

ACC's Chief Legal Officers (CLO) 2013 SURVEY



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ACC Association of
Corporate Counsel

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Executive Summary

Law departments across the globe will need to manage a number of issues in order to successfully navigate the challenges they face today and in the future.

The ACC Chief Legal Officers (CLO) 2013 Survey provides an unbiased and comprehensive analysis of the highest ranking lawyers in corporate legal departments—taking a look at their top concerns for the past 12 months, today, and into the future, and a prioritization of their business issues. The report, the largest global survey of CLOs, also contains a profile of who is serving in the CLO role today and a snapshot of law departments in a variety of settings. A total of 1,104 individuals from 36 countries participated in the survey conducted by the Association of Corporate Counsel with support from Avenue M, an independent research and consulting firm.

A few highlights from the survey:

- ❖ Many organizations, both private and public, understand the importance of building a foundation that is supported by a strong ethics and compliance program. As such, chief among the top issues facing CLOs today is ethics and compliance and regulatory or governmental changes. These two issues rated high in terms of importance both for the past 12 months and the next 12 months.
- ❖ With a growing commitment to collecting and storing data; and a blurring of the lines between personal and professional use of computers and mobile devices; it should come as no surprise that information privacy is becoming a top concern for many organizations. In addition, the legal protection of the right to privacy varies greatly around the world. This study revealed 75 percent of study respondents indicated some level of importance for information privacy over the past 12 months. And, 20 percent of those who believe the issue to be less important in the past 12 months, indicated it would be of greater importance in the next 12 months. Whistleblower, anti-bribery and health care reform issues received the lowest ratings in terms of importance, both over the past 12 months and looking ahead.
- ❖ When asked to select the business issue of high importance, *awareness of company activities that may have legal implications* appeared at the top of

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the list. There also appears to be a strong desire to maintain an open line of communication between the legal department and senior management by *keeping them apprised of legal developments that may impact business decisions*. Rounding out the top three in terms of prioritizing business issues was the importance of *staying current and well-informed of changes in the law*. An indicator that there is a growing sense of confidence about the overall state of the economy and the stability of organizational revenue is the lower ranking of issues related to managing costs and spending within the legal department.

- ❖ In 2013, study respondents expect to direct their attention to issues related to transparency and privacy obligations. A confluence of factors – increased data collection and storage; growing attention paid by regulators and heightened public scrutiny—may be working to sharpen the attention of these issues by both the public and private sectors. The decentralization of legal departments appears to be of much lesser importance at this time.
- ❖ Another indicator of a growing sense of confidence in the stabilization of the economy is the percentage of law departments that reported an increase in their total budget over the past year (66 percent saw an increase in their inside budget and 59 percent noted an increase in their outside budget). In addition, to help achieve their departmental objectives, nearly half of the study respondents report that they expanded law departments in 2012 and hired new staff. In-house lawyers account for most of the new hires. Over the next 12 months, 28 percent of study respondents plan to change the size of their law departments with in-house lawyers and paralegals as the top two anticipated hires.
- ❖ To measure the effectiveness and efficiency of law departments, one trend uncovered in this survey is the focus on outside legal spending by both private and public departments.

Executive Summary cont.

Other interesting findings from this survey include the following:

- ❖ Pro bono programs are not prevalent among the law departments of study respondents; primarily due to the fact that their departments are too small and the legal staff is stretched too thin. Respondents also cited issues with the right to practice as one of the reasons corporate law departments do not participate in pro bono programs.
- ❖ Overall, the majority (81 percent) of respondents report being satisfied with their current role. Only 2 percent are very dissatisfied. Thirty-four percent are very satisfied, 33 percent are satisfied and 14 percent are somewhat satisfied. Satisfaction did not vary by gender.
- ❖ Approximately two-thirds (68 percent) of the CLOs participating in this survey are male.
- ❖ Thirty-eight percent of survey respondents earn an average annual base salary of \$250,000.
- ❖ Forty-three percent of respondents are between the ages of 30 and 47 and slightly more than half (54 percent) are between the ages of 48 and 66.
- ❖ Over the past 12 months, the majority (77 percent) of respondents spent most of their time advising executives and participating in strategic corporate issues.
- ❖ The majority of legal departments (95 percent) direct administrative and operational functions to in-house resources. When applicable, ediscovery is one function that is primarily outsourced.
- ❖ The top three non-legal skills many survey respondents are seeking to develop within their department include business management (63 percent), communication (53 percent) and project management (52 percent).