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OPTIMISTIC OUTLOOK FOR IN-HOUSE COUNSEL AS CHIEF LEGAL OFFICERS INDICATE INCREASED JOB SATISFACTION & LAW DEPARTMENT HIRING

Reducing Costs, Increasing Value & Responding to Regulatory Scrutiny Top Priorities for CLOs, according to Association of Corporate Counsel's 10th Annual CLO Survey

MARCH 1, 2010 (Washington, D.C.) – At a time when consumer confidence is still waning and the pace of economic recovery is sluggish, the outlook for Chief Legal Officers is showing signs of optimism, with increased job satisfaction and internal hiring plans for 2010, according to results from the [Association of Corporate Counsel's](#) (ACC) *10th Annual Chief Legal Officer Survey*. Specifically, the overwhelming majority of respondents (91%) reported that despite expanding duties and changes to their role, they are still satisfied with their chosen career (up from 88% in 2008). CLOs also reported plans to hire more internal staff instead of using outside counsel. When outside counsel are used, demands for alternative fee arrangements remain a focus. Respondents' concerns regarding increased scrutiny from regulators decreased since 2008; however, it still remains significantly higher than the levels reported in 2007.

UPTICK IN STAFFING: Respondents indicated that there was a greater focus on internal hiring in legal departments, as well as an increase in corporate attorneys outside the U.S.

- Despite the recession, more than a quarter (29%) of the respondents plan to hire staff for their in-house legal departments in 2010. This is up from 23% who had hiring plans in last year's survey.
- In particular, over one-fourth (28%) of respondents plan to hire lawyers to do commoditized work, and 21% of these respondents plan to hire specialists.
- In addition to the increase in hiring plans, the survey found that the number of law department attorneys based outside the U.S grew this year. This increase can be seen in Western Europe and Canada, where the number of in-house attorneys rose from 1% in 2008 to 7% in 2009; and also in Asia/Pacific, where there was an increase from 1% in 2008 to 2% in 2009.

INCREASE IN WORKLOAD AND DEMAND FOR ALTERNATIVE FEES: Even with this uptick in staffing, the recession has impacted legal departments' workload, budget and outside counsel spend.

- Over one-half of respondents (51%) experienced an increased workload in their legal departments. More than one-third (37%) instituted salary freezes.
- While more than one-third (34%) of respondents reported a cut in spending on outside counsel, those who did employ outside counsel used more alternative fee arrangements (44% used AFAs in 2009, versus 41% in 2008) in order to reduce costs and increase value.
- Looking ahead, 79% of CLO respondents want to increase the percentage of outside counsel spending based on alternative fee arrangements.
- Additional methods used to reduce costs and increase value include: increased use of paralegals, contract lawyers and support staff (35%); followed by mandatory budgeting (28%); contract management systems (26%); and document management (42%).

CLO JOB SATISFACTION STRONG, EVEN WITH INCREASED SCRUTINY: CLOs still reported a high level of satisfaction with their jobs; however, increased scrutiny remains a focal point.

- An overwhelming majority of respondents (91%) reported they are still satisfied with their chosen career, in spite of their expanding duties and increased scrutiny. The percentage of satisfied respondents is up from 88% in 2008.
- Nevertheless, respondents recognized additional pressures and scrutiny in the current environment. More than half (57%) cited increased scrutiny from regulators and law enforcement as a concern.
- Besides transactional work, coming in at (34%), compliance (11%), regulatory work and litigation (7%) and C-suite relations (6%) dominate CLOs' attention.

“As CLOs face a myriad of intricate and new challenges, they are turning to business-oriented solutions such as strategic hiring within their companies and to initiatives such as the [ACC Value Challenge](#) for more creative, value-based billing arrangements with outside counsel,” explained James Merklinger, ACC’s Deputy General Counsel and Vice President of Legal Resources. Merklinger added that, “The uptick in staffing and augmented workload will require an increased focus on efficiency as they manage their law departments, budgets and C-suite relations.”

To provide benchmarks for further analysis, the 2009 survey addressed issues covered in previous years’ surveys, including demographics, staffing, managing expenses, the changing role of the CLO, expectations for the coming year and managing outside counsel. The legal industry’s increased focus on value-based relationships and spending prompted additional questions on managing expenses, primary industry and legal department budgets. The majority of respondents felt a “disconnect between the current billable-hour model favored by law firms” and the “value-focused model favored by in-house legal departments.”

Survey Methodology & Respondent Demographics

In December 2009, the Association of Corporate Counsel (ACC), working with the research firm The Boone Group, conducted its *10th Annual Chief Legal Officer Survey*.

- The survey was open for a period of 4 weeks and a total of 970 surveys were received, representing a 13% response rate.
- 43% of respondents are employed by private companies, 32% with public companies, and the remainder at non-profits, subsidiaries of foreign companies, LLCs and other organizations.
- Almost one-half of the respondents (45%) report a total legal budget of less than \$1 million; 16% of respondents report a total legal budget of \$5 million or more.
- Slightly less than one half of respondents (47%) work in companies with 1,000 or less employees, and one-quarter (25%) of the respondents work in companies with 5,000 or more employees.

About ACC:

The Association of Corporate Counsel (ACC) is the world’s largest organization serving the professional and business interests of attorneys who practice in the legal departments of corporations, associations and other private-sector organizations around the globe. ACC promotes the common interests of its members, provides resources to help save time, money and effort, contributes to their continuing education and provides a voice on issues of global importance. With more than 25,000 members in over 70 countries, employed by over 10,000 organizations, [ACC’s community](#) connects its members to the people and resources necessary for both personal and professional growth. By in-house counsel, for in-house counsel.[®]

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EDITOR’S NOTE: For more information or to interview [ACC Deputy General Counsel and Vice President – Legal Resources James Merklinger](#), please contact Robin Scullin at +1 202.349.1509 or scullin@acc.com, or Marthea Davis at +1 202.349.1519 or davis@acc.com. The Executive Summary and complete Survey Report are available upon request to members of the press.