ACC REPORT
LAW DEPARTMENT MANAGEMENT
ESTABLISHING VALUE IN AN EVOLVING BUSINESS WORLD

LEARN ABOUT the evolving role of the chief legal officer and general counsel.

FIND OUT HOW management practices and variables like spend, budget, fee structure, and technology impact outcomes in the legal department.

DISCOVER INSIGHT from nearly 300 in-house counsel, including interviews from general counsel and chief legal officers in cutting edge legal departments.

ACC Association of Corporate Counsel
By in-house counsel, for in-house counsel®

Published by ACC, the world's largest global community of in-house counsel.

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Published by the Association of Corporate Counsel (ACC), a legal association connecting more than 40,000 in-house lawyers employed by more than 10,000 organizations across 85 countries, the ***ACC Law Department Management Report*** is a global study of corporate law departments and their operations. In an effort to reconnect the cost and value of legal services, ACC surveyed nearly 300 chief legal officers (CLOs), general counsel (GC), and legal operations professionals on specific aspects of law department budget, spend, and management practices. The report also includes insight from interviews with GC and CLOs of Global 1000 and Fortune 500 law departments.

The analysis and content in this report explore operational factors driving 21st-century law departments and the evolution of the GC/CLO role to include serving as a business partner and strategist. With contributions from GC, CLOs, and legal operations professionals in 37 industries and 25 countries, this report serves as a resource and benchmarking tool for companies and leaders looking to compare their roles, practices, and plans with others in their profession, industry, and geographic area.

Divided into sections, the full report includes excerpts from interviews with leading GC and CLOs, analysis, and data. A discussion and analysis of findings are located in the Executive Summary and individual sections that follow. Specific report sections include more in-depth discussion with relevant charts, exploratory models, and tables that address the linkages between value and practice at the law department level.

The Overall Results section includes tables and charts on topics such as spend, budget, technology, and resourcing. This section of the report contains data that illustrate the relationship among variables, for example, cost allocation by department size, average department budget by annual company revenue, inside and outside spend by revenue and by key industries. The table of contents provides a detailed outline of the data you will find in the Overall Results section and of the topics covered in the Executive Summary and Findings.

> *"The role of general counsel or chief legal officer is changing. It's evolving. If we just sit there and wait for things to happen, and we'll just deal with things as they happen, we do a mediocre job. It is a legal function, but it doesn't give the vibrancy that a legal department should have, which is creating a role for yourself so that you can deliver value to your shareholders and your colleagues."*
>
> **Head Group General Counsel and Company Secretary, Global Conglomerate, Asia Pacific**

EXECUTIVE SUMMARY

A recurrent theme has driven much discussion of in-house legal departments and their GC and CLOs in recent years. The discussion has been all about the value that we as a professional sector can deliver to our clients and, in turn, demand of our own service providers. Disruption is occurring as legal departments increasingly source work to nonlegal providers and find new ways to address the value proposition.

More than just a discussion, this focus on value has changed behaviors both in-house and among law firms. It is an ongoing and compelling trend, in which ACC hopes to have played a helpful role. The ACC Value Challenge was intended to sound an unequivocal call to reconnect the cost of legal services to their value.

In turn, the *ACC Law Department Management Report* is intended as an additional step in this ongoing effort to define and achieve value.

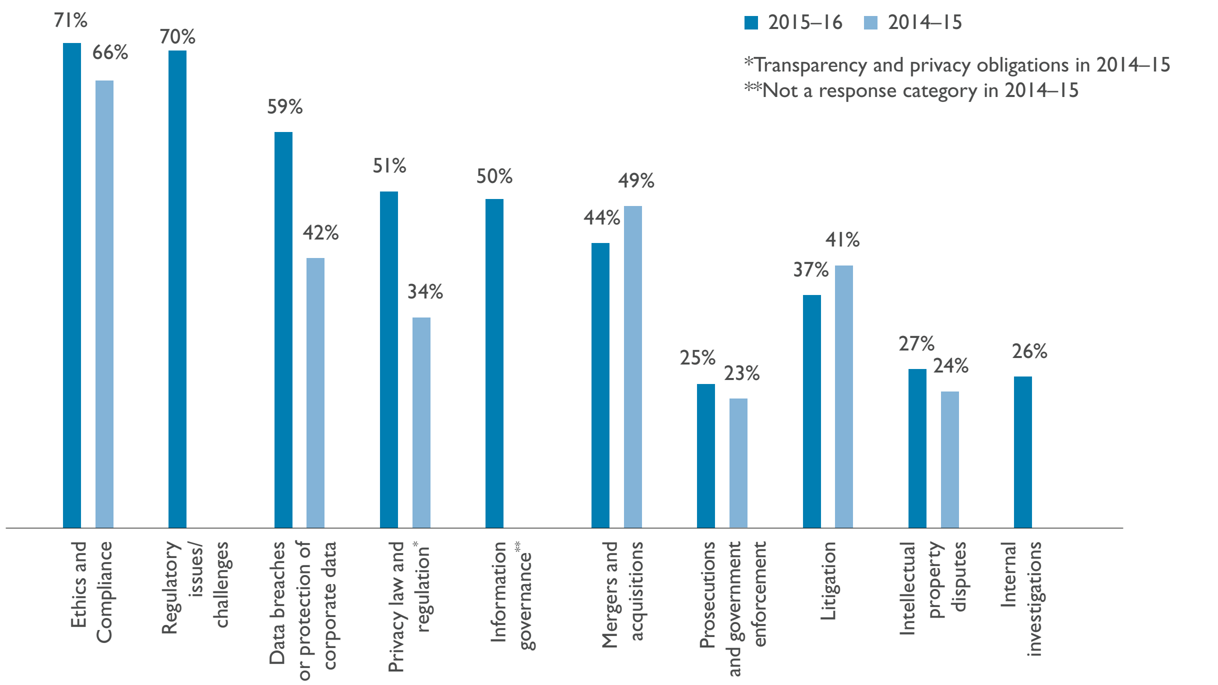
To understand these metrics in context, we first take a step back to look at a dramatically changing business and legal landscape that has driven the flight to value.

The Shifting Legal Landscape

Every major change in the business environment over the past few decades has served to increase the exposure of companies big and small. It is no longer just a question of minimizing losses.

Along with issues (intellectual property and others) governing internet business, data security is a daily preoccupation as one mammoth breach after another exposes corporations to unprecedented risk, forcing unprecedented standards of accountability. Six in 10 corporate counsel who participated in the *ACC Chief Legal Officers 2016 Survey* identified data security as a top issue they will face. More than half of in-house counsel report that their companies are increasing spending on cybersecurity, while one-third state that their companies have experienced a data breach, according to the *ACC Foundation: The State of Cybersecurity Report*.

TOP ISSUES KEEPING CLOs UP AT NIGHT (RATED ISSUE VERY OR EXTREMELY IMPORTANT OVER NEXT 12 MONTHS)
ACC CHIEF LEGAL OFFICERS SURVEY



The expansion of business across borders brings challenges such as the need to understand multiple, diverse, and even contradictory regulations and cultural environments. Sixty-two percent of in-house counsel worldwide have cross-border or transnational work *(ACC Global Census: A Profile of In-house Counsel)*. With geographic expansion comes the need to implement both business and legal strategies that make it possible to conduct operations within multiple territories.

An exponentially intensified regulatory environment driven by persistent corporate scandals, loss of public confidence, and political pressures on regulators shapes the current corporate legal landscape. Not surprisingly, regulatory issues are therefore a chief concern of CLOs *(ACC Chief Legal Officers 2016 Survey)*, with 31 percent of law department leaders reporting that a regulator has targeted their organization for enforcement or investigation of alleged violations.

An immediate consequence has been the rise of compliance as a corporate priority. These days, business growth and compliance – especially in a global marketplace where corporations must now take extraordinary steps to ensure the integrity of far-flung supply chains – are inseparable.

In discussing the great importance of compliance in a global sense, it is clear that local and foreign regulations are equally important. In order to expand into important markets and remain innovative but also comply with a vast number of regulations in a changing landscape, the legal team has adapted new and old approaches to ensure the company's success while keeping abreast of current events related to compliance. As such, it is no surprise that "ethics and compliance" continues to top the list of CLO concerns year after year *(ACC Chief Legal Officers 2016 Survey)*. The head of legal for a global IT company discussed the challenges faced in navigating compliance in a global landscape:

FOR MY COMPANY, WE BALANCE COMPLIANCE, MITIGATING RISK, AND PROMOTING INNOVATION BY CREATING LOCAL PARTNERSHIPS

"Compliance is an important area for our company. Originally, we were very worried about the US focus on regulatory issues in China and especially, for example, in an IT company or pharmaceutical company. Recently, we have seen a trend that the local law enforcement agencies seem to be very focused on foreign companies' business practice in China. For example, a company was found to be bribing and several of their senior business leaders, their HR leader, and their legal head were actually arrested and put in prison. So that really shows the importance of the legal team's role in actually maintaining compliance not only with the US law but also with the local law.

For my company, we balance compliance, mitigating risk, and promoting innovation by creating local partnerships and joint ventures, some of which have the local partners as the majority shareholder. We've renewed this approach because regardless of the risk, I think there are ways we can still maintain balance between the risks and the benefits while also being recognized as a local company. There are still ways in the governance process to make sure that mechanisms are in place to ensure our company will have a strong voice and a reasonable degree of control over legal, compliance, HR, finance, and other decision-making to ensure compliance."

Head of Legal, Asia Pacific, Global Technology Company

The legal landscape has decisively changed in terms of the outside services and resources with which law departments can now tackle their own dramatically increased responsibilities. Law firms are consolidating as never before. Mergers are creating global partnerships that, for law departments, provide all the benefits of one-stop shopping, with enhanced "platforms" to more efficiently get global deals done, to comply with local jurisdictional requirements, etc. The downside involves concerns over quality; there is more need to monitor the performance of outside counsel as law firms grapple with quality control issues simply because their tents are expanding at such breakneck pace.

Non-law service providers, such as the Big Four accounting firms, have entered the legal fray, acquiring law firms en masse in order to offer clients fresh perspectives on global corporate problems and an even broader consultative capability. More than even the largest autonomous law firms, hybrid entities such as Ernst & Young enjoy sizable footprints in Latin America, Asia, and the Middle East; Deloitte, for one, is notably strong in Australia, China, Japan, Taiwan, and Thailand. Questions as to the unauthorized practice of law persist, as do cultural issues. For example, accounting firms are charged to fully disclose, while law firms are ethically compelled to preserve confidentiality.

I THINK THE TOUGHEST THING TO DELIVER IS COST AVOIDANCE OR LIABILITY AVOIDANCE IN TERMS OF DEMONSTRATING VALUE

"I think the toughest thing to deliver is cost avoidance or liability avoidance in terms of demonstrating value. Certain organisations may choose to adopt a compliance culture based on 'Well, we'll deal with it when it happens,' which might make it easier whereas our company's compliance culture has always been around 100 percent compliance.

It's helpful if you can marry up the compliance culture with the business culture otherwise you're into selling the benefits of cost or liability avoidance which is inherently speculative.

I think being able to demonstrate that you're not on the wrong side of a regulator and you're not having lots of internal investigations relative to others is helpful but generally it's harder to demonstrate value in something that you don't want to happen?"

Telecommunications, United Kingdom

More Than Lawyers

Today's GC/CLO is more strategic in focus, more connected to other corporate departments and operating units, more involved in assuring the legal, ethical, and reputational integrity of the whole enterprise. This transformation was inevitably accelerated by the crisis in public confidence and the astronomical liabilities that presented themselves.

Increasing demand for strong protections of customer privacy heavily influences the law department's role. This has become critical in ensuring organizations' contractual commitments to customers in order to obtain a "green light" from the strictest privacy regulators around the world, which provides the client company with invaluable competitive advantage within its industry.

Data clearly show that when law departments are cost-efficient, innovative, and value-driven in their traditional functions, they simultaneously gain (and justify) even greater access to the inner sanctums where decisions are made.

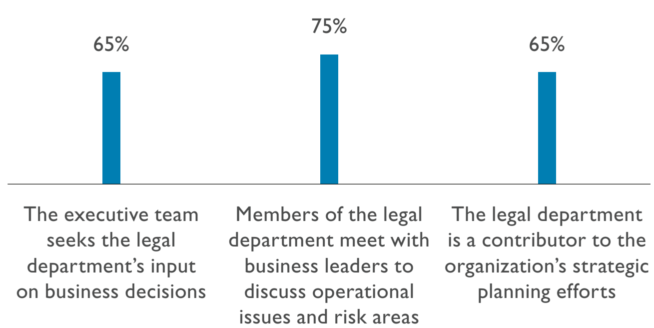
This *ACC Law Department Management Report* yields remarkable evidence that the transformation in the power and prestige of in-house counsel is neither theoretical nor anecdotal. In fact, to a degree that is likely unprecedented, ACC has found that 65 percent of respondents now say that executive teams in their organizations "almost always" seek the legal department's input on business decisions. Seventy-five percent say that members of their legal department "almost always" meet with business leaders to discuss operational issues and risk areas. Especially impressive, 65 percent report that their legal departments "almost always" contribute to the organization's strategic planning efforts. These findings align with those of ACC's *Skills for the 21st Century General Counsel* report in which 71 percent of GCs said strategic input was expected to be a top-three value driver. Equally important, CEOs and boards of directors agree with this sentiment and are expecting this enhanced role from their law department leaders. One board member stated that the chief legal officer "is the person who sits day-to-day with the senior management team and helps run the business."

This report highlights vital links between the environment and other driving factors that help explain how in-house counsel have risen in the organization and what they must continue to do to extend their ascent. In fact, the data clearly show that when law departments are cost-efficient, innovative, and value-driven in their traditional functions, they simultaneously gain (and justify) even greater access to the inner sanctums where decisions are made as to the company's future and how that future will be secured. No matter how high they climb in the corporate hierarchy, in-house counsel must never stop maximizing the value of their core departmental competencies.

More law department leaders seem to fully understand that. Indeed, a significant percentage are now evolving to professionally managed "legal operations," often hiring non-lawyers as legal department operations professionals with master's of business administration to maximize departmental efficiency and innovation. The data (provided by related ACC surveys) certainly support this perceived trend, especially among the Fortune 500. In the *ACC Chief Legal Officers 2016 Survey,* for example, the number of CLOs who say they have dedicated legal operations staff rose to 48 percent, up from 21 percent in 2015.

CLOs and GC share a strong desire to attract lawyers with the right mix of industry experience, business skills, and legal expertise. And successful leaders recognize that to retain top talent, recruitment must be followed by investment in growth and development. Today's best legal leaders know that by investing in their people they can maintain an agile legal department ready to support the company's growth while also managing risk. Providing meaningful feedback and recognition are key to building and retaining a committed legal team ready and able to meet business at the intersection of innovation and risk. However, the data show potential for disruption in today's legal department. Nearly three in 10 in-house counsel are willing to consider leaving for job opportunities at the same salary and benefit level, and six in 10 are ready to consider advancement opportunities elsewhere. It has never been more important to retain the talent needed to manage legal work in a highly regulated and constantly changing environment. Notably, millennials are focused on development and promotional opportunity with clear expectations for advancement in just a few years, while baby boomers saw the highest proportion willing to make a lateral move, making retaining top performers and managing for growth and development more important than ever. *(ACC Global Census: A Profile of In-house Counsel).*

PERCENTAGE WHO SAID "ALMOST ALWAYS"



IT'S NOT JUST THE FINANCIAL STRENGTH OF THE COMPANY THAT ENABLES US TO DO LEGAL WORK. IT IS ALSO THE PRIDE WE TAKE IN DELIVERING THE MANDATE THAT WE'RE GIVEN TO RUN WITH.

"Our chairman is very appreciative. I remember when we did "the transaction of the century." We sold a major operation in Europe. The chairman would call us up. We were in Europe during the negotiation. When he gets up in the morning, very early, it was still our late evening; he would call up and say thank you to the team for working so hard.

That went a long way, that recognition. That's why we are here. All my contemporaries are here for 20, 30, even 40 years.

It's not just the financial strength of the company that enables us to do legal work. It is also the pride we take in delivering the mandate that we're given to run with. At the end of the day, people are here not because we pay more than other companies or the magic circle firms or the very big city firms. It's also because there is a feeling of affinity.

We are responsible for growing this company. We acquire businesses. We sell businesses. We see the business grow into a much bigger empire, and we take pride in it. We are properly remunerated.

Something that I take pride in is that we are able to provide growth and development. With the legal department, it looks like the structure is quite flat because until and unless people move out, we don't have space for somebody to be promoted here. But we do give our lawyers the ability to transfer between business groups, between countries, and even between positions.

My previous deputy is now the deputy treasurer of the group, just because his special area was financing. So he had been doing all the debts, the borrowings, and the bond issues for the company to the extent that he worked very, very closely with treasury. When there was a retirement and the deputy was promoted, he was asked whether he might be interested in picking up the deputy job. I very gladly supported him because that's a development in his career path. I also have lawyers who have become managing directors of businesses. So there are a lot of opportunities within the group. When there is a need and you have the capabilities, we are always prepared to give the team a chance."

Senior Vice President and GC, Global Advanced Materials and Agriculture Conglomerate

Demonstrating Value

The data in this report underscore the point that to qualify for a seat at the strategic table and to keep it – as a member of the C-suite planning team or as a trusted adviser to directors – the legal team itself must first define and deliver maximum value.

If that fundamental connection between defining and delivering maximum value has to some extent been neglected in discussions of the in-house role, the *ACC Law Department Management Report* connects the dots, providing metrics and data as to the specific assets of effective legal department operations. Uniquely, the research goes further by earmarking specific indices effective legal department operations that appear to drive the likelihood that GCs/CLOs will achieve a greater profile and strategic responsibility beyond a strictly legal function.

Overall, the perception that a law department delivers value begins with the perception that it is cost-efficient.

There are many ways to define how aspects of operational success help to predictably transform the role of the in-house legal officer. That said, the *ACC Law Department Management Report* has identified several key qualities that typically distinguish the well-run law department based on value ultimately delivered to the client:

1. Management practices that drive efficiency. These can include risk measurement, people management, and dedicated technologies.
2. Innovative approaches that enhance results and control costs. These can include alternative fees and creative staffing strategies.
3. Overall budget and spend.
4. Organizational influence.

ACC Law Department Management Report data in the sections and appendix ahead also offer exploration of the various internal factors that may influence each of the key qualities listed above. Such relevant metrics as company revenue and law department size are included.

The last item listed can be viewed in part as a direct result of the first three. Organizational influence increases as management practices drive efficiency. It increases as innovative approaches enhance departmental performance. And it increases as the overall budget and spend numbers meet expectations.

Overall, the perception that a law department delivers value begins with the perception that it is cost-efficient. Legal departments that consistently hit their budgets are much more likely to say they "almost always" meet with business leaders to discuss operational issues – statistically more often than those that do not meet their budget.

DEMONSTRATING VALUE IS NOT ONLY LOOKING AT LEGAL ISSUES BUT LOOKING AT THE WORK WE DO

"Demonstrating value is not only looking at legal issues but looking at the we do that naturally falls within our areas of expertise and represent our centers of excellence – that we can help direct from a strategic standpoint.

For CEOs, unless they happen to be lawyers by training, the legal function is often mysterious. They understand that we protect the company against risk, we manage risk, manage litigation, handle legal issues, and execute transactions. But they don't know, for understandable reasons, how you approach cutting cost in a legal function because they are justifiably concerned that they may be clipping the green wire if they just say, 'I want you to take 20 percent out of your budget.' They don't know if that increases risk to the company or not. And oftentimes, where in-house counsel may have a relatively limited role – and are not seen as truly an equal member of the business team – general counsel tend to measure their own worth by the size of their budget and the size of their legal department. That, of course, has very little or nothing to do with adding value to the company and truly being a strategic partner to the business."

Senior Vice President and General Counsel, GlobalAdvanced Materials and Agriculture Conglomerate

The attributes studied as part of our research are closely interrelated. For example, among the possible "innovative approaches," alternative fee arrangements (AFAs) – that is, fees for professional services not based on an hourly rate – loom large and have done so for years. Departments have a high probability of hitting their budget if they regularly and systematically use alternative fee arrangements compared with a lower probability for those that do not.

One can then extend the point to extrapolate a positive relationship between the use of AFAs and the extent to which in-house counsel have access to business leadership and seats at the strategic planning table. In other words: Hitting the budget and using AFAs are statistically related in that hitting the budget is driven by AFA use, and those who hit the budget and use AFAs are more likely to have a seat at the table.

Progress Report

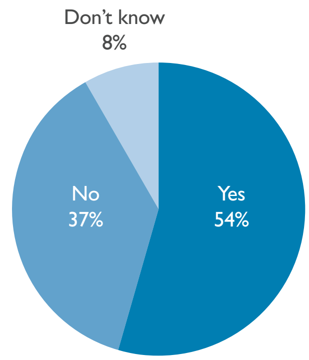
ACC Law Department Management Report data also provide something of a scorecard on how well law departments in general are actually doing in achieving these efficiencies. The good news is that 54 percent of respondents said that their departmental spend fell within 5 percent of the budget. These substantive data suggest (absent comparative data to prior time periods) that an overall increase in in-house efficiency, plus a simultaneous rise in the access of law departments to their companies' inner business circles, has indeed occurred.

We might also note that law departments in the energy industry were most likely to report spending within 5 percent of their budget. That seems a rather encouraging surprise, given the controversies wracking that industry and the volume of regulatory matters embroiling it. This report also found a strong correlation between departments that keep spending within budget and departments that have fewer regulatory investigations.

The energy industry seems to be bucking that trend. In fact, legal departments in this sector report the second-highest average number of regulatory actions: 27 annually. That tally is dramatically eclipsed by the insurance industry with an average of 170 reported, but it is still notably more than the 18.7 average reported by CLOs across all participating industries. It is important to note that these numbers vary dramatically by department size, with some large companies reporting as many as 2,000-plus regulatory actions, while some CLOs in smaller departments report none. Bear in mind too that respondents from large departments in highly regulated industries are likely to have bigger budgets in expectation of larger regulatory workloads.

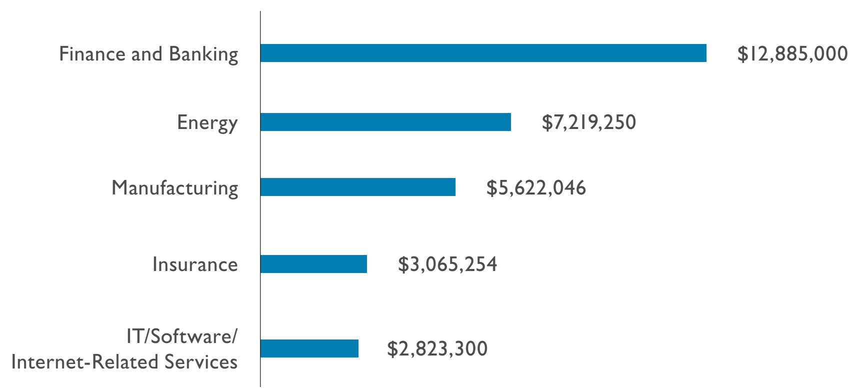
The numbers do at least suggest where the heavy spending happens. Not surprisingly, the same dynamic applies to litigation. Here too, spend – which averaged $5,010,826 for litigation/arbitration throughout our sample – varies widely by department size. In-house lawyers at companies with larger annual revenues tend to spend significantly more on litigation matters than those in companies with smaller revenues, which is hardly surprising because bigger companies tend to have proportionately bigger caseloads.

DEPARTMENT SPEND WITHIN BUDGET?



Note: Percentages do not total to 100 percent due to rounding.

AVERAGE ANNUAL SPEND ON LITIGATION/ARBITRATION MATTERS BY INDUSTRY



Our definition of AFAs includes a wide variety of non-hourly fee arrangements such as flat fees, retainers, contingency fees, performance-based holdbacks, and others. See Section II for the full listing.

It is important to note that several respondents in the insurance industry reported an incredibly high number of regulatory actions, thereby dramatically raising the average for that industry.

Most often, litigation is the area where law departments have the greatest dependence on outside counsel, and those outside fees are typically the main expense. At the same time, large companies are the likeliest to use AFAs; respondents in departments with 500 or more employees report the highest (49.4) percentage of outside spend on alternative fee structures. An encouraging conclusion is that while litigation spend will always represent a lion's share of cost, the demonstrably salutary effect of AFAs (again, departments regularly using AFAs have greater than 90 percent chance of hitting their budgets) suggests that nearly half of large law departments are effectively managing that cost to some significant extent.

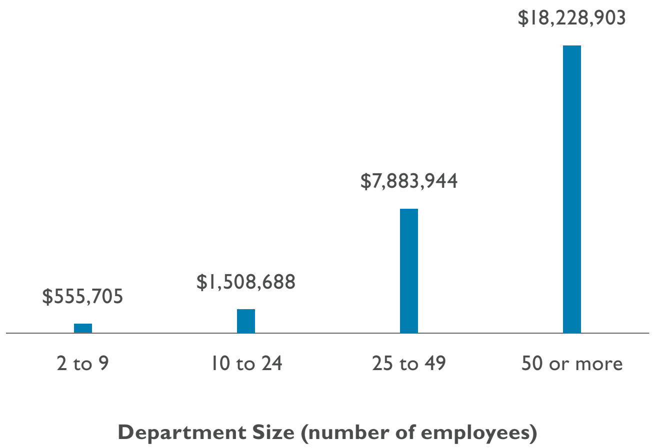
Yet AFAs still pose a challenge for law departments. Fifty percent of respondents anticipate an increase in the use of alternative fees next year, while 30 percent anticipate a decrease and 11 percent expect their use to stay the same. On the one hand, as a statistical measure, that seems encouraging in light of the large percentile differential between departments that anticipate increasing and those that anticipate decreasing their usage.

On the other hand, at a more practical level, the question seems unavoidable: Why would 30 percent of departments anticipate a decrease in usage of AFAs considering the demonstrable and tangible economic benefits? At a time when legal service buyers enjoy almost unprecedented leverage, one should probably not attribute this projection to stubborn resistance on the part of outside counsel.

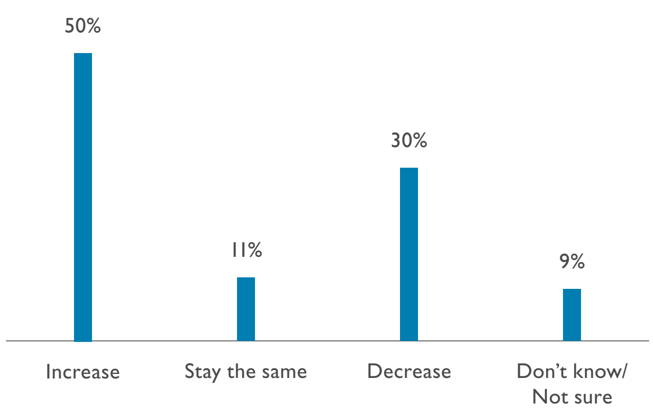
More likely, AFAs present some challenge in terms of design, setting the appropriate fee amount, and demonstrating the overall benefit to the client. AFAs entail at least as much art as science. With caseloads we can expect to increase in volume or severity – as well as immediate urgency – a fairly sizable minority of departments may now be falling back on an easier if ultimately more expensive reliance on traditional hourly rates.

Industry metrics for litigation/arbitration generally track with those for regulatory matters. Respondents in the finance and banking industry report the highest average spend, $12,885,000, followed by those in the energy industry reporting an average of $7,219,250. One can assume that the energy industry is setting bigger budgets in anticipation of such heavy caseloads because that industry is, as mentioned, the likeliest to report spending within 5 percent of budget.

TOTAL AMOUNT SPENT ON LITIGATION/ARBITRATION MATTERS IN 2014 BY SIZE OF LAW DEPARTMENT



USE OF ALTERNATIVE (VALUE-BASED) FEES NEXT YEAR



Degrees of Power

If we are able to posit a direct line between the value that law departments deliver – using indicators such as cost-efficiency, innovative billing, and technology – and the increased access of law department leaders to the corridors of power, we need to qualify what that power entails on a day-to-day basis.

There are nuanced differences implicit in our three questions concerning executive teams (1) seeking the legal department's input on business decisions, (2) meeting with business leaders to discuss operation issues and risk areas, and (3) contributing to the organization's strategic planning efforts.

Of the three, data would suggest that strategic planning is the most telling. "Input on business decisions" may in some instances entail in-depth discussions regarding the potential top-line and bottom-line advisability of a business venture as well as its legal probity, the regulatory dimensions, or even the political complexity (including the ramifications of, say, investing in an unstable foreign venue). However, in other instances it might be a far more perfunctory consultation or simply a "run it past legal"-type check-in.

Such participation in strategic planning cuts a significantly wide swath. Invariably, it will entail or directly lead to intensified relations with the board as well as the C-suite – not just making requisite presentations but working indissolubly with directors to ensure that their oversight is comprehensive and that the questions they ask, and the recommendations they make, speak advisedly to the future of the enterprise.

As a recognized member of the strategic planning team, the GC/CLO achieves another highly beneficial goal of full corporate integration. Those who chart the company's future can do so only in close consultation with information technology (IT), human resources, corporate communications, government relations, and so on. If, in the past, law departments were isolated back-office functions, today they (or a robust 65 percent of them, according to the data) are strategic planners inextricably woven into every function that feeds the organizational bloodstream.

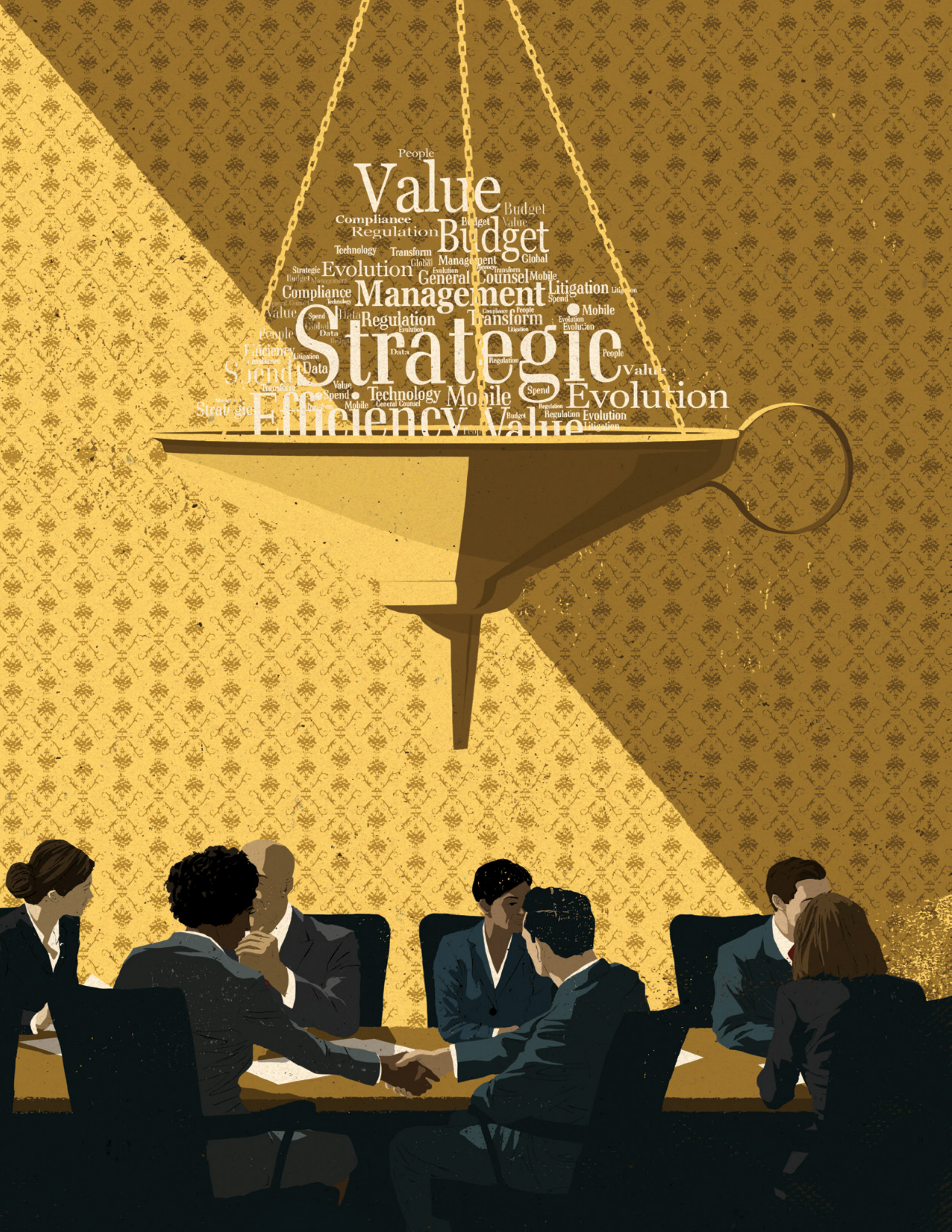
Data security, for example, involves the law department with IT as never before. Regulatory matters likewise join in-house lawyers to the government relations team, with the goal of not just complying with the law but helping to enact business-friendly legislation. As noted, in the current environment general counsel must work in tandem with compliance chiefs if they are not also filling that position.

As the efficient law department achieves such strategic integration, further benefits accrue to the department. It achieves closer interactions with IT, government relations, compliance, and so on. Having already presumably established its value as a law department, it can go on to provide more value because of what it learns from those interactions. We have indeed come full circle.

This extended introduction should usefully suggest why this *ACC Law Department Management Report* is important for both large and smaller departments – while offering critical clues for departmental leaders in multiple industries who enjoy salient opportunities to further emerge as leaders not just of a single sphere of activity but enterprisewide.

Each of the following sections takes a more detailed look at the actual data with deeper dives into the statistics themselves. Though compelling, these metrics are by no means final sections. Inasmuch as these trends are ongoing, we anticipate that future ACC reports will show a continuing voice for in-house leaders and underscore the best practices for achieving it.

> *"My C-suite values me, and I can tell by the way I work with them every single day, whether I am at a board meeting or a strategy meeting."*


People
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Global
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General Counsel
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Compliance
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Transform
Strategic
People
Value
Technology
Mobile
Spend
Evolution
Regulation
Evolution
Litigation

I HAVE AN EQUAL VOICE AT THE TABLE, AND OTHERS DON'T JUST VALUE MY LEGAL OPINION, THEY VALUE MY BUSINESS OPINION TOO. THEY UNDERSTAND THAT PART OF MY ROLE IS TO HELP THE BUSINESS ALONG AND BE A PARTNER.

"I'm one of the first people the CEO comes to talk with every morning. At my last company, my CEO said, 'Who wants to see their lawyer every day?' It's all about the C-suite seeing your value and respecting what you bring to the table. The legal department is usually positioned as a barrier to getting things done. They are a black hole where questions go to remain unanswered and legal departments are seen as supporting the business rather than a partner to growing the business. As in house counsel, you have to demonstrate your partnership and interest in growing the business and managing risk so that the business is in a position to better serve the clients. More executives need to see the legal team as business partners rather than "those people" who sit in ivory towers, in corner offices, and tell you what you can or can't do. I think the role will continue to evolve if the GC and CLOs are seen as business partners. As a lawyer, you are in a position to be that partner and that counsel. Some companies don't have to have a lawyer; they can hire outside counsel. Show you're valuable, and you'll be respected at the table.

We have a strategy team that meets monthly to talk about direction, hiring, mission and values, etc. General counsel is invaluable to this process; we understand the risk and world we live in, and we are trusted business partners as opposed to giving legal advice in a vacuum. You have to have your business hat on all the time because you're not doing the job of outside counsel ... for example telling the client what the law is. The client, your organization, your colleagues already know what they want to do, and you're there to help them. I have an equal voice at the table, and others don't just value my legal opinion, they value my business opinion too. They understand that part of my role is to help the business along and be a partner. I have to tell them what's going on in the world around us and manage risk.... I am a manager of risk and a trusted business partner."

GC, Health-Technology, North America

PROJECT OVERVIEW & METHODOLOGY

This study was conducted between July 2015 and April 2016. A total of 299 participants completed the ACC Law Department Management Survey. The survey was fielded over a two-week period from July 8 to July 23, 2015. Of those who participated, 211 completed the entire survey while 88 completed a portion of the survey.

Between February and April 2016, ACC conducted in-depth interviews with 8 general counsel across four regions: Africa, Asia Pacific, Europe, and North America. General counsel selected for interviews represent global companies and have demonstrated significant success in integrating legal and business operations.

Of the 299 participants in the initial web-based survey, 19.6 percent of respondents are selectees from the *ACC Chief Legal Officers Survey* conducted in October 2014. Five respondents are CLOs in Private 100 companies, 30 are legal operations professionals who are members the ACC legal operations group, and 55 are CLOs in Global 1000 companies. Two-thirds of respondents are ACC members.

As part of this survey, we asked respondents to write in their department budget and inside/outside spend levels in dollar amounts as opposed to allowing respondents to select categorically from a range of budget and spend levels. Several respondents wrote in very low values and very high values that were likely incorrect. We removed all outliers and incorrect values from the descriptive statistics and the analyses.

Multivariate regression techniques were used in Sections 1 through 4 of the report to determine what specific factors contribute most to the outcomes of interest. We used logistic, ordered logistic, or poisson estimation procedures depending on the nature of the dependent variable. We also utilized post estimation techniques in order to illustrate the size of the impact of the statistically significant relationships.

It is important to note that the findings of the multivariate analyses may not be statistically generalized to the broader in-house counsel population and represent the study population only. Although the study sample aligns with key segments of the broader population, the study was not drawn as a formal probability sample as required for formal statistical modeling of this nature. We use advanced modeling to explore relationships identified using traditional analysis of these data to further extrapolate meaningful relationships in practical applications of legal strategy and operational approaches. This report does not provide an in-depth look at the role of specific people-management approaches, therefore, rather than viewing the results as the definitive model for legal operations, the findings are meant serve as a guide to what contributes to the operational success or lack of success in the law departments studied.

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