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By Denise Kingsmill Sunday, 01 June 2014



Should we ditch expensive AGMs and hold virtual meetings online?

The AGM risks redundancy unless it takes advantage of new technology to give more people a voice, says Baroness Kingsmill.

I am beset with nostalgia when I read of the AstraZeneca takeover battle with Pfizer. This is not just because I was involved in so many similar fights as a lawyer - exciting, exhausting and very lucrative for my firm though they were - but also because ICI, which ultimately became AstraZeneca, was my very first employer.

When I left university with a not very distinguished degree in economics and anthropology, I was offered three jobs by ICI as part of the 'milk round'. This was when the great British firms would come to universities, proffering dinners and drinks parties to seduce students into joining their training schemes.

Unlike today's undergraduates, we had no fear of unemployment. It was a case of pick and choose. I was offered jobs with ICI Paints in Slough, ICI Chemicals in Billingham and ICI Fibres in Knightsbridge. It was not a difficult choice for me as a 21 year-old to choose the bright lights of London.

My office was in Bowater House, overlooking Hyde Park. It is now the site of the astronomically priced One Hyde Park, where the penthouse just sold for a record-breaking £140m.

Until very recently, I owned the shares I was granted through the Employee Share Scheme. I proudly held on to them for years, through mergers, acquisitions and disposals. I did try to sell them at one point, only to be told that the proceeds would not be worth the brokers' fees.

Eventually, I gave them away to charity. Had I hung on to them I could have attended the AGM and asked questions, challenged the management and voted on resolutions.

However, nothing I (or any other shareholder present) could have said, or any vote I may have cast, would have made any difference.

The outcomes of the ballots are mostly known before the formal voting in the room on the day, as the major shareholders will have signalled their intentions well ahead of the AGM and deposited their proxies. A diligent management will have taken soundings and be aware of the sentiments of the leading investors.

Most AGMs in the UK are highly stage-managed events with few surprises. Computershare estimates that support for resolutions at AGMs of FTSE 350 companies averaged 96.9%, with dissent averaging 2.6% in the 2012/2013 season.

I have never attended an AGM as a shareholder but have sat through many as an adviser and as a non-executive director on the platform. Despite the often highly scripted nature of these events, I have mostly been impressed by the engagement and courtesy displayed. Occasionally, there is drama when a group of small investors sets out to make their feelings known. Certain companies expect protest and usually accommodate it with resignation.

Last year, however, the outgoing chairman of BAE Systems, Dick Olver, lost his cool when a number of campaigners who had bought a small number of shares in order to be able to ask difficult questions started singing and chanting, and he ordered their eviction. This reaction usually guarantees exactly the media headlines the protesters want and the company dreads.

I remember well the AGM of an oil company I attended as a member of its legal team when all the lawyers and other advisers were strategically placed in the front two rows so that we would provide a protective barrier for the paint-bombs that it was rumoured some protesters were going to throw at directors. Fortunately for us, the protest took the form of streaking when a number of young women stripped off their tops to reveal their objections to company policies inked across their chest.

Theoretically, the AGM should be an opportunity for companies to enable shareholders to experience their

brand first-hand, to showcase the company and encourage dialogue. However, because most institutional shareholders do not turn up to the meeting, preferring to cast their votes electronically before the AGM, that leaves only the retail shareholders to attend.

This means the event, which is meant to encourage shareholders to participate and exercise influence over the organisations they own, is diminishing in importance as attending meetings is less representative and effective.

Perhaps it is time to end the big expensive set-piece AGMs and hold virtual meetings online so that shareholders can watch and listen wherever they are. Questions could be asked by phone or through a website. Voting could be done electronically.

In the US, companies such as electronics retailer Best Buy have held so-called hybrid AGMs, where some participate in person and others through virtual means, but so far none have done so in the UK.

Nostalgia is a gentle indulgence for some of us but it is time for a change in the exercise of corporate democracy.

To return to the Pfizer bid, which has been put on hold - for now, at least: how do I hope it will end? Well, AstraZeneca may no longer be a great British company but it is a great European company based in the UK, and I fervently hope it stays that way.

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