

About the survey

Once again, we are delighted to reveal our annual survey of the Corporate Communications/Affairs space.

Now regarded as the most comprehensive of its kind, the Watson Helsby FTSE 100 Group Director of Corporate Communications/Affairs Survey draws on our strong relationships and direct lines with many of the leading directors and practitioners. As a specialist executive search and leadership consulting firm, we are uniquely placed to source and extrapolate their responses, painting an intriguing picture of everything from reporting lines and Executive Committee membership to – ever-fascinating – the subject of remuneration.



Who we talked to

We interviewed, received completed questionnaires, from the majority of the FTSE 100 Group Corporate Communications/Affairs Directors. These interviews took place between December 2016 and March 2017.

The directors we surveyed and interviewed represent diverse industries including Pharmaceuticals, Natural Resources, Retail, FMCG, Banking, Insurance, Energy/Utilities, Engineering, Leisure/Hospitality, Telecommunications, Technology and Manufacturing.

Although we continue to use the 'Corporate Communications/Affairs' nomenclature, the survey encompasses other titles including:



These demonstrate that Corporate Communications/Affairs can often be combined with other responsibilities, notably IR, and Strategy and Regulatory Affairs/Legal.

In some industry sectors the role can involve complex regulatory advisory work, risk management, investigations & disputes and health & safety and property/security responsibilities.

Executive summary

The year 2016/2017 saw some interesting changes. For the first time since we began the survey in 2013, there are now more female Group Corporate Communications/Affairs Directors than male. Though the split is marginal (51% vs. 49%) women have consistently gained ground in recent years, this does suggest a trend.

Another significant development is that over 50% (51%) of communications and affairs directors are now members of their respective Executive Committees (again, with women outnumbering men, by 55% to 45%). In the FTSE 20 this figure is slightly higher with 60% serving as members of the senior executive team.

Even so, the role is still not universally seen as one that should report to the CEO. Although 76% of these directors do, this leaves nearly a quarter reporting into other Executive Committee members.

We asked all our respondents where their major areas of focus are likely to be in 2017-18, and the following featured prominently:

- Corporate brand
- Political risk (in particular, Brexit & the US)
- The 'trust agenda'
- Digital engagement capability building.

“There are now more female Group Corporate Communications/Affairs Directors than male.”

Corporate brand is less about corporate identity and more concerned with purpose and behaviours (“what we stand for, why we exist”) and it is very much seen as the domain of Corporate Communications/Affairs rather than Marketing. This is because of the strong connection between the corporate brand, the corporate narrative and

“51% of Group Corporate Communications/Affairs Directors are now members of their respective Executive Committees.”

ultimately reputation.

As in previous years there is a significant gap between the remuneration of a FTSE 20 Corporate Communications/Affairs Director (average salary: £370,000) and one in the lower half of the FTSE 100 (average £210,000).

Our survey also found a significant changing of the guard, with 20 companies either appointing new Directors of Corporate Communications/Affairs, splitting the role into two or indeed disbanding it entirely. The majority of these appointments have been filled by women, contributing to the marginal female bias overall.

Key findings



01. Percentage of the FTSE100 employing a Group Corporate Communications / Affairs Director

81% of FTSE 100s employ a Group Corporate Communications/Affairs Director. 19% of FTSE 100s do not employ a Group Corporate Communications/Affairs Director.



Employing a Group Corporate Communications /Affairs Director

DO NOT employ a Group Corporate Communications /Affairs Director

The 81% figure includes companies where the role is currently vacant but who intend to recruit a replacement with the same remit and at the same level. The figure also includes companies that have recently created the role and have briefed out an executive search.

“The DNA/culture of the company and its leadership is one where neither communications nor stakeholder engagement is a high priority and where reputation is not seen as a strategic asset that requires professional stewardship.”

Some of the remaining 19% do have a more junior Head of Communications, but the position is not sufficiently senior to be included. In previous surveys, we have identified two reasons why the role doesn't exist, and these have not changed:

The 19% that don't

Low profile B2B companies

Communications and reputation management low priority

Communications subsumed into investor relations

02. Reporting line

76% of Corporate Communications/Affairs Directors report to the CEO

Reporting into the CEO:



This has remained consistent at 76%. The other reporting lines, in order of importance, are:



Strategy
(sometimes combined with IR and Regulation)

**Chief Marketing/
Customer Officer**

**Chief Financial
Officer**

“The CFO and HRD reporting line would appear to be in decline.”

HR Director, Chief of Staff, General Counsel, Chief Corporate Officer account for the remainder (11%).

The CFO and HRD reporting line would appear to be on the decline, while the

reporting line into the Chief Strategy Officer seems to be increasing. This is perhaps because reputation is increasingly viewed as a strategy enabler.

“The reporting line into the Chief Strategy Officer seems to be increasing.”

This analysis is based on the 81% of FTSE 100s that employ a Group Corporate Communications/Affairs Director

03. Remit

Remit can vary considerably between companies in the FTSE 100 and is, to a degree, determined by the number and diversity of the stakeholders with which a company has to engage, as well as the sector it operates within.

However, the following disciplines are common to almost all functions:

- Corporate and financial communications
- Media relations
- Internal communications
- Corporate reporting
- Crisis & issues management
- Digital & social media
- Corporate brand
- Corporate responsibility

Responsibility for social media & digital is normally for 'corporate assets' only. Channels and content that are either brand or business line related, will normally sit within either marketing or the business line concerned. Social media normally encompasses intelligence, monitoring, tracking sentiment trends, dialogue and

publishing (content). Corporate brand has become a bigger and more important component of the role and

“In 16% of the FTSE 100, Investor Relations is also part of the remit of the Corporate Communications /Affairs Director.”

almost all of the FTSE 100 Corporate Communications/ Affairs Directors have responsibility for it and regard it (as opposed to marketing).

Variations from the above are as follows:

- Public Affairs, and sometimes Policy, is an important component of the role for companies that are heavily regulated and/or politicised and affected by the constraints and costs that regulation can impose on a business.
- That said, in 9% of the FTSE 100, the Public Affairs function reports into either Legal or Regulation (sometimes combined).

- In 16% of the FTSE 100, Investor Relations is also part of the remit of the Corporate Communications/Affairs Director. When that is the case the function tends to be led by someone with an IR or investment banking background.
- Internal Communications sometimes sits in HR (5%) but this, as the statistic suggests, is now rare (certainly at Group level).
- Some companies, always consumer-facing, now have a separate Campaigns or Campaigning team.
- In a few instances, mainly in the Natural Resources sector, the Corporate Affairs Director has responsibility for broader Corporate Services such as Property and Security (3%).

“Corporate brand has become a bigger and more important component of the role.”

04. Background

Corporate Communications/Affairs Directors do not take a predictable, well-trodden route to the top role.

The majority (59%) have a background in PR/Communications, a figure which includes those who started their careers in journalism. This has declined since last year when the corresponding figure was 70%.

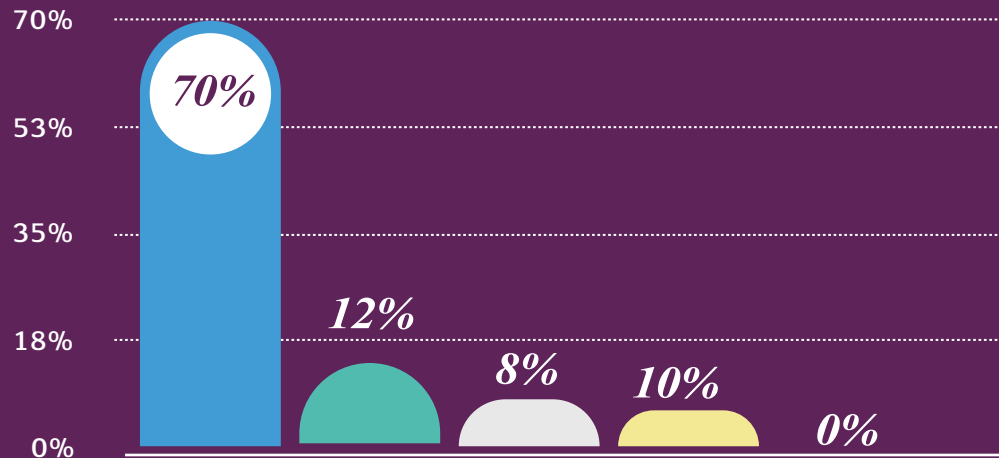
Last year the second biggest group had a Public Affairs/

Government background. This year the picture is slightly different, and those with an IR/Investment Banking background now comprise the second largest group (18%).

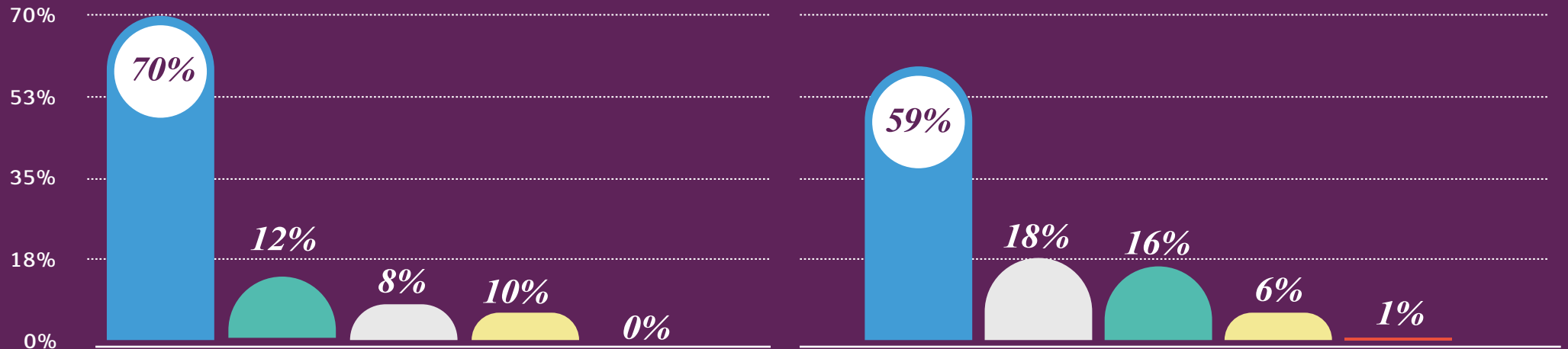
The remainder (17%) come from Marketing, Legal and General Management

“The figure for those who have a background in PR/Communications has declined from 70% to 59%.”

2015/16



2016/17



● PR/Communications ● Marketing, Legal and General Management ● IR/Investment Banking ● Public Affairs/Government ● Internal Communications

05. Gender Analysis

This year, for the first time, the role has a stronger female representation (51%) than male (49%). This is largely accounted for by the fact that the new appointments made over the past year (see Change at the Top, p.22) have been mainly female.



51%



49%



“For the first time the role has a stronger female representation (51%) than male (49%).”



44%

2014/15

51%

2016/17



“There is clearly a trend emerging (44% to 51% in three years) but we suspect that the rate of this change will slow down.”



06. Size & Structure of the Corporate Communications/Affairs Function

The organisational design and size of the Function varies considerably, determined by sector, global footprint and market cap, as well as in-market regulatory and policy related challenges. The average size of a FTSE 20 team is 280 whereas the average size of a FTSE 51 – 100 is 28.

“The proportion of the team at group centre can range from as low as 7% to as high as 55%.”

“FTSE 20 teams, more global in scale, tend to have the majority of their headcount out in the markets/businesses.”

Key determinants of size and structure are:

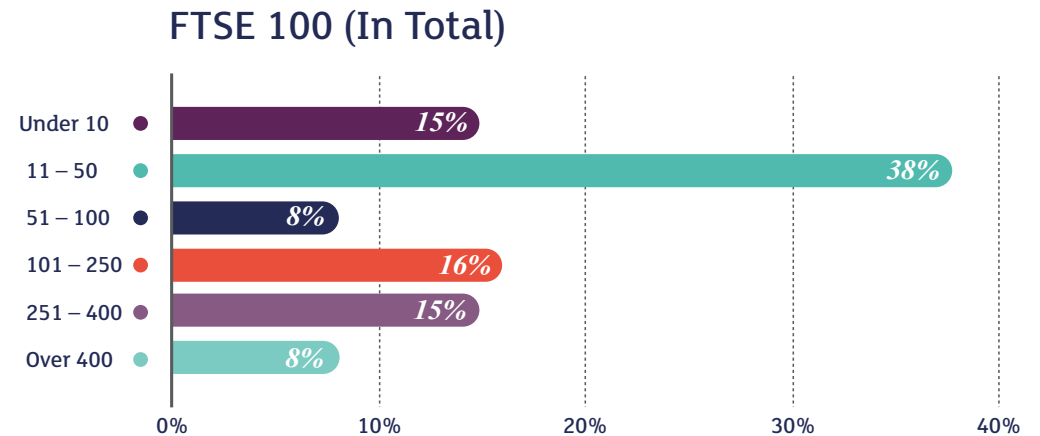
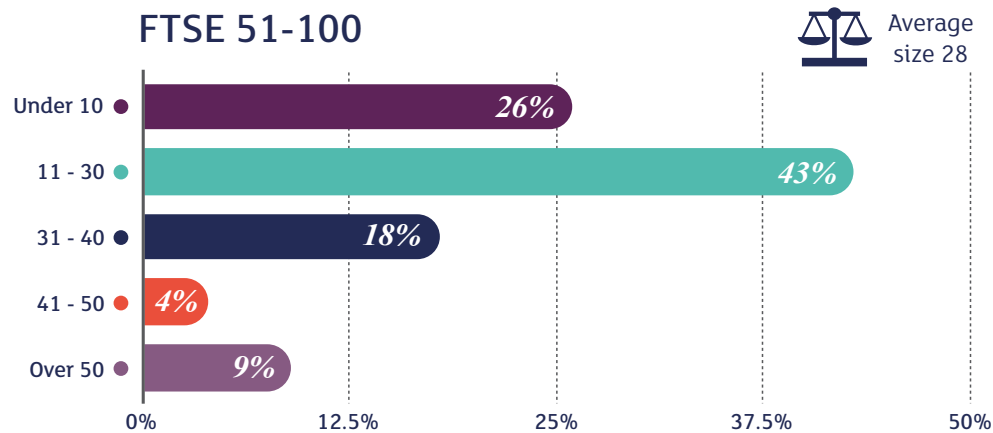
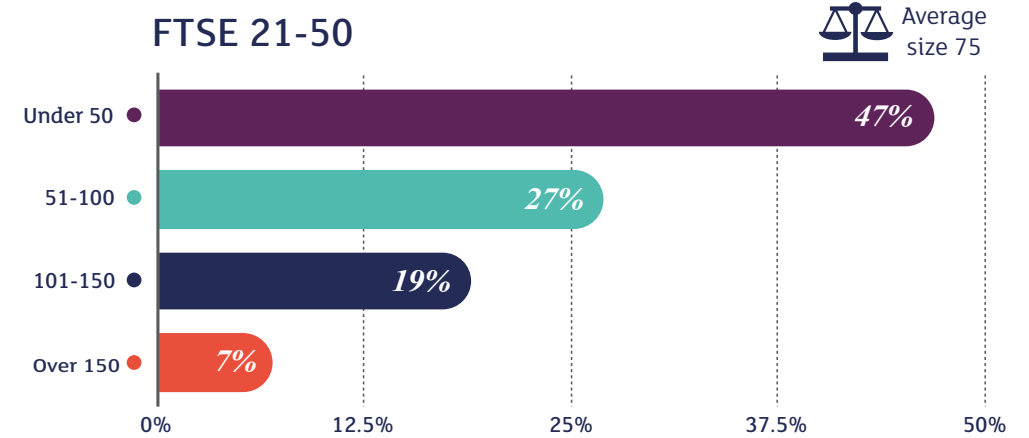
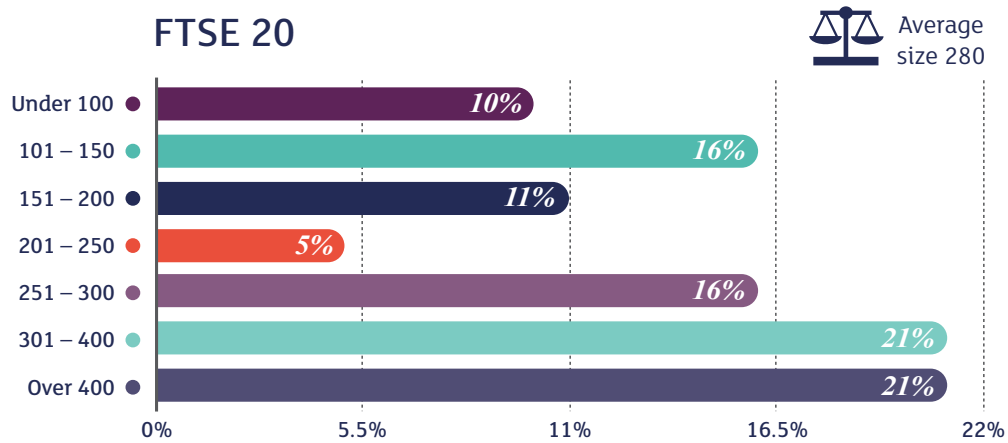
Global footprint and number of employees
Complexity and scale of stakeholder relationships
Breadth of responsibility
Regulatory and political complexity

The findings are as follows:

- The companies with the largest headcount, often with a large percentage of this headcount out in the regions/markets/business units, are in either Pharma, Natural Resources or Telcos.
- Not surprisingly, with one or two exceptions, FTSE 20 companies have much bigger teams and more extended and matrixed structures.
- Unless their interests are largely based in the UK (e.g. BT), FTSE 20 teams tend to have the majority of their headcount out in the regions/businesses. The proportion of the team at group centre can range from as low as 7% to as high as 55%, but for most it is in the 20%-30% range.
- Reporting lines for those based in markets of business units vary, but the prevailing trend is for a hard reporting line into the relevant market/business unit leader and a dotted line to the group corporate communications/affairs leader.
- When the headcount number includes a public affairs & policy team based in political centres such as Brussels and Washington, those teams tend to report to the Group Corporate Communications/Affairs leader and not the regional head.

Size & Structure of the Corporate Communications/Affairs Function continued

What is the size of your team?



07. Executive Committee Membership

For the first time since we started doing this Survey (2013), the percentage of FTSE 100 Group Corporate Communications/Affairs Directors that are formal members of the Executive Committee exceeds 50%. Of those interviewed (the majority of the FTSE 100), 51% are now formal members of their respective Executive Committee. This is up from 47% last year

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“CEOs of low profile, less regulated B2B companies are less likely to view communications as a role that needs to be represented on the Executive Committee.”

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51%

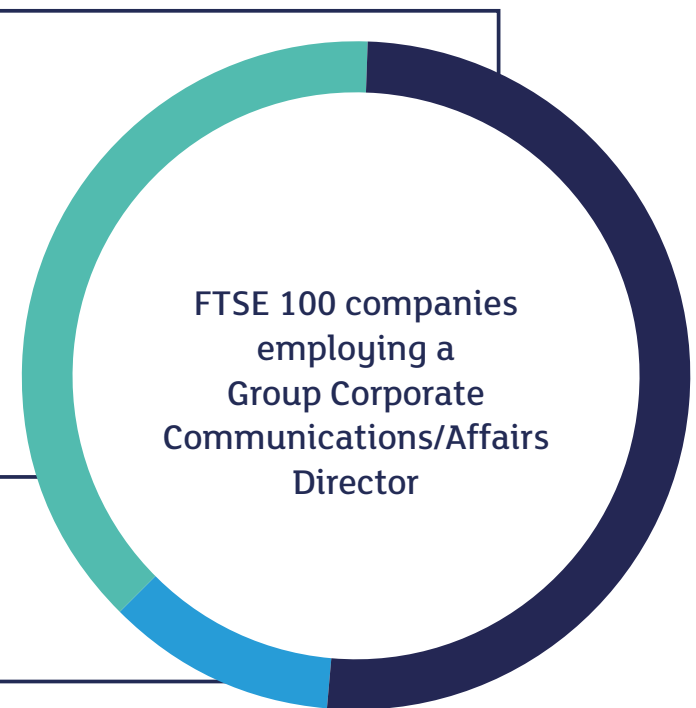
Are on the Executive Committee

38%

Are not on the Executive Committee

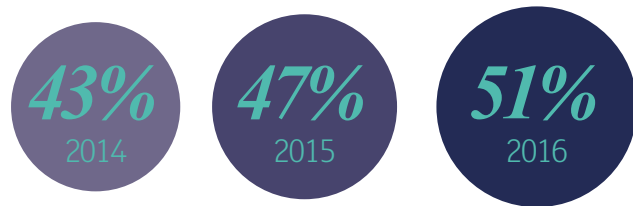
11%

Not known



Executive Committee Membership Continued

It is possible that the few companies for whom we have no data may slightly alter the picture. However, the trend is a positive one:

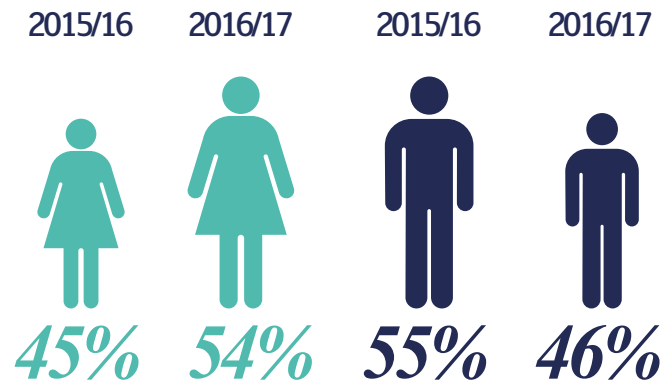


There is no obvious type of organisation where Executive Committee membership is more likely. However, CEOs of low-profile, less regulated B2B companies are less likely to view communications as a role that needs to be represented on the Executive Committee. It is still not

“51% are now members of the Executive Committee.”

standard even in the FTSE Top 20, where 60% of Corporate Communications/Affairs Directors are on the Executive Committee, leaving 40% who aren't.

In terms of the gender of Executive Committee members, the current split is:



Interestingly, this year the balance has reversed to show a slight female bias. Indeed, in almost every instance during the year where FTSE 100s elevated the position to the Executive Committee, the individuals concerned were female.

There are no set criteria, but clearly a Corporate Communications/Affairs Director is more likely to be on the Executive Committee if:

“This year the balance has reversed to show a slight female bias, with 54% of those that sit on the Executive Committee being women.”

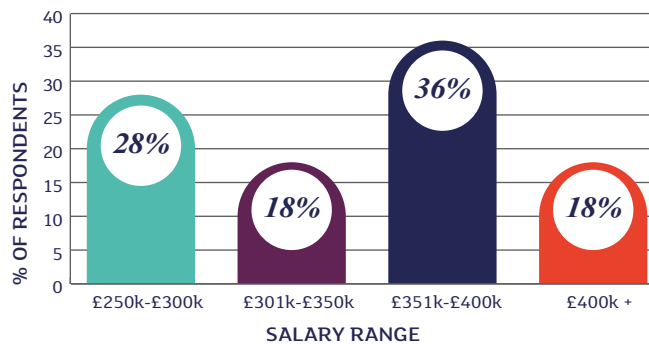
- i. They represent a broader range of functions, such as Legal & Corporate Affairs or HR, Property & Corporate Communications.
- ii. If they are seasoned and high calibre executives who have proved themselves at this level.
- iii. The company they work for is high profile, highly regulated and highly politicised, and where reputation is deemed to be a highly prized strategic asset that requires the most senior level of professional management.

08. Remuneration

Salaries vary enormously between the biggest FTSE 100s and the lower reaches of the FTSE 100. The average salary for a FTSE 20 Corporate Communications/Affairs Director (and this is not dependent on Executive Committee membership) is £380,000, whilst the average salary for a FTSE 51-100 Corporate Communications/Affairs Director in the same position is £210,000.

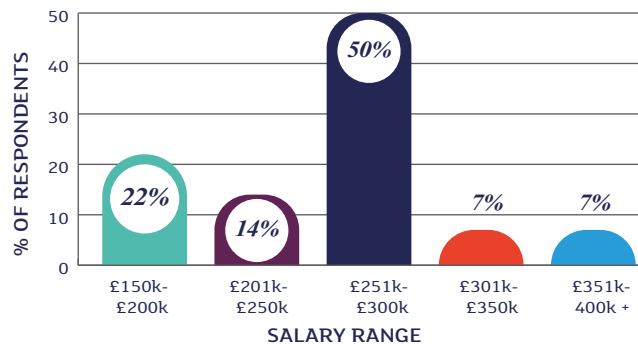
“The average salary for a FTSE 20 Corporate Communications/Affairs Director is £380,000 vs. an average salary of £210,000 for a FTSE 51-100 Corporate Communications/Affairs Director.”

FTSE 20 | Avg Salary £380k



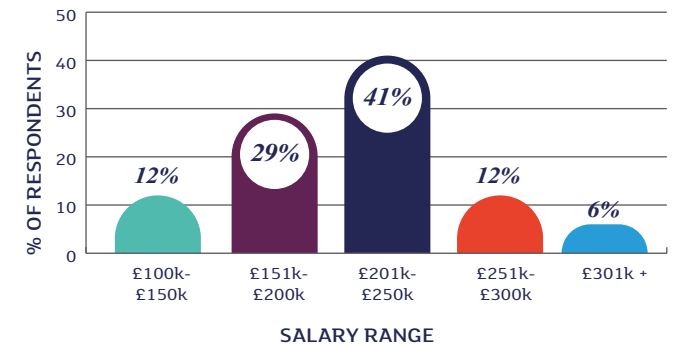
Base salaries in the FTSE 20 range from £275,000 to over £500,000. Although there is inevitably some correlation between Executive Committee membership and salary, it is not always automatic. There are Executive Committee members in some companies who earn less than some non-Exco members in other companies. Other factors include the global scale of company, team size, length of tenure and overall standing within the company.

FTSE 21-50 | Avg Salary £265k



In the FTSE 21-50, salaries, with some exceptions, begin to drop off. There is a clear 'spike' in the £251,000 - £300,000 bracket (50% of FTSE 21-50 Corporate Communications/Affairs Directors in this range, vs. 28% of FTSE 20).

FTSE 51-100 | Avg Salary £210k



In the bottom half of the FTSE 100 the picture changes again. Here, the spike is in the £201,000 - £250,000 range. There is a clearer correlation between Executive Committee membership and size of salary, in that more at the top end of the range (above £251,000) are Exco members. Although there is no one in the FTSE 20 earning a base salary of under £250,000, 82% of FTSE 51 – 100 Corporate Communications/Affairs Directors earn £250,000 or under.

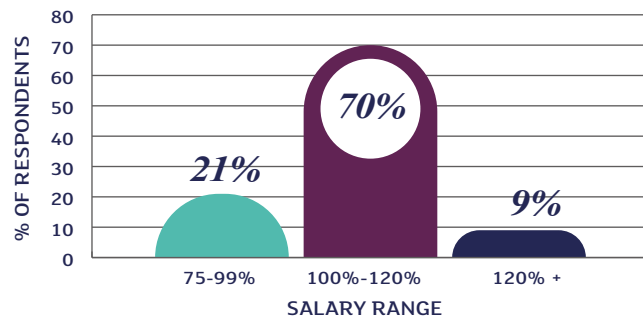
Remuneration Continued

Bonus

Here we look at on-target bonus rather than actual bonus paid.

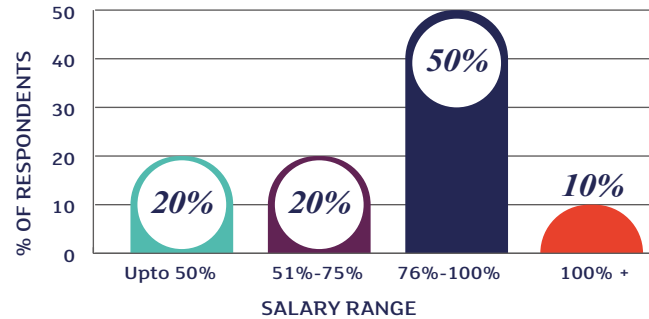
In a number of cases this was not awarded for 2016/2017

FTSE 20 | Avg Bonus 100%



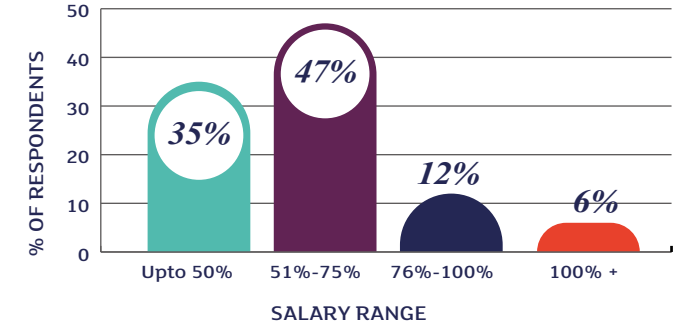
In the FTSE 20, on-target bonuses average out at 100% of base salary. The lowest we recorded is 75% and the highest 150%.

FTSE 21-50 | Bonus 76-100% range



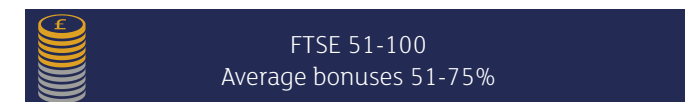
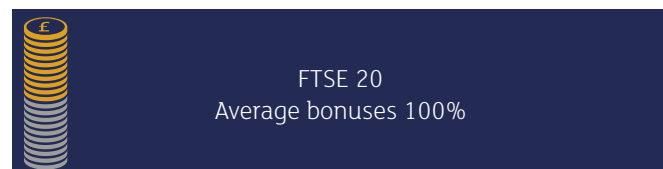
In the FTSE 21-50 the percentage bonus is generally lower. In the FTSE 20, no one is awarded an on-target bonus of less than 75%, whereas in the FTSE 21-50, 40% of respondents bonus potential is less than 75%. The majority were in the 76%-100% range.

FTSE 51-100 | Bonus 51-75% range



In the FTSE 51-100 it is again lower with over 82% of the Corporate Communications Directors awarded bonuses of less than 75%, with the majority (47%) in the 51%-75% range.

Average bonus trend from FTSE 20, 21-50, 51-100

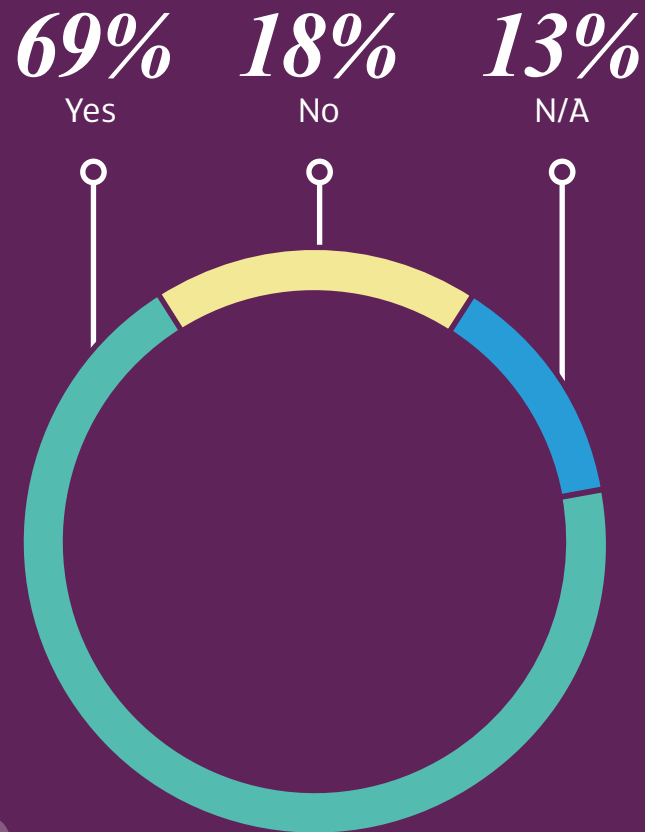


Remuneration Continued

Receive a pay rise in the past year?

The majority of respondents did receive a pay rise, but in most cases it was notional (2%-4%). Substantial rises were awarded to those who had been elevated to the Executive Committee.

The Not Applicable figure includes all those who have recently (over the past 12 months) moved to a new company and were therefore not eligible for a pay rise..



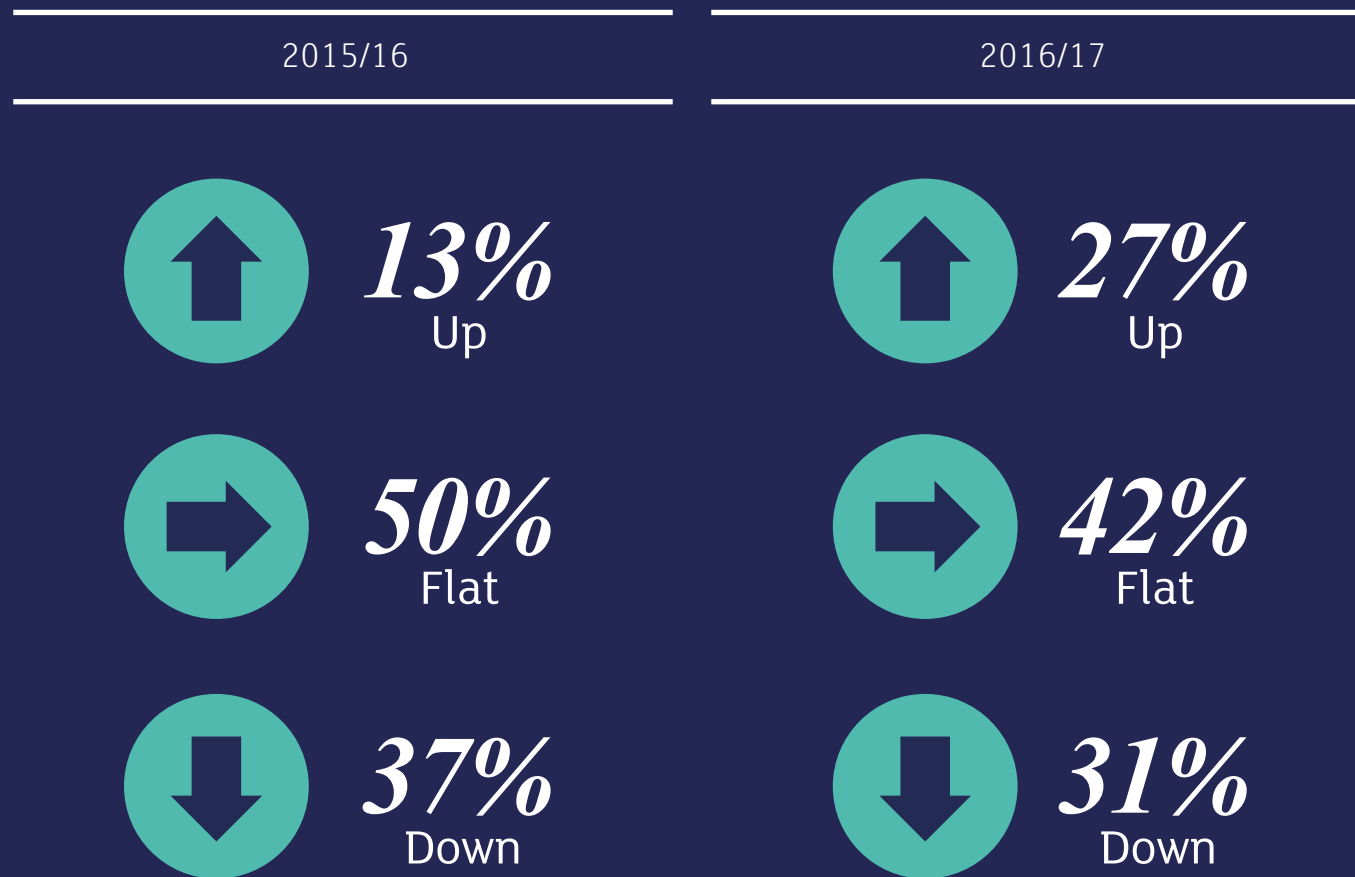
“69% received a pay rise, but in most cases it was notional.”

“Substantial rises were awarded to those who had been elevated to the Executive Committee.”

“Base salaries in the FTSE 20 range from £250,000 to over £500,000.”

09. Budgets

The picture this year is slightly more encouraging than last year with 27% reporting an increase in budget vs. only 13% last year.



The results are more encouraging than last year, with 27% reporting an increase in budget vs. only 13% last year. Flat is again the prevailing trend. Several of those reporting an increase in budget said it was only marginal, whereas several of those reporting a decrease said that it was a significant reduction (up to 20% in some cases).

The following quote, from a Director of Communications at a global FTSE 20, captures the overall sentiment:

“I have been instructed to take out 20% of my cost base”.

“There is always a desire to do it better and cheaper.”

10. Priorities & focus of attention for year ahead

We asked all respondents and interviewees what their priorities are for the year ahead, and where they would be focusing attention.

The following all featured prominently:



Corporate brand

This prominence of corporate brand is due to the importance that companies are assigning to purpose, values and behaviours. Culture and brand, which have become almost synonymous, are increasingly the centre of attention.



Political risk and regulatory reform

Brexit is clearly a significant issue but so are developments in the US for those companies that have a significant proportion of their business there. Regulatory reform in the US for healthcare and energy sectors is a major source of concern and potential risk. In the UK the implementation of Brexit, and the different scenarios that have to be planned for, is where the concern lies (with tariffs perhaps the biggest worry). Some interviewees also voiced a concern about a) the fact that the Government does not have an interest in engaging with business and b) that it is so distracted by Brexit (this was before the General Election was called) that it does not have the bandwidth to engage on domestic business issues, as these following two quotes illustrate.

“Teresa May does not appear to have a deep engagement with business issues.”

“How does the Government engage on other policy issues when it is overwhelmed by Brexit?”

Priorities & focus of attention for year ahead Continued

Digital capability and engagement systems

This is a priority for many companies, since the majority believe they could be doing more and doing it better. As a result, they are either reviewing or building their digital capability or looking at improving their digital engagement platforms, both internally (employee) and externally.

Building trust

This priority is more prevalent among big consumer companies/brands, where broader societal trust in business, or the lack of it, has a greater impact.

“A key part of the role is to make sure that building trust with its stakeholders is a fundamental part of the company’s corporate strategy and that we are delivering it.”

“There is no sign of public confidence in business returning, so we have to work hard at restoring trust.”

“Social and environmental purpose – we have to be more aligned with where the world is going.”

Other priorities we identified, which would probably feature in any year, included:

Connecting the dots

One FTSE 20 corporate affairs director also spoke of their role as ‘integrator’, expanding on this by saying *“I need to connect people internally across geographies and businesses, as audiences on the outside are more inter-dependent. My team and I need the agility to get across the company and all its audiences.”*

Undertaking capability reviews

A number of the larger FTSE 100s are undertaking capability reviews, often using outside consultants. These include looking at the overall design of the function.

Communicating a new strategy/story

A number of companies have new strategies that the corporate communications/affairs function will be responsible for communicating and building a narrative around. In the main, these will be growth stories (M&A) and investment stories, but purpose also features.

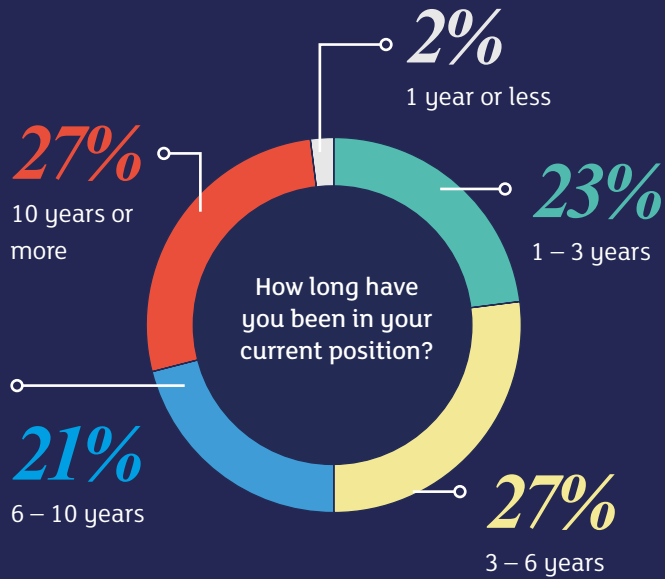
Internal communications/employee engagement

Whether it be purpose, brand, values of strategy or journey, internal communications has a key role to play in getting employees engaged.

Data analysis

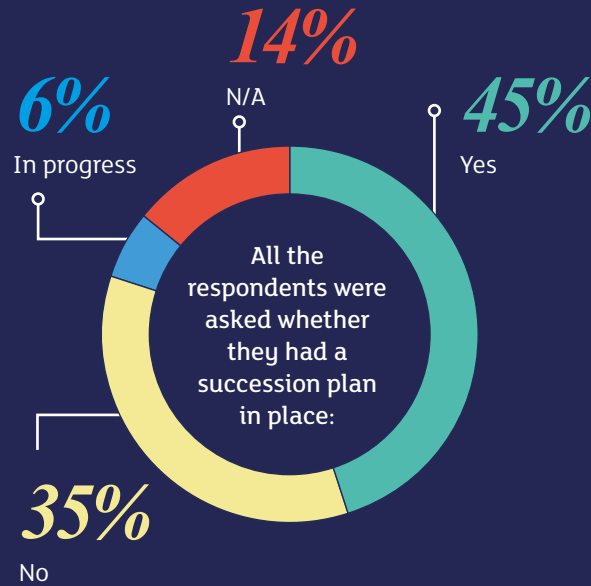
A small number of companies highlighted the need for better data and data analysis, not just for measurement, but in order to provide better insight to senior leaders and to underpin their recommendations with greater rigour.

11. Tenure in current role



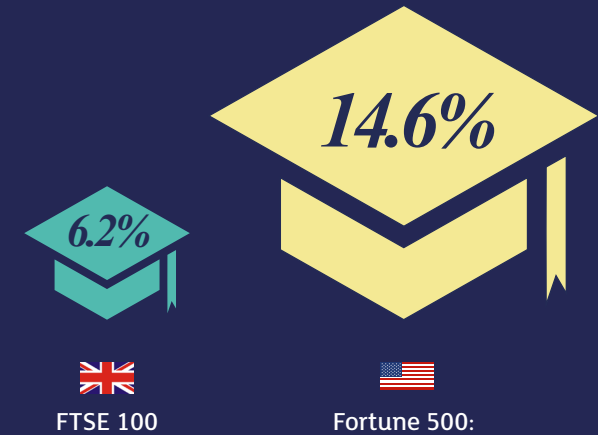
There has been quite a lot of change (new appointments) over the past year, hence the figure for one year or less is comparatively high. 50% of respondents have been in their roles for up to three years and 50% for more than three years.

12. Succession plan



‘Not applicable’ applies to those companies where the current incumbent has been in post for a year or less and they have yet to identify a successor.

13. MBA/ Education



We asked all the respondents whether they held an MBA. We added this question because, in its annual US Chief Communications Officer Survey (Fortune 500), Korn Ferry asks a similar question and we wanted to make a comparison between UK-based Group Corporate Communications/Affairs Directors and their US counterparts. The answer is that an MBA is not as prevalent among the UK Group Corporate Communications/Affairs executives as it is among their US peers, though both figures are low compared to some other corporate functions (e.g. Finance and Strategy).

14. Change at the top

The year 2016/2017 has seen a considerable amount of change at the top, with 20 companies in the FTSE 100 (vs. 16 the previous year) making changes.

In those cases where an external hire has been made (the majority), seven came from outside the industry sector concerned and three moved from the same sector. This is not surprising, since both Financial Services and Pharma are both sectors where specialist sector knowledge is often regarded as non-negotiable.



- Have made new appointments Externally
- Have made new appointments Internally
- Currently searching
- No longer have the position

🔍 The following are currently searching:

- Diageo
- Mondi

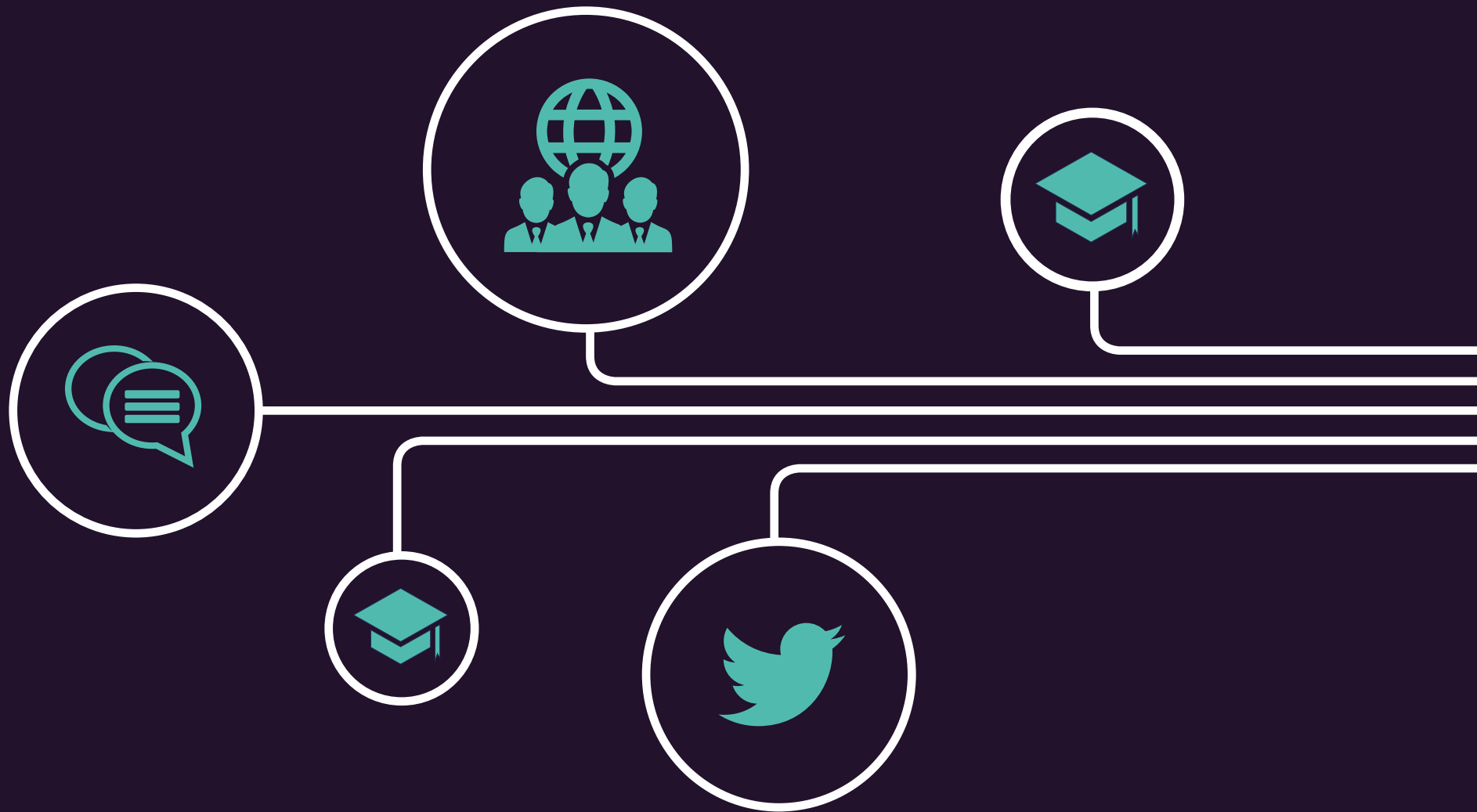
🚫 The following no longer have the position:

- Burberry
- Paddy Power Betfair
- Smiths Group
- Barratt Developments

Some of the above are currently in a reorganisation phase and may well bring the position back.

In 2014/2015 there was a turnover of 11%, which means that over the past three years 47% of the FTSE 100 have changed their Corporate Communications/Affairs Director. This includes those that have disbanded the position.





For further information, or to discuss the research findings in more detail, please contact Nick Helsby at Watson Helsby on:

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