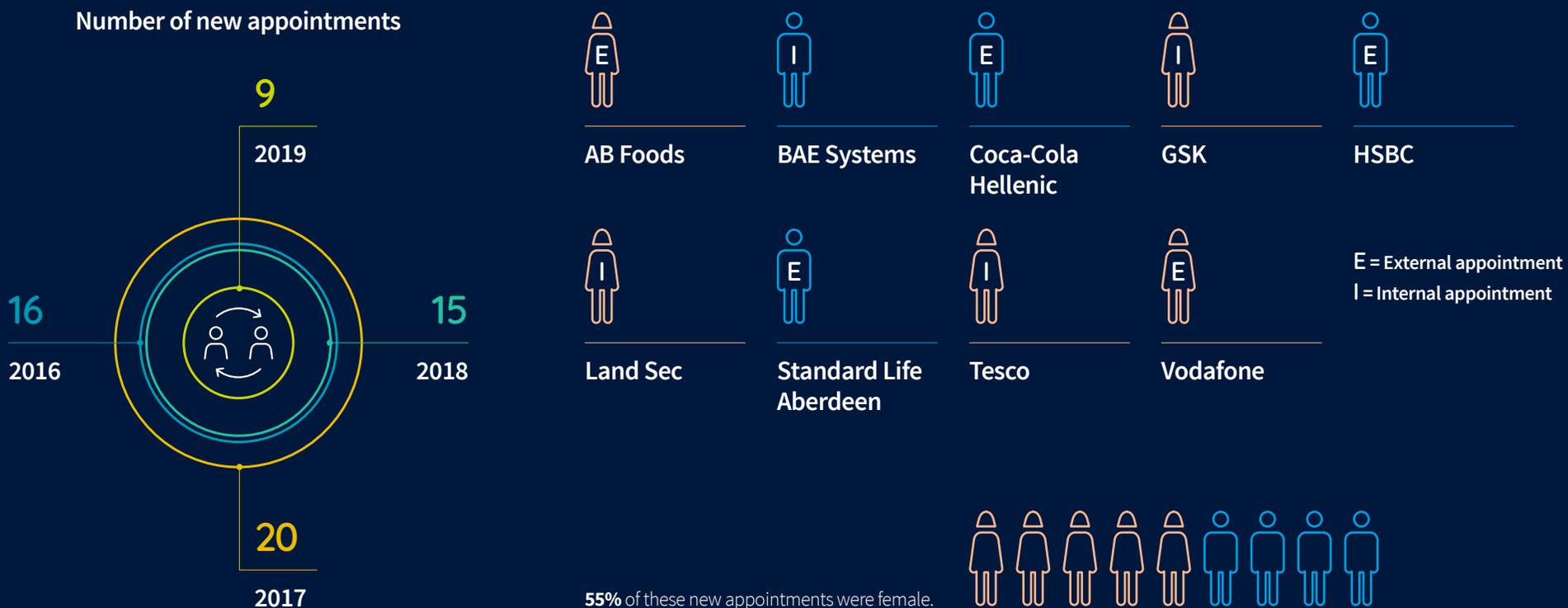
have a group director of communications has remained at around the 20% level since we began the survey, it means that 75% of companies with the position have made a change over the past four years.

As ever, the motivation behind these changes varies by circumstance; a wish to upgrade the function in certain cases, but in others it may be a need for a similar level replacement.

Less often it is seen as an opportunity to downgrade the function and thereby remove cost.

The FTSE 100s below made new appointments. Two others are in the process of conducting external searches and it is possible that new appointments have been announced since this survey was released.

As in previous years, the majority of these have been external appointments (55% vs 45%), which as ever raises questions around succession planning. However there have been more internal appointments than in previous years.



About the author

Nick Helsby is the CEO of Watson Helsby, a specialist Communications (external and internal), Corporate Affairs and Investor Relations executive search, research and consulting firm. He has over 20 years' headhunting experience in the UK, Europe, Middle East and Africa, placing senior communications, PR and corporate affairs professionals in some of the world's leading organisations including BBC, Barclays Bank, Coca-Cola, Samsung, Tetra Pak, Bank of England, Virgin, Allen & Overy, Lilly, Rio Tinto, BP and Estée Lauder to name but a few.

Nick is also the author of numerous research studies and surveys, all of which explore talent and organisation related topics within the disciplines into which he recruits. He has written, and been quoted in several articles that have appeared in the *FT*, *PR Week*, *Public Affairs News*, *CorpComms* and *HR* magazine. He is both a subject matter expert and a well-informed and trusted advisor to both clients and candidates, helping them build their capability and organisation across reputation management, internal communications/employee engagement, public affairs and government relations, sustainability and investor relations.

Nick is a member of the Arthur Page Society, the US professional association for Chief Communications Officers. He is also a member of several organisations that are connected with leaders in employee communications/engagement, government relations and investor relations.

Watson Helsby also partners with Edgcombe, a boutique leadership and psychology consultancy with close links to Oxford University's Saïd Business School, to provide a leadership assessment service for corporate communications/affairs directors.

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