
Watson Helsby

FTSE 100

Group Director of
Public Affairs Survey

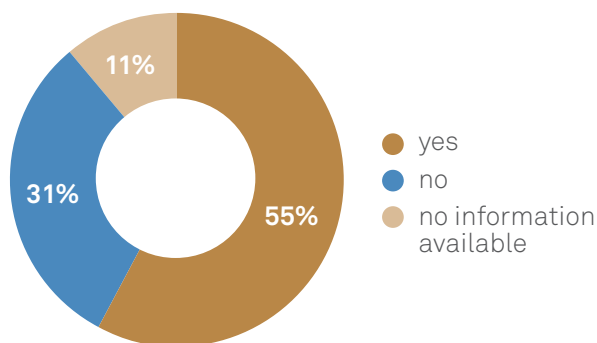
2013/2014 Findings

Background:

Watson Helsby, the specialist corporate communications and public affairs executive search firm, surveyed the public affairs functions of the FTSE100 in the second half of 2013, to determine: a) the proportion of member companies that have a dedicated Group Head of Public Affairs, b) the reporting lines of those that do; c) how the function is structured; and d) salary and career profile.

1. Percentage of FTSE 100s with a Group Head of Public Affairs:

FTSE 100 Companies with a Group Head of Public Affairs



In the FTSE 100, 58% of companies do have a dedicated Group Head of Public Affairs, whilst 31% do not. Information was unavailable for the remaining 11%. Of the companies that do not have a dedicated Group Head of Public Affairs, most have specific reasons for this, namely:

- Some, although listed on the London Stock Exchange, are foreign companies, with their headquarters, the majority of their operations, and political stakeholders located outside of the UK. In these circumstances, there is no obvious rationale for a Group Head of Public Affairs.
- Other companies operate in uncontroversial, low profile sectors, attracting such little regulatory and political scrutiny that there is no need or justification for a dedicated Group Public Affairs Head. If policy and regulation makes minimal commercial impact on a business, there is no commercial.

“We don’t do any lobbying of government/industry bodies and so don’t dedicate any real resource to engaging with them.”

- Others resource their public affairs capability through in-country, market, and business unit teams. This is often because the company is active in multiple markets, and in-country knowledge is therefore crucial. In-country public affairs teams, who typically report to country or regional managers, are favoured over corporate centre. However, it was interesting that a number of companies who have previously followed this model are now keen to appoint a dedicated Group Head of Public Affairs, to better co-ordinate their in-country efforts.
- At senior level, public affairs responsibilities can be divided on a case-by-case basis between members of the executive committee. However, this is rare.
- Lastly, and more generally, group functions have been increasingly streamlined in recent years, and a very strong business case must be presented to justify a function at group level.

2. Reporting Lines:

Of FTSE 100 group Heads of Public Affairs, reporting lines are as follows:

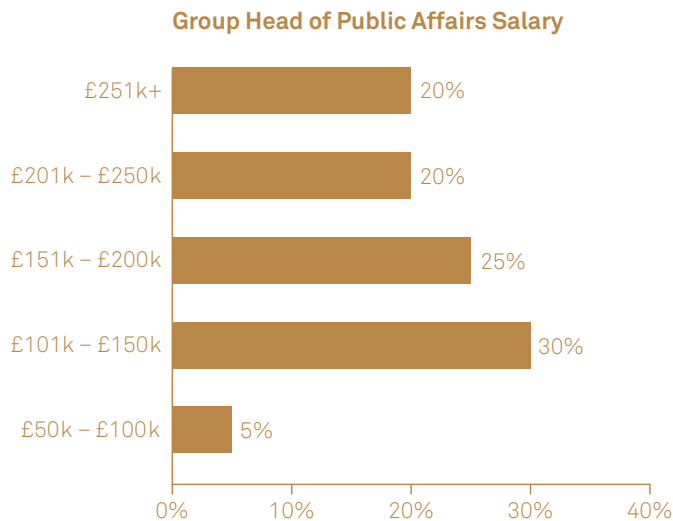
- 55% report to Corporate Affairs/ Communications.
- 15% report directly to the CEO.
- 5% report to Strategy.
- 15% report to Legal and General Counsel.
- 5% report to Corporate Services.
- 5% report to Public Policy.

The diverse reporting lines outside of communications/ corporate affairs underline the different purpose of public affairs functions in the FTSE 100. Whilst most are seen as one (albeit important) component of a company’s wider reputation management efforts, some are seen as sufficiently commercially or legally critical to report to the CEO, and others feed into strategy, legal, and other more operational functions. Of the 15% of respondents who report to the CEO, some are responsible for more than one business function (e.g. People or Legal). Others work for companies for whom government is a major customer, and government relations is therefore of great commercial importance.

3. Remuneration:

The research findings suggest a strong correlation between salary and team size. This was particularly pronounced either end of the salary spectrum. Higher salaries also typically implied a company which is either more politically exposed, commercially larger, or a geographically more disparate (and vice versa for smaller salaries). Key findings include:

- A majority of salaries (55%) fell between £100,000 and £200,000, with 40% above £200,000, and 5% below £100,000.
- Of the respondents with salaries over £200,000, almost all were from companies in the FTSE 20. Those outside the FTSE 20 who earn over £200,000 work for companies who are highly exposed politically, and have high-profile license-to-operate political issues. Their salaries reflect the importance of the work they do, rather than the size of their company. Or, these respondents are responsible for more than one function at group level (e.g. legal affairs, HR), sitting on the executive board, and often not having a background in public affairs. In these circumstances, a salary above £250,000 can be expected.
- Only 5% earn a salary beneath £100,000. Their teams were amongst the smallest of those surveyed (fewer than five public affairs employees globally). These companies, although relatively large, operated exclusively within the UK, and in sectors which attract comparatively little political or regulatory scrutiny.



Beyond base salary, compensation packages showed a strong trend towards incentivisation:

- 100% of respondents received a bonus (65% exclusively in cash, and 35% in a combination of stock and cash).
- 65% received LTIPS.

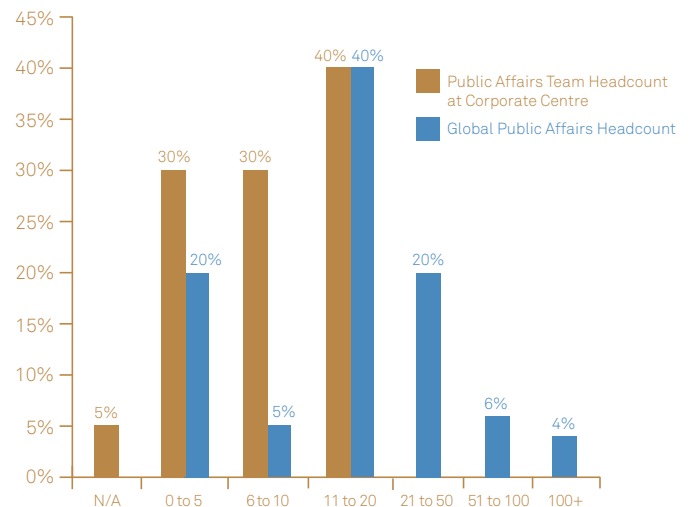
Such bonuses and incentives can double or triple a salary, and are typically based on calculations of individual and corporate (often complex) performance.

4. Team Size:

Data gathered for function headcount revealed team sizes ranging from fewer than five to over 100 globally (sometimes considerably higher than 100), and between under five and twenty at corporate centre.

- A majority of global team sizes were between eleven and 50 (60% of respondents).
- At corporate centre, 70% of teams were between six and twenty.

Public Affairs Headcount



Another feature we noticed was the centralisation of public affairs capability at corporate centre. Of our respondents:

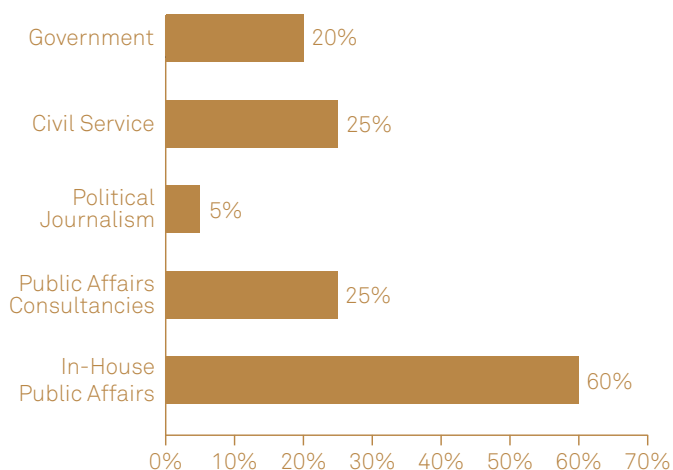
- 40% had their entire team located in corporate centre.
- Of the remainder, only 10% had fewer than half of their team working at corporate centre.

Such centralisation is sensible for many companies. A significant quantity of the FTSE 100 (but not FTSE 20) operate either exclusively or predominantly in the UK, and centralised public affairs resource and team members at corporate centre (typically in London, or its hinterland), is practical. This allows the team to sit alongside disciplines with whom they work closely (regulatory affairs, legal, corporate communications etc.), and to have easy access to key stakeholders in Westminster. With European regulation a priority for many companies, a practitioner or team dedicated to Brussels and the EU is common. These individuals and teams either work directly from Brussels, or split their time between London and Brussels.

Respondents confirmed that resourcing of public affairs was indeed highly centralised, as 50% of respondents had functions resourced exclusively at corporate centre. Of the remaining 50% of respondents, half allocated some resources to the corporate centre, and half to specific business and function units.

5. Practitioner Profiles:

The backgrounds of FTSE 100 Group Public Affairs Heads favoured in-house public affairs experience. At a senior level, public affairs (and communications generally) requires more diverse skills than horizon scanning, issues management, and direct external engagement. The skills required to become a trusted voice internally, become an accepted counsellor to senior executives, and to manage the allocation of public affairs resource, are often best learnt in an in-house, corporate environment.¹



However, the networks, intellect and policy expertise that often accompany civil service and government experience are also valuable, particularly in sectors with operations in emerging or politically challenging markets.

5. Regulatory Affairs:

The relationship between public and regulatory affairs is often complex. Although both share internal and external stakeholders, and deal with the same core issue (assessing and influencing the impact of legislation and regulation on the business), the day-to-day activities and relationships of the functions are different, and team members typically have different skills and background. In the majority (58%) of companies regulatory affairs reports to a different functional leader than public affairs, whilst 42% share a common reporting line with regulatory affairs.

¹ The importance of these skills for communications and public affairs leaders was highlighted in earlier Watson Helsby research.

About Watson Helsby

Watson Helsby provides executive search counsel and expertise across the following disciplines: corporate communications; financial PR; media relations; public affairs; internal communications; crisis and issues management; digital communications; investor relations; corporate responsibility and communications strategy and planning.

In addition to our core offer of search, we regularly publish Watson Helsby industry reports. These examine the latest thinking, practices, trends and issues in the disciplines into which we recruit. In so doing, they provide a contemporary view of the direction in which specific roles are evolving as well as the competencies that leaders of these disciplines require to be successful.

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