

{LawGeex}



# THE 2019 GENERAL COUNSEL LANDSCAPE

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General counsel (GC) *n.*

1. GC, also known interchangeably as chief legal officer (CLO) or head of legal, has responsibility for determining a company’s overall legal policy and strategic direction in support of the organization’s long-term objectives.
  
2. The position may have substantial responsibility for additional business units. The GC will often counsel the CEO and other high-ranking executives on current and anticipated legal and business matters impacting the company.

**The Association of Corporate Counsel**

# INTRODUCTION

The nearly 113,000 general counsel in the United States<sup>1</sup> have long moved away from being a business backstop. In place of a traditional perception of the legal department as overly conservative or “non-business-minded,” the GC has become a central actor in corporations, shaping industries and playing a significant part in the entire US economy.

In a new environment, their strategic responsibilities are the core challenges businesses are struggling with on a daily basis: IP protection; piracy; corruption; privacy; security; environmental initiatives; powder kegs such as General Data Protection Regulation (GDPR) and Brexit; antitrust probes; labor and employment scandals; cyber attacks; and rising regulation. GCs mitigate these threats while at the same time executing a mission as strategic profit-drivers and business leaders.

The high-stakes and central role played by the modern GC is exemplified by general counsel from Google, Facebook, and Twitter representing the tech giants in congressional hearings into Russian meddling. Rather than facing narrow legal questions, Google's Kent Walker, Facebook's Colin Strehl, and Twitter's Sean Edgett addressed “cataclysmic change” in technology and public affairs and what is being done to address it.

In another case, newly-installed Uber General Counsel Tony West has been brought in to establish the future direction at the ride-hailing giant. He has been given responsibility to “change the culture,” resolve the company's accumulating legal issues, and manage what West says “could very well be the largest IPO in history.” To further underscore the forward-looking and strategic direction of the role, he has been tasked with a top-to-bottom safety review after one of the company's autonomous vehicles hit a pedestrian, an investigation that could determine the future of a [US\\$7 trillion self-driving market](#).

Today's GC is also the lead orchestrator in transforming the [US\\$600 billion](#) legal profession.

Faced with a business imperative to do “more with less,” GCs are advancing [legal automation with record investment in technology](#) to perform daily legal tasks. The GC is also overseeing a change in law firm appointment and service delivery (95 percent of GCs provide input into [the law firm selection process](#)), while vigorous focus on quality, cost, and performance have seen [one in three GCs](#) terminating a firm for failing to meet expectations.

This comes as the GC has replaced the law firm partner as the highest-paid and most-senior role in the legal profession, as the position has become as influential as the CFO and other senior leaders in the boardroom. The GC's empire extends to overseeing several hundred lawyers and teams of legal operations experts. This is particularly true in heavily-regulated or IP-intensive industries where legal departments are the [functional equivalent of a large law firm embedded inside multinational corporations](#).

In this context, and with constantly evolving global risks, the role of GC has never been more central, prestigious, and powerful. Yet as this shift occurred, there remains scant quantifiable data on the skills and backgrounds of the modern GC.

In this study, LawGeex and the Association of Corporate Counsel (ACC) reveal the skills and background of the GC at its most prominent point in history. It provides an analysis of the fast-developing position, using data on more than 34,000 general counsel that reveals the anatomy of a general counsel from the smallest of businesses to the largest enterprises in the United States.

# NOTE ON METHODOLOGY

This report is a data-driven analysis of the GC role, revealing the average age, law schools attended, gender, sectors, pay, and core skills of GCs in the United States. It draws upon an unprecedented analysis of LinkedIn, the professional social networking site, for an in-depth breakdown of 34,000 general counsel in the United States. The study also includes an analysis of the unique anatomy of the Fortune 500 general counsel based on their LinkedIn profiles, filings, and a number of other publicly-available data sources.

In Section V below, in our review of the modern GC in corporate America and their core skills, we provide an analysis of 100 GC job listings, alongside self-selected skills listed by GCs themselves on LinkedIn. We also provide a wide-ranging look at the compensation of GCs — who can earn up to seven million dollars a year — including differences in pay based on sectors, experience, and gender. This section includes data sourced from the [ACC 2018 Global Compensation Report](#), based on detailed responses by 3,883 corporate counsel within the United States. In other sections, we draw on data from ALM Intelligence on the compensation of the Fortune 500 GC, as well as data provided by consultancy Russell Reynolds on the pattern of hiring GCs within the Fortune 500.

The study includes insights from top general counsel who have pioneered the transformation of the role, including chief legal leaders at the largest of enterprises.

There are less commonly used titles for general counsel: chief legal officer and head of legal. However, these terms are often used interchangeably. For ease, we refer to general counsel throughout this report.

# PART I THE ANATOMY OF A GENERAL COUNSEL

## THE STATISTICALLY TYPICAL GC

LIVES IN CALIFORNIA

9+ YEARS EXPERIENCE



MALE

BETWEEN 35 AND 54

SALARY: \$408,077

WORKS IN FINANCIAL SECTOR

There are nearly 113,000 general counsel in the United States. This equates to roughly one GC for every 163 US companies listed on social networking site LinkedIn.

Looking deeper, we find the typical GC is male, between 35 and 54 years old, more likely attended Harvard than any other law school, and is most likely based in California or New York.

In this section, we analyze this data in detail to provide a glimpse into the background and traits of those in this role.

## GENDER

### WOMEN MAKE UP 31 PERCENT OF GC POPULATION

Women make up 31 percent of the US general counsel population. Within the elite Fortune 500, the proportion of female GCs drops slightly to 29 percent. The implications of this imbalance are assessed in detail in Part III, where we note the problematic statistic that male GCs are paid an average of 39 percent more than their female counterparts.

## AGE

### GCs ARE 35-54

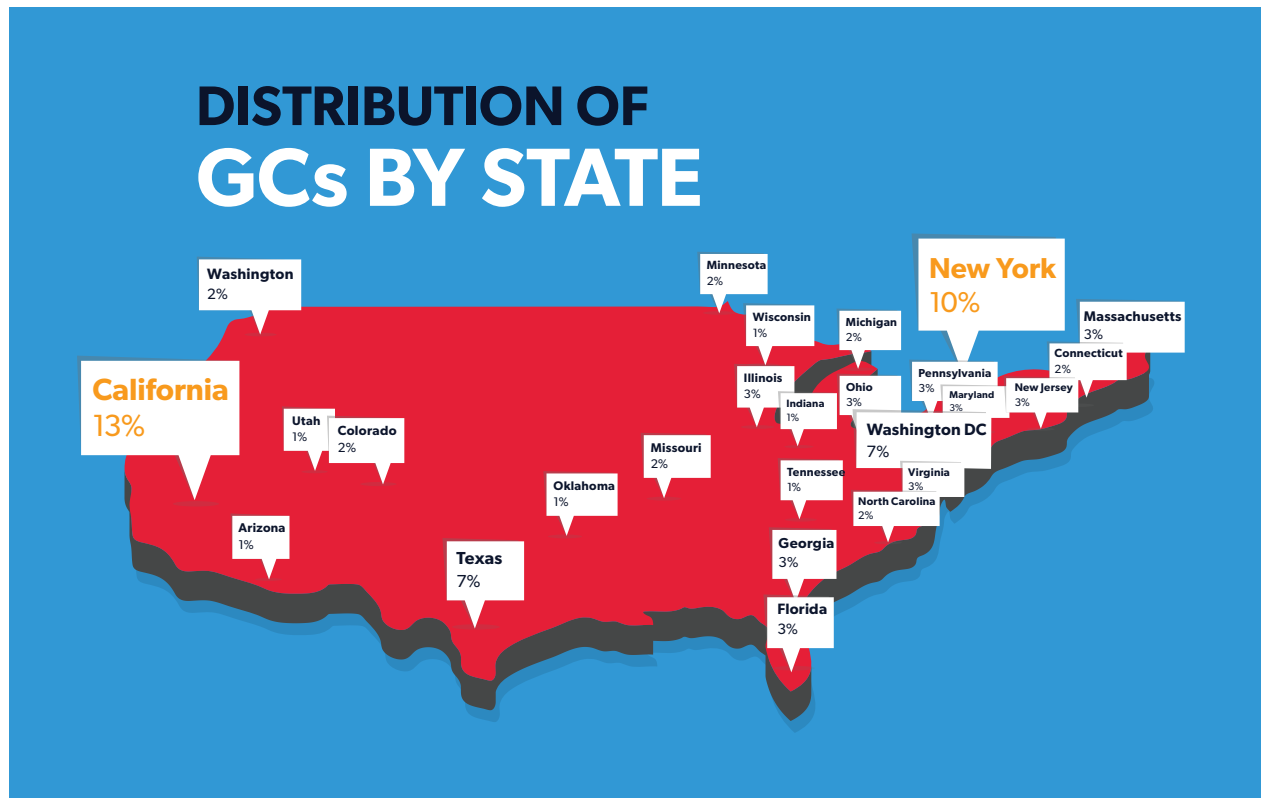
The majority of GCs (63 percent) are 35-54, with a further 29 percent over the age of 55. However, a not-insignificant eight percent of the US GC population is under 34 years old. Christina Zabat-Fran, vice president, general counsel, and corporate secretary at St. John Knits, who attained her role at the luxury fashion brand when she was 33, says: "It really comes down to earning trust in your leadership team and in the organization every day, and building that trust. I do feel like that as our company was looking for the GC, they understood how indispensable I made myself to the organization and how proactive I was in contributing to strategy, really extending myself beyond everyday counsel." Other younger GCs are using technology or social media to make their mark. For instance, Cassie Sadowitz, who at 26 became the youngest attorney to serve as the GC for a professional football team (the Jacksonville Jaguars) says her success comes from an eye for social media, technology, and branding, as much as her legal experience.

*She says:* "Many legal teams out there still don't really understand the power of social media and oftentimes don't want to launch dynamic promotions, because it can be seen as a risky, uncharted area of the law. But from our perspective, we never want to be known as the lawyers who say no and shut down ideas. We always want to be open to innovative ways to enhance our brand and brainstorm the best pathway in an evolving area of the law."

### THREE PERCENT OF GCs OPTED FOR MBAs

The analysis finds that three percent of all GCs have an MBA, which can be a faster route for talent to gain vital business skills and secure a top role. For instance, at 37, Diana Toman became SVP and GC at Compass Minerals, a publicly traded US\$1.4 billion essential minerals group. She gained an MBA while at her first in-house role and says: "It enabled me to learn key business principles so I could better support my internal clients by building a bridge between legal and business concepts. As I had never had any type of finance or accounting course, it was also very important for me to learn how to read financial statements and understand accounting terms particularly as I became responsible for our SEC disclosures. Earning an MBA was a pivotal moment in my career and broadened my approach to complex commercial and legal matters." In certain GC job postings, an MBA explicitly counts toward experience; for instance, LDA Holding Company, advertising a GC role, states that a candidate with an MBA with eight years' experience is equal to a Bachelor's degree and 12 years. The general counsel listing for Las Vegas-based Rhodes Companies points out that an "MBA in finance or management will be considered an asset." There are also the options of "mini-MBAs for GCs", providing a [three-day taster](#) session on corporate strategy and financial accounting for lawyers.

# STATES



## CALIFORNIA BEATS NEW YORK AS HOME TO THE HIGHEST NUMBER OF GCs

California is the top state for general counsel, home to 13 percent of all GCs in the United States. Here, GCs are serving a myriad of companies challenging the status quo of regulation, not least within the San Francisco Bay area and Silicon Valley, where a large number of Fortune 1000 companies, including eBay, PayPal, Wells Fargo, Gap, and Salesforce, are based. In this state, innovative and efficiency-driven companies are breaking new ground in services and technology, providing general counsel a unique opportunity.

Wanji Walcott, GC of California-headquartered PayPal, [says](#): “Regardless of what your focus is in tech — whether it’s cryptocurrencies, drones, driverless cars, payments-lending — what we’re all seeing is that we are moving very quickly to innovate and service our respective customers. But regulation may not necessarily either keep up with that or really appreciate or speak to exactly what we’re doing. So, we’re caught in this unique position, certainly as lawyers, of managing the risks in between that. There’s a lot of gray in which we play.”

## NEW YORK

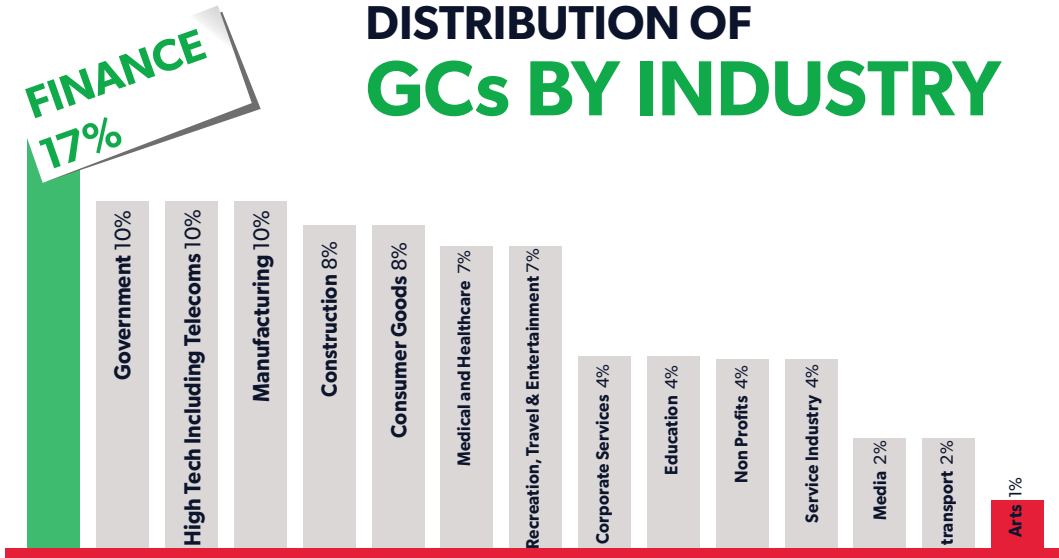
New York is also a GC hub, accounting for about one in ten of the GC population. New York GCs also have the distinction of being paid the most. Based on [2017 proxy filings from Fortune 1000 companies](#), the two highest-paid general counsel are based in New York. Morgan Stanley’s GC Eric Grossman is paid \$6.95 million in salary, followed by Lauren Seeger (\$6.70 million), who heads the legal department at American Express.

# WASHINGTON, DC

Among Washington, DC's 3.5m LinkedIn users is an army of 110,000 lawyers and legal experts. This translates into at least 2,000 GCs — three-times the average number of GCs per capita nationwide. By way of comparison, Texas, with nearly three times the professional population of Washington, DC, has the same number of GCs as the nation's capital.

The prominence of Washington, DC is further apparent in view of the public sector's role as the second-biggest source for GC employment across the United States (finance, as explained below, is the main home for GCs). The presence of the government as employer offers Washington's general counsel base the opportunity to participate in cutting-edge public policy issues. For instance, Glenn Gerstell, general counsel of the National Security Agency, provides insight into [privacy in the digital age](#); or Brent McIntosh, general counsel at the US Department of the Treasury expounds on [financial regulation](#).

# SECTORS



## FINANCE SWEEPS UP 17 PERCENT OF ALL GCs

Finance is home to more US GCs than any other industry, with 17 percent of all chief legal officers landing a job counseling this highly-regulated industry. There is one GC for every 1,750 employees in the financial sector, more than twice the average across all industries. In contrast, there is one GC for every 6,100 employees in transportation and one for every 6,500 employees in the services sector.

The dominance of finance as a sector for General Counsel is followed by government (where 10 percent of all GCs work), tech and telecoms (10 percent), manufacturing (10 percent), construction (eight percent), and consumer goods (eight percent).

The average GC is less likely to find a role in the media sector (two percent of the GC pool), transportation (two percent), or the arts (one percent).



## FINANCIAL REGULATION AND THE RISE OF THE GC

The prominence of the GC role in the finance sector comes in the wake of the global financial crisis, which precipitated a wave of regulatory change that increased both the scope and stringency of regulatory requirements. New legislation and regulations have included the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) in the United States, the Basel 2.5 and III regulatory frameworks, the US Federal Reserve's Enhanced Prudential Standards (EPS), the European Market Infrastructure Regulation (EMIR), and Solvency II capital standards. In the years since the global financial crisis, financial institutions have had more time to understand the practical implications of these new regulations and their needs to maintain compliance. Consequently, risk management is becoming even more important today. Financial institutions now confront higher regulatory risk, which means greater uncertainty than before about their business environment.

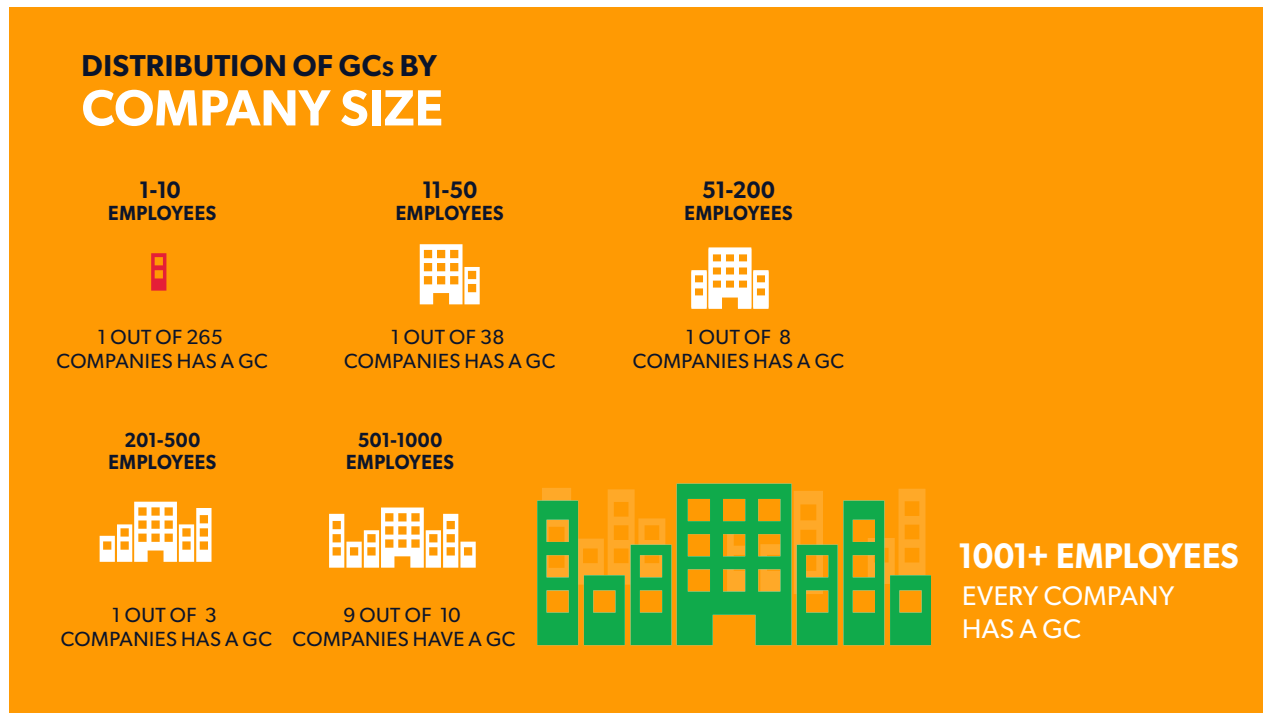
## GCs AND GOVERNMENT: A POWERFUL CAREER SKILL

To land a general counsel job today, a lawyer is likely to need experience [negotiating with legal and regulatory agencies and industry watchdogs](#). This may include experience dealing with the Department of Justice, the Financial Industry Regulatory Authority, the Securities and Exchange Commission, the Federal Trade Commission, the Treasury Department, and the Office of the Comptroller of the Currency. And, whereas corporate lawyers were once expected to understand just the rules at home, CEOs today need lawyers who can operate across geographic boundaries. Amazon's GC David Zapolsky [says](#) his typical day can involve providing urgent responses "if there are issues around the world where we're being contacted by regulators or by government officials." He adds, "I do a fair amount of external engagement with regulators and government officials, not just on individual matters but also to educate people more generally about what we're doing and why."

Uber GC Tony West, who served in President Obama's administration in the Department of Justice, says: "[It's always helpful to have the perspective of the regulators](#) and to understand what they are trying to accomplish. I think oftentimes we find ourselves operating in stereotypes — if you're in the public sector you have stereotypes of what you think people in the private sector are like, and vice versa. The experience of being on both sides of that line helped me to appreciate that there's actually a lot of common ground and a real opportunity for people to reach resolutions that are mutually acceptable, but also to work together in a very collaborative way."

Kelly McNamara Corley, GC at Fortune 500 Discover Financial Services, [spent the first part of her professional life in government relations in the capital](#), learning the importance of breaking down issues so that the key components resonated with congressional members of varying backgrounds. "I learned my communication skills, in particular how to take complex matters and boil them down to simple ones, through the advocacy work I did in Washington," she says.

# BUSINESS SIZE



## SMALL BUSINESSES CHOOSE GCs EARLY

On average, every US company with 1,000 employees or more employs a general counsel, underscoring the importance of the position in large complex organizations.

However, about 10 percent of the US general counsel population is employed at the smallest companies, comprising one to 10 employees. Indeed, the data shows that one in 265 micro businesses (defined as businesses hiring between one and 10 staff) employs a general counsel.

As companies grow in number of employees, they are more likely to employ a general counsel. For US companies with between 11 and 50 employees, one in every 38 organizations has a general counsel on the payroll. This climbs to one in eight companies with a GC in firms of up to 200 employees. By the time a company employs between 500 and 1,000 employees, nine in 10 will have a GC.

GC appointments at micro or small businesses in the United States reflect the fact that many US small businesses are concentrated in highly complex or regulated areas, such as professional, scientific, and technical services. Small companies generate 33 percent of the United States' US\$1.3 trillion in [total exports](#), where contracts, IP, and compliance remain vital. Also, there are specific programs [connecting homegrown US small businesses to the biggest buyer of goods and services, the US government, which spends US\\$600 billion in purchases](#) each year. Legal knowledge is of vital importance in navigating the process quickly and effectively winning contracts.

For a case in point, 100-person Community Champions is a fast-growing business-to-government vendor that tackles the problem of foreclosure properties blighting US neighborhoods. The three-person legal department, [led by General Counsel Clifford Johnson](#), faces a 50 percent increase in contract negotiation; the company has grown to serve 100 US cities, engaging with 4,000 foreclosure entities. The complexity of the task it faces underscores the importance of having a dedicated GC at the front and center of its legal team.

## TECH: TICKET TO RIDE FOR AMBITIOUS GCs

The rise of mobile, AI, cloud, VR, fintech, cryptocurrencies, and robotics has seen more companies bringing in general counsel at a much earlier stage. The record boom in investment has seen US startups collect more than [US\\$67 billion in venture capital funding](#) last year, with tech companies in Silicon Valley picking up US\$19.7 billion of this cash. Amazon GC David Zapolsky joined the top global retailer when it had a legal department of only 15. Today, the online leader, which has achieved a US\$1 trillion valuation, has more than half a million global employees and a legal team of more than 800. In a similar vein, Lyft General Counsel Kristin Sverchek was the 31st hire to the ride-hailing Uber competitor. The company now has a valuation of US\$11 billion and 1,600 employees.

Lyft's Sverchek [says](#): "The calculus for me sort of went like, 'Well, I am taking a big risk joining this company But you know if this company folds in a year and I only have my job for a year, it will still be good for my professional development because I'll be exposed to different areas of law, different ways of working with people, new and creative ideas. I thought 'OK it's giving up a little bit of certainty in my future but I will gain other skills, and so if I have to look for a job in a year because this company is not around, so be it.'"

Susannah Wright, GC at Fintech startup Credit Karma, [says](#): "Certainly with a hyper-growing company, a lot of the challenges really comes down to helping build up the right guardrails and the right framework to begin with, that also allows enough ability for innovation. And I think that in the hyper-growth stage, you are very focused on making sure that the company is doing the right thing and is able to do so in an innovative fashion."

## BIG OR SMALL: ONE TRAIT TO RULE THEM ALL

The challenges for a GC may appear more daunting in a large enterprise, but the same traits required to achieve success apply across all companies.

Cindy Abbott joined Chicago Public Media as general counsel in a legal-department-of-one after working at Motorola Mobility, a large multinational company. She says the challenges [remain the same for a legal department of any size](#): working closely with the business and driving efficiencies.

Chad Jerdee, general counsel and chief compliance officer at 442,000-person-strong Accenture, [says](#): "I love sitting down with the business person, listening to how their business is run, listening with empathy and understanding of what they're trying to achieve and then using the skills I have as a lawyer to help them accomplish their goals, and then seeing those goals to fruition. There's nothing more satisfying than that. And it doesn't matter if it's like in the early days of practice, a couple trying to buy a bed and breakfast, or it's Accenture trying to do a multibillion-dollar deal."

# COMPENSATION

## US\$408,000 AVERAGE PAY

The average pay for a general counsel in the United States is US\$408,000, based on a total compensation package which includes base salary and performance-based bonuses<sup>1</sup>. In Part IV of this report, we provide a full analysis of the compensation packages paid to a GC by sector, gender, legal expertise, and experience.

<sup>1</sup> ACC 2018 Global Compensation

# LAW SCHOOL

## TOP 15 LAW SCHOOLS BREED 18% OF ALL GCs

Though there are 237 law schools in the United States, 15 percent of all GCs attended the elite so-called T14, made up of 14 top law schools. In order of ranking, these are Yale, Stanford, Harvard, Chicago, Columbia, NYU, Penn, Michigan, UVA, Duke, Northwestern, Berkeley, Cornell, and UT Austin.

The proportion of general counsel who are graduates of these top schools stands at 18 percent when including graduates of Georgetown Law School (which recently dropped off the T14 into 15th place). These elite schools have a bigger presence in the Fortune 500, where 35 percent of GCs are alumni of the T14 (rising to 40 percent once Georgetown is included).

### POST-LAW SCHOOL SKILLS KEY TO SUCCESS

Harvard Law School graduate Sydney Brie Schaub, GC of Rent The Runway, has [spoken](#) of the limits of even the best legal education to excel in the post. She says: “We got a good foundational education, an academic education in law school. Most of the hard skills that I use I did not learn in school. I would say that there’s probably two that come to mind. Executive communication. That’s one of the things that once I mastered that, I think I became much more successful in my role. That’s explaining really complicated concepts in a clear and concise way that the executive could easily absorb. Then the other thing would be triaging, especially at a startup or disrupter.”

Specialist legal recruiter and former lawyer Julie Brush adds: “In today’s market, it is less important than it was 20 years ago or 30 years ago because now the emphasis is on the quality of your experience, your business acumen, and your communication skill, and less so on whether you went to Georgetown or Harvard or NYU. You could be number one in your class at Yale Law School and you walk in and you’re a dud, and you are out. Going to these law schools is not a shoo-in for career success anymore.”

# PART II

## THE FORTUNE 500 GC

Fortune 500 companies generate two-thirds of the US GDP. With US\$12 trillion in revenues, US\$890 billion in profits, and US\$19 trillion in market value, companies in the Fortune 500 employ 28.2 million people worldwide. When it comes to buying legal services, one in eight dollars spent in the United States is [by a Fortune 500 legal department](#). For instance, they will spend a combined [US\\$7.8 billion alone on its response to Brussels' GDPR](#), equating to almost \$16m for each company.

Summing up the complex challenges and attraction of being a Fortune 500 legal leader, Karen Roberts, GC at Walmart, [says](#): “We face an enormous breadth of issues around the world, with every legal issue imaginable.”

## GENDER GAP

### 150 GCs IN FORTUNE 500 ARE WOMEN

In 1979 Mary Ann-Hynes became the first-ever woman to be a general counsel at a Fortune 500 corporation while at CCH Inc., a leading provider of information services. Nearly 40 years later, the number of women among the Fortune 500 GC ranks had reached 150 (30 percent of the total) Mary E. Kennard, former vice president and general counsel of American University, puts it [simply](#): “That’s not 50/50; something’s wrong.”

Though hardly ideal, this contrasts favorably with the paltry [24](#) CEOs in the Fortune 500 and the [61 CFOs](#) who are women.

## STEPPING STONE INTO THE FORTUNE 500

### SEVENTY PERCENT HAVE PREVIOUS IN-HOUSE ROLE

The road to the top job is clear, with 70 percent of current GCs arriving from in-house positions either at their current company or from an equivalent role at another company.

Of the 426 Fortune 500 GCs for whom we have previous role data, 28 percent served as general counsel at a previous company. This is followed by 10 percent who held a post of deputy general counsel either at the same company or another. Then a further eight percent are former associate general counsel, seven percent are former partners at a law firm, and four percent arrived after serving as assistant general counsel.

### PARTNER TRACK: END OF THE LINE?

Only seven percent of Fortune 500 GCs were formerly partners at a law firm, showing as an increasingly unlikely route to become a GC. High-profile exceptions include Amazon GC David Zapolsky, who left a partner position at a large firm (Dorsey and Whitney LLP) to join Amazon as an associate general counsel, Avery Fischer at Ralph Lauren (who left Kelley Drye & Warren LLP after five years as partner), and Timothy S. Teter, who became GC of NVIDIA after 20 years as a partner at Cooley.

However, according to in-house recruiter Vanessa Vidal, partners looking to move to the top in-house position are more often than not [likely to face disappointment](#). She says: “I speak with a lot of law firm partners with more than 15 years of experience who want to move in-house and refuse to consider anything but a general counsel position. Attorneys who are already in-house after 10 years of private practice, and who have worked their way to an assistant general counsel position, typically have a better chance of getting that general counsel position than law firm partners,” Vidal says.

In addition, large in-house teams have the potential to poach rising law firm talent early. Amazon GC David Zapolsky [says](#): “In my current role when I think about the relationship we have with outside counsel, if we’re getting really strategic, important business advice from an outside counsel, I’m going to want to bring that person in-house. If they’re that good and they’re providing that much value, I would rather they be in-house working directly with our clients than through the legal department.”

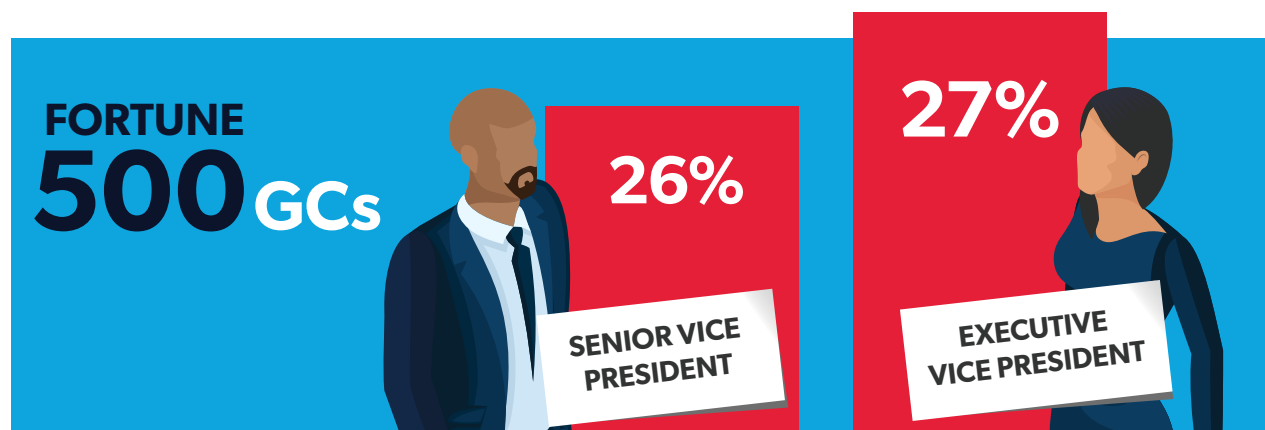
## THE IN-HOUSE ROUTE TO POWER

For many GCs, a clear path to the top has involved working their way up within the company. This process of advancement allows internal candidates to build up business skills and accumulate industry knowledge internally.

Both Kelly McNamara Corley, EVP general counsel at Discover Financial Services, and Marc Levin at Ohio-based Dana Holdings have been at their companies for 36 years. On average, a Fortune 500 GC serves the same company for eight years in any number of legal roles, before rising to the top. For example, Bradley Gayton, general counsel at Ford Motor Company, has been at the Fortune 100 company for 17 years. He progressed initially from his role as director of the global trade taxation and customs group, to director of legal affairs (Canada, Mexico, and South America), then to corporate assistant secretary and secretary to the audit committee, assistant general counsel and corporate secretary, until finally, he became group vice president, chief administrative officer, and general counsel.

## INCREASED RESPONSIBILITIES AND TITLES

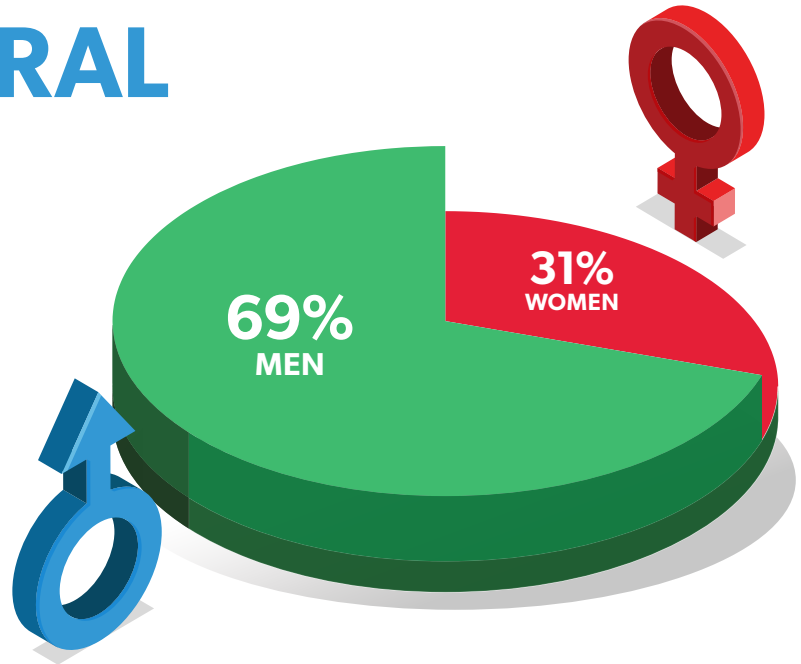
Reflecting the evolution of the general counsel role to encompass responsibilities beyond purely legal functions, 27 percent of Fortune 500 GCs also hold the position of executive vice president, and 26 percent are senior vice presidents. This reflects the new reality with the GC a strategic leader, in a period when 64 percent of [GCs report directly to the CEO](#). This is in addition to 14 percent of GCs also having the role of chief risk officer (CRO), which is expected to rise to [31 percent by 2020](#).



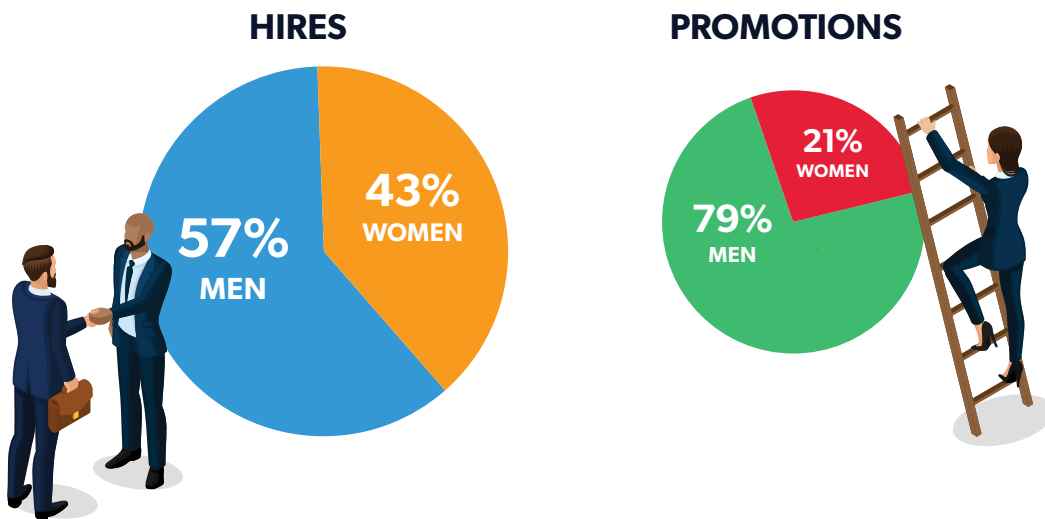
# PART III

## GENDER AND THE GC

### ALL GENERAL COUNSEL IN THE US

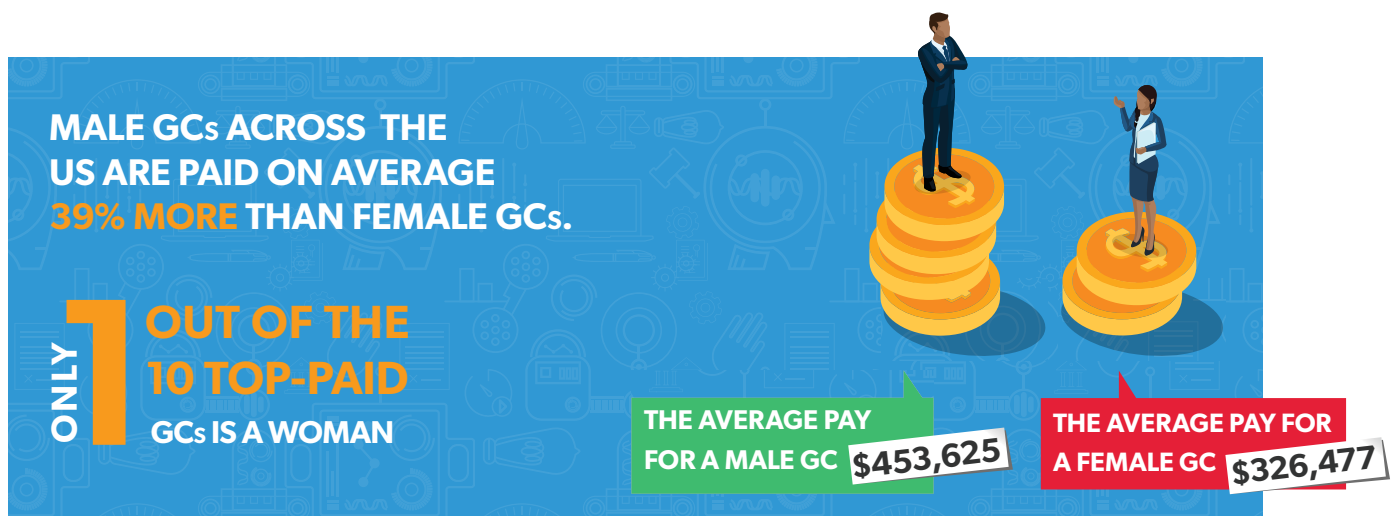


### FORTUNE 500 HIRING IN THE LAST 12 MONTHS



In analyzing 34,000 GCs in the US, women make up 31% of this population and male GCs comprise 69%. In addition, as we have seen, males earn an average of \$453,625 a year in the position, and women GCs, \$326,477. Male GCs are paid on average 39% more than women GCs.

The implications of the lack of gender parity include a stalling of career progression. Diana Toman SVP and GC at Compass Minerals, says: "Women often have to be proven in that GC role before they are entertained as a candidate against a male. I think they are more often willing to accept a small company to prove themselves and then move up, and that impacts the gender pay equity." Mary E. Kennard American University's Vice President and General Counsel of American University [says](#): "I really don't see the progress that should be made at this point in time. I've heard a million excuses why this guy needs to be paid more money. And I think women are reluctant to say, 'I've been doing three jobs and you've been paying me for one. I'm not going to do that anymore. You're going to either pay me for all three jobs or I'm leaving.' I'm as guilty of that as anybody. We need to speak up. Ask for the pay we deserve before they give us more work to do. And be willing to walk if they don't."



## THE NEED FOR GC DIVERSITY

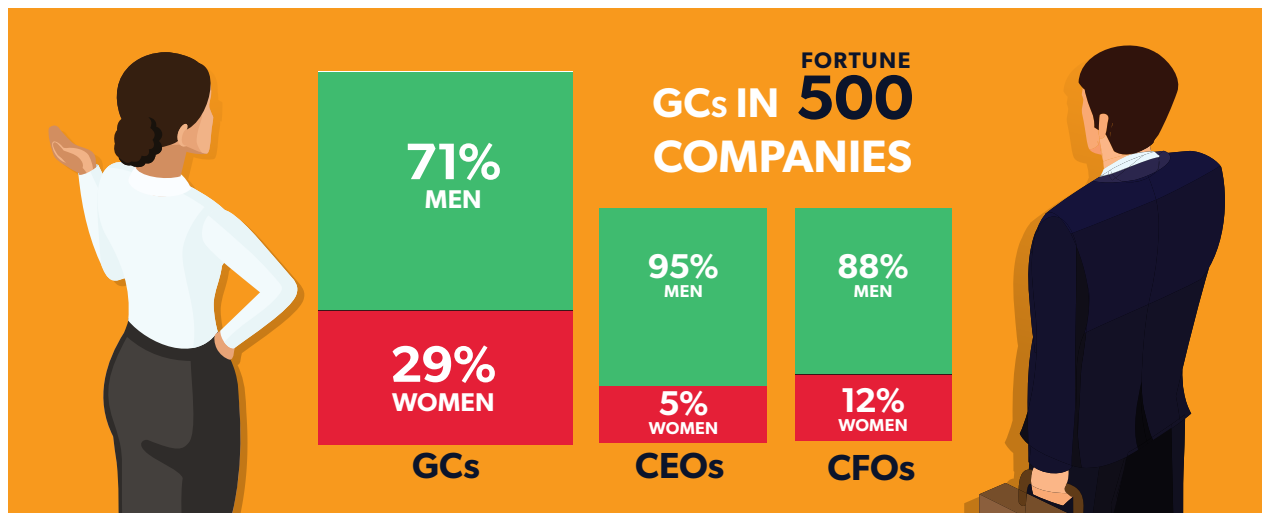
The importance of more women leaders in this vital corporate role has seen 41 law firms and 55 corporate legal departments sign up to implementing the so-called 'Mansfield Rule', a data-driven, modified version of the Rooney Rule, which required NFL teams to interview at least one minority candidate to fill head coaching vacancies. Caren Ulrich Stacy, the CEO of Diversity Lab, promoting this initiative defines an objective to consider diverse candidates for at least 30% of open legal leadership and governance roles. In other words, if you have a slate of 10 potential hires, three need to be people of color or women. "Research shows that 30% in a candidate pool is a real tipping point," [says Stacy](#). This has led to data-driven approaches. For instance, Lora Blum, Survey Monkey General Counsel created a law firm diversity questionnaire built into SurveyMonkey's platform to ensure law firms are complying with objectives of the company to be an inclusive and diverse workforce.

The GC role is also uniquely suited as an opportunity for the C-Suite to open its doors. Elisa Garcia, Macy's Chief Legal Officer says: "I think the GC role is one of the easiest ones for them as there are so many qualified women. It's not as easy to get some women leaders in CEO or CFO or president positions. There are fewer women in those kinds of positions than there are lawyers. It will continue to grow in larger steps than it has grown naturally."

The number of qualified women is growing in comparison to men. In 2016, for the first time ever in the US, women made up the majority of US law students. Today, in the US, women make up [51.3 percent of US law students](#).



# HIRING TRENDS



## FORTUNE 500 HIRING OF WOMEN RAMPS UP IN PAST YEAR

The rate of hiring women as GCs within in the Fortune 500 has advanced at a steady pace in the past 12 months, with 43 percent of the 46 GC job vacancies in the Fortune 500 filled by women, according to data supplied by consultancy [Russell Reynolds](#) for this report.

	GC hires (total)	Women	Men
Q3 2017	12	5	7
Q4 2017	16	8	8
Q1 2018	13	5	8
Q2 2018	15	6	9

## INTERNAL APPOINTMENTS: PIPELINE BLOCKED?

	Internal appointments	Women	Men	Percentage of women appointed
Q3 2017	7	3	4	43 percent
Q4 2017	7	1	6	14 percent
Q1 2018	5	0	5	0 percent
Q2 2018	4	1	3	25 percent

However, as shown in the table, women GCs appear to have more success in gaining a GC position by joining a new company, rather than by being promoted within the same company. Of the Fortune 500 GC positions filled in the past 12 months, a considerable 42 percent were internal hires. However, only slightly more than one in five of these promotions were given to women. This reflects either a lack of talent in the pipeline or a continuing failure to recognize and promote women candidates.

## CREATING A PIPELINE

However, forward-thinking law departments are recognizing the problem. Suzette Long, general counsel at Fortune 500 manufacturer Caterpillar, restructured her department to ensure high quality and engaged attorney leaders were selected to support the various business areas, and build a strong pipeline of high-quality attorneys for future leadership. Long says: "In applying Caterpillar's methodology of evaluating a diverse slate of candidates, the end result was both an increase in the diversity of attorneys serving the Caterpillar business and an increase in the diversity of our pipeline for developing talent. The result of applying this methodology to my direct reports in legal was two female and one male deputy general counsel. One of the female deputy general counsel was an external hire."

Long adds: "In succession planning, we talk about a list of names, and if there isn't a diverse slate of candidates, we are asking 'why not?'"

## RETIRING BABY BOOMERS

With the relatively high number of baby boomers (29 percent of GCs are over 55) potentially nearing retirement age, it may be an opportunity to hire women and minorities to fill the GC position.

However, this may not prove to be the case. We identified 30 high-profile US companies which announced the retirement of their GC between 2017 and 2018 and setting out plans for a successor to be appointed. [i] Of this retiring old guard, 25 out of the 30 GCs in the post were male. But when it came to bringing in a new generation to fill these jobs, men still secured 22 out of the 30 top GCs positions. This included five cases where a previous female incumbent was actually replaced by a male GC. The eight women chosen to replace retiring GCs in our 30 cases, nevertheless included many headline-grabbing hires including Katherine Adams at Apple, Rena Reiss at Marriott International, and Desiree Ralls-Morrison at Boston Scientific.

[i] Press releases sourced via PR Newswire

# PART IV

## GC COMPENSATION

# \$408,077

AVERAGE ANNUAL TOTAL COMPENSATION  
(INCLUDING BONUSES)



**BOTTOM 5%**  
**MAKE**  
**\$110,000**  
**OR LESS**

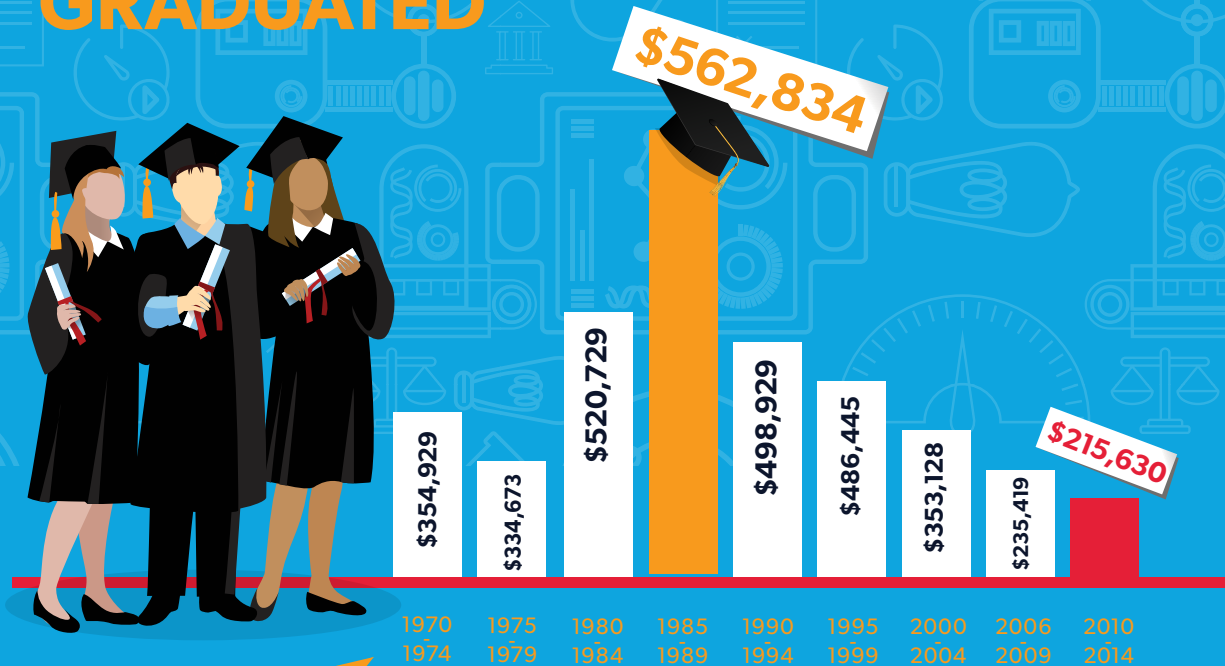


**TOP 5%**  
**MAKE**  
**\$1.25M**  
**OR MORE**



**TOP 0.1%**  
**MAKE OVER**  
**\$4.75M**

# AVERAGE SALARY BASED ON YEAR GRADUATED



## PLAYING IN THEATERS



- The Paper Chase (1973)
- Kramer vs Kramer (1979)
- The Verdict (1982)
- The Accused (1988)
- A Few Good Men (1992)
- A Civil Action (1998)
- Legally Blonde (2001)
- Michael Clayton (2007)
- Conviction (2010)

# AVERAGE SALARY BASED ON INDUSTRY



According to data collected by the ACC 2018 *Global Compensation Report*, general counsel in the United States receive an average annual salary of US\$408,077. However, GCs at biotechnology and life science firms, as well as technical and R&D roles can reach US\$3.3 million in pay. In a different league altogether, Fortune 500 GC salaries approach seven million dollars annually.

In contrast, the least-well paid GC roles in the ACC survey are found in the construction and engineering sectors (averaging US\$294,945); educational services (US\$290,221); trade associations (US\$245,888); holding companies (US\$231,438), advertising and public relations (US\$215,096); and charity and not-for-profit organizations (US\$212,415).

## **GENDER DIVIDE: MALE GCs EARN 39 PERCENT MORE THAN FEMALE COUNTERPARTS**

According to the data on GC pay, male GCs are paid on average 39 percent more than their female counterparts. The average pay for a man working as a GC is US\$453,625 (higher than the national average of US\$408,077), while for a woman GC, the figure is US\$326,477. Despite these findings, there remains a challenge in perception, with 48 percent of women in-house counsel saying there is “definitely” a gender pay gap while [only eight percent of male in-house counsel agree](#) with this statement.

## **FIFTEEN YEARS: THE MAGIC NUMBER TO GET A PAY RAISE**

The average pay for a GC with one-or-less years of in-house experience is US\$202,748. However, this jumps 42 percent to US\$287,692 once someone has two to three years under their belt. The biggest increase in salary for in-house experience comes after reaching 11-15 years in a legal department, when salaries rise on average by 48 percent, from US\$437,547 to US\$646,906.

## **GRADUATES FROM 1984-1989 LEAD PAY LEAGUE**

Lining up with the findings on experience counting for GCs, those who graduated from law school between 1985 and 1989 are being paid the most. This cohort, now most likely in their mid-50's is paid on average US\$562,834.

## **IT PAYS TO SPECIALIZE**

Expertise in antitrust and trade regulation is the most valuable when it comes to the best salaries. GCs with these skills hit at least US\$672,270; followed by capital markets and securities and finance expertise (US\$634,671); and M&A experience (US\$546,643).

Litigation and antitrust experience can be a powerful asset, says Carrol Barry-Walsh, former head of regulatory investigations at UBS, which has had its fair share of [government probes](#). She [says](#): “People need to feel that their GC is a pair of safe hands, that there is no one they’d rather have by their side. Criminal and regulatory matters are worrying for non-lawyers, so it’s critical to remember that effective communication is often less about the details and more about showing that there is a clear, effective plan in place where all the bases have been covered. In any crisis or critical situation, that’s the most important message to get across.”

## **GCs PAID MORE TO MANAGE BIG TEAMS**

The number of lawyers the GC manages in a department also plays an important role in the final pay package. Indeed, management is the core skill that the vast majority of GCs present on their public profiles on LinkedIn (see more on this in Part V of this report).

Accordingly, a GC in a law department of one can expect an annual pay package of US\$219,911 on average. Once the GC is managing two to nine lawyers, average pay rises to US\$463,841. A further increase with a team of 10 to 24 lawyers triggers an additional increase in pay to an average of US\$923,594. For a burgeoning department of 25 to 49 lawyers, pay on average reaches US\$1.16 million a year.

# PART V THE GC REBORN: THE NEW SKILLS OF THE GENERAL COUNSEL



## “BUSINESS” CRITICAL IN GETTING GC ROLE

As the general counsel has ascended to the C-suite, business skills have overtaken legal skills in importance. “Business” is the top word used in recruiting a GC, an analysis for 100 ads for the post in the US reveals. The word “business” within the job requirements of a GC is repeated more than three times in an average posting for a company’s top legal hire (306 mentions), beating second-placed “compliance” (257) and third-placed “management” (254 mentions).

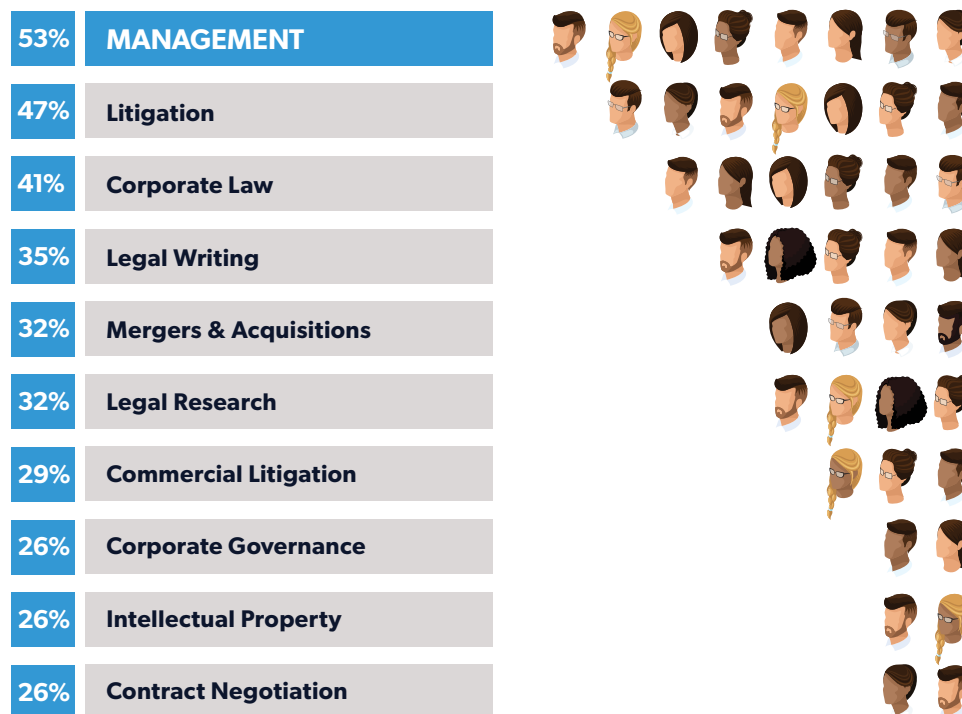
In contrast, traditional legal expertise such as knowledge of “agreements” (113), “risk” (107), “laws” (77), “transactions” (68), “contract” (67), and “drafting” (57) are notable for their relative scarcity.

Some advertised positions even emphasize the need for a leader for the “development and execution of the corporate strategy and growth plans” (LDA Holding Company), “a demonstrated ability to understand business needs” (HBUS), and “demonstrated integrity and business experience” (Daimler).

## RECRUITING A GC: CEOS ON HIRING THE BEST

The need for GCs to assume a ‘business-first’ attitude is a point reinforced by CEOs. Michele Buck, president, and CEO of chocolate-maker Hershey appointed Damien Atkins as GC in 2018. She said: “[He is business-focused](#) and knows how a legal function can support a company’s strategic objectives and positively impact business results.” In another recent case, ACADIA Pharmaceuticals’ CEO Steve Davis appointed Austin Kim as GC, stressing his new hire’s leadership track record and important role in “delivering shareholder value.”

## LINKEDIN SKILLS - AS CHOSEN BY GCs





In an analysis of the self-selected skills on the LinkedIn profiles of 34,000 US general counsel, “management” is the top pick (with 53 percent of GCs selecting this skill to present to colleagues and recruiters). Many GCs believe that core to their success is the team they lead, people-skills, and relationships. Alan Tse, who recently assumed the GC role at Jones Lang LaSalle, said, “[so much of what I do](#) nowadays is leading a team of folks who do the real work.” He describes the core GC skill as the “ability to motivate, to assign the right paths to the right people, and to inspire them so we can all be pointed in the right direction.”

Lane Wilson, SVP and general counsel at energy firm Williams, [says](#) the key skill for a GC is to teach “people how to think beyond the specific legal issues that you have before you, and how it is going to impact both your team members and the company as a whole.”

Specialist legal skills also feature highly on public profiles. In particular, there is a focus on litigation (cited as a skill by 47 percent of GCs on LinkedIn), corporate law (41 percent), legal writing (35 percent), mergers and acquisitions (32 percent), and commercial litigation (32 percent).

Analytical skills are cited by 15 percent of all GCs in their public profile, while communication skills are listed by nine percent. Social media (cited by three percent of GCs) and blogging (one percent) are also represented.

Interestingly, of the 34,000 general counsel on LinkedIn, not a single GC has listed any of the following skills: operational efficiency, productivity improvement, operational due diligence, business efficiency, productivity, operational analysis, team effectiveness, or process efficiency. It is clear that GCs have these skills, but few are highlighting these as a core area of the GC skillset. Indeed, the prioritization of business and operational management within the legal department is seen with the expanding presence of legal operations professionals, usually reporting to the GC. In 2017, 43 percent of GCs reported at least one legal operations professional in the department while in 2018 [this increased to 47](#) percent.

## THE ROAD TO BECOMING A GC

This data suggests that the road to becoming a GC may see opportunities tipped in favor of those with the best credentials who have attended the best schools, and in many cases, those who are men rather than women. We have provided some insights, such as the importance of building up and highlighting solid business skills and the point that in-house transitions are more effective than law-firm-to-GC appointments. But one thing that’s clear is that ticking all these boxes is not enough.

According to [Anne Marie Segal](#), a longstanding coach to general counsel, “the road to GC is not paved by putting your head down and doing your work. Like good judgment, you can only learn to communicate better by doing.”

Julie Brush, a recruiter who has placed numerous GCs in positions across the United States, says the ideal candidate has a mix of almost intangible qualities. Brush says, “There are lots of paper qualified candidates out there, but the number of A-players is very small. When we conduct a general counsel search we are looking for the A-players. We are trying to align the candidates with what our client needs. When it comes to a GC role, I have not had a client yet that is willing to compromise because of the difficulty and challenge in not finding someone who has a breadth of substantive experience. It’s not just ‘do they have business acumen?’ because they may, it is also about their chemistry with executives. Are they responsive? Are they professionally courteous? It’s a whole laundry list that to me make up a top-quality candidate and I do not think there are many out there.”

It also takes drive and ambition. According to Sterling Miller, Marketo general counsel, a prospective GC must proactively obtain the necessary experience and skills, while also showing value to the executive team to “get on the list”. Miller says: “[Assume no radioactive spider will bite you and change your life overnight](#). You will have to progress your career the old-fashioned way — through hard work and with a little self-promotion.”

## DIVERSITY

Diversity is being introduced slowly into the profession, broadening opportunities for finding the best legal talent. Suzette Long, GC at Caterpillar, recognizes the value of diversity as crucial “because you bring those different skillsets to issue-spotting, not just legal issues, but governmental affairs, security, and corporate requirements. This requires a very diverse background of experience.”

For Elisa Garcia, general counsel at Macy’s, a Spanish-speaking background gave her an advantage. She says: “Frankly, my being a Latina woman has actually helped me because of the Spanish language skills, and not just the language skills, but the cultural skills and my ability to work within the region. One of my big steps was when I became regional counsel for Latin America for Philip Morris International. I was successful in that role because of my ability to speak the language, negotiate contracts in Spanish, and also the cultural nuances I was able to navigate that other people with a more traditional background may not have.”

Matt Fawcett, general counsel at NetApp, [cautions against bringing on too many people who follow a predictable path to the top legal role](#). He says, “In an orthodox, homogeneous industry, the expectation put on young professionals is to act a certain way, accumulate certain experiences, and drive for a certain outcome. This perspective tends to celebrate narrow categories of skills and achievements. It rewards smart, capable people of similar backgrounds who have learned to do the job ‘the right way.’”

He adds that the move to in-house over law firm experience (with 70 percent of GCs coming directly from in-house positions) brings greater diversity in talent. “The rapid changes in the legal market are challenging the old paradigm. Many corporate law departments now rival traditional firms in size and operational complexity, providing a measure of stability, without the chance that your practice group might up and leave to a competitor one day. More importantly, I believe companies offer greater opportunity to develop diverse skills and rotate among a much broader set of roles than law firms. You can try on more suits in a company to see which one truly fits,” says Fawcett.

# PART VI

## GC: THE NEW STRATEGIC LEADER

### GCs ARE TAKING THEIR SEAT AT THE TABLE

The GCs who have been in business during the past decade have witnessed growth in power and prestige. This has parallels as they glance across the C-suite, notably as they compare themselves with the chief financial officer (CFO). The CFO barely existed 50 years ago: back then, company accounts were administered by “comptrollers.” Today, CFOs are at the heart of all the world’s big firms, and help [set corporate strategy](#). Similarly, once the GC had a narrow and reactive role which was not seen as playing a part in the larger business. “It was more of what-you-cannot-do-role and very siloed,” says legal recruiter Julie Brush.

The ascent of the CFO, and now the GC, shares a common thread with the rise of regulation (such as Sarbanes-Oxley in the case of CFOs). Following the financial crisis, business is attentive to reducing risks, increasing compliance, and ensuring better organizational monitoring. This is combined with a renewed focus on the GC needing to perform as a business leader. For the general counsel, being part of the executive leadership team means that strategic business and operational decisions are informed by a legal, ethical, and policy perspective. Most of the major critical issues facing directors and CEOs today are legal issues, and the general counsel is a diverse and unique voice at the executive level.

Indeed, no entity benefits from this elevated role more than the organization itself. “An organization’s values are reinforced through its structure and systems,” says ACC President and CEO Veta T. Richardson. “When the general counsel has a seat at the chief executive’s leadership table, it sends a signal to the company’s stakeholders that legality, ethics, compliance, and other legal risk considerations are top priorities of the company.”

### POSTSCRIPT: POST-GC AND BEYOND

One can argue that the GC is out in the lead against their CFO colleagues when it comes to external relations and statesmanship. The GC’s ability to communicate complex regulation to investors, board of directors, regulators, and other stakeholders in a simple way is a skill whose time has come. This is demonstrated by Google promoting Senior Vice President and General Counsel Kent Walker to [senior vice president of global affairs](#) to oversee policy, legal, trust and safety, and corporate philanthropy. Microsoft promoted former General Counsel Brad Smith to president, after his success in communicating the software giant’s message that is widely credited with transforming the company from a “bully” to a mature corporate citizen. Salesforce GC Amy Weaver, with the active support of CEO Mark Benioff, opposed a bill in Georgia that many believed would legalize discrimination against LGBT people. [Meanwhile, GCs](#) at tech companies Foursquare, Kickstarter, Mozilla, Vimeo, Automattic, Etsy, Expa, and Shutterstock have demonstrated a leadership role campaigning against the Federal Communications Commission over its decision to overturn net neutrality regulations.

Others take an explicit business role in their life after being a GC. Former JetBlue General Counsel Joanna Geraghty became [the highest-ranking woman at a large US airline](#) when she was appointed as the company's chief operating officer. The Harvard Law School graduate now oversees the airline's commercial team, managing efforts to improve profit margins and the company's expansion into related travel businesses. In another move to a central commercial role, Zillow Group CFO Kathleen Philips joined the online real estate database company as general counsel before taking the company's top finance role.

Because of their business leadership and management skills, another career option for the GC is stepping up as CEO. Some examples of GCs-turned-CEO include Kenneth Frazier at Merck & Co (where he served as GC some 26 years ago) and Timothy Mayopoulos, CEO of Fannie Mae (after having joined the company nine years ago as general counsel).

The GC-turned-CEO can also produce unexpected positive results. One study looked into 3,500 CEOs, about nine percent of whom had law degrees, and found that compared with the average company, lawyer-run organizations experienced 16 to 74 percent [less litigation](#) compared with the average company, with legal risk arguably better managed.

Another alternative post-GC is to sit on the boards of companies, where decades of deep experience and insights of business in the context of legal responsibilities is invaluable for firms in need of an oversight function. In 2016, 18 percent of GCs reported serving on at least [one for-profit corporate board](#), with those in construction and engineering having the highest percent serving on a for-profit corporate board (29 percent).

It is clear, however, that the GC landscape has changed beyond all recognition. The new GC faces an almost limitless opportunity to imprint their experiences and knowledge in a new phase of corporate America.

# FURTHER READING AND SOURCES

## REPORTS

*Market Line:* [Legal Services Global Industry Guide 2013-2022](#)

*LawGeex:* [In-House Counsel's LegalTech Buyer's Guide 2018](#)

*ACC:* [Chief Legal Officers 2018 Survey](#)

*Global Legal Post:* [The General Counsel Excellence Report](#)

*Professor William D. Henderson:* [Legal Market Landscape Report](#) commissioned by the State Bar of California (July 2018)

*NYSE Governance:* [The Rise of the GC: From Legal Adviser to Strategic Adviser](#)

*LawGeex:* [How Community Champions is Freeing Up Thousands of Contract Review Hours](#)

*ACC:* [Global Perspectives: ACC In-house Trends Report](#)

*McKinsey & Company:* [Why Diversity Matters](#)

*PNAS:* [Ethnic diversity deflates price bubbles](#)

*KPMG:* Through the Looking Glass Report, [How corporate leaders view the General Counsel of today and tomorrow \(September 2016\)](#)

*ACC:* [Chief Legal Officers 2016 Survey](#)

## NEWS ARTICLES

*Recode:* [Facebook's top lawyer is leaving as the company still grapples with election aftermath and a federal investigation](#)

*The Verge:* [Intel predicts a \\$7 trillion self-driving future](#)

*Law360:* [15 Minutes With PayPal's General Counsel](#)

*Harvard Business Review:* [The New Path To the C-Suite](#)

*Legal500 GC Magazine:* [The First Five Years](#)

*Law360:* [15 Minutes With Discover Financial Services' General Counsel](#)

*Bloomberg:* [U.S. Venture Capital Swells and Spreads](#)

*Law360:* [15 Minutes with Lyft's General Counsel](#)

*Law360:* [15 Minutes with Credit Karma's General Counsel](#)

*Legaltech News:* [4 GCs, 4 Different Strategies for Reducing Cost Through Legal Operations](#)

*Law360:* [15 Minutes With Accenture's General Counsel](#)

*The Washington Post:* [Every current Supreme Court justice attended Harvard or Yale](#)

*Financial Times:* [Companies face high cost to meet new EU data protection rules](#)

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*ACC Docket:* [Q&A with the EIC – Mary E. Kennard](#)

*Fortune*: [The Share of Female CEOs in the Fortune 500 Dropped by 25% in 2018](#)  
*LinkedIn*: [Vanessa Vidal: The Road to Becoming a General Counsel](#)  
*ACC Docket*: Q&A with the EIC: [Managing Global Risks with Amazon GC David Zapolsky](#)  
*Above the Law*: [It's Official — There's A New T14 In Town!](#)  
*Law360*: [15 Minutes With Petco's General Counsel](#)  
*Law360*: [15 Minutes With The Williams Cos.' General Counsel](#)  
*Anne Marie Segal*: [General Counsel and other lawyers as Business Partners](#)  
*Sterling Miller*: [Ten Things: Becoming General Counsel](#)  
*LinkedIn*: Matt Fawcett: [The Only Career Lesson I Have To Offer](#)  
*Computer Weekly*: [CIOs enjoying greater business influence, finds the survey](#)  
*The Economist*: [The Imperial CFO](#)  
*Harvard Business Review*: [How the CFO and General Counsel Can Partner More Effectively](#)  
*CNBC*: [Google just promoted its top lawyer to run global affairs](#)  
*Financial Times*: [Do the right thing: the counsel driving diversity and inclusion](#)  
*Bloomberg*: [JetBlue Names New President as CEO Shifts to Long-Term Strategy](#)  
*Harvard Business Review*: [Do Lawyers Make Better CEOs Than MBAs?](#)

## ACC EXPLORES “THE AGE OF THE CHIEF LEGAL OFFICER”

ACC: SEAT AT THE TABLE: THE AGE OF THE CHIEF LEGAL OFFICER (CLO) <https://www.acc.com/governance/>

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<sup>1</sup> This figure is taken from [top-level LinkedIn data](#) of the role in the United States (figure correct at time of writing). However, the LinkedIn analysis of the GC referenced throughout this report, unless otherwise stated, is based on in-depth analysis of LinkedIn data of 34,000 General Counsel in the United States.

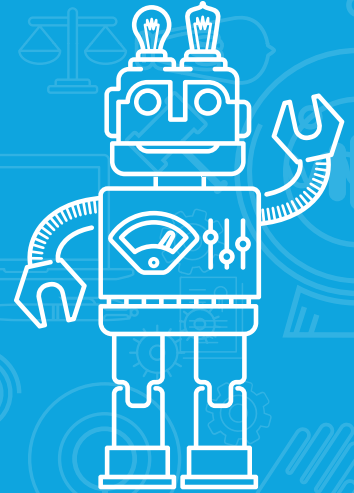
<sup>2</sup> Press releases sourced via PR Newswire

<sup>3</sup> Professor William D. Henderson: [Legal Market Landscape Report](#)

<sup>4</sup> The amount refers to total compensation, which also includes “other compensation,” such as equities and stock, apart from the base salary and performance-based bonus.

<sup>5</sup> Based on 100 online ads for General Counsel roles at US companies between 2017 and 2018 taken from major jobsites including Monster.com, Glassdoor.com, Recruit.com, and LinkedIn.com.

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