

2022

AN INSIDE LOOK AT LEGAL ENTITY MANAGEMENT PRACTICES

SURVEY HIGHLIGHTS



520 ORGANIZATIONS



20 INDUSTRIES



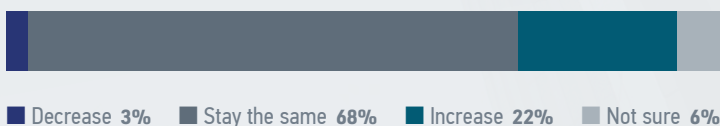
48 COUNTRIES



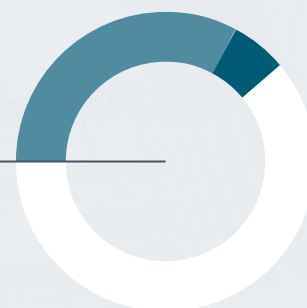
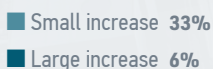
THE ORGANIZATION'S FOCUS ON LEGAL ENTITY MANAGEMENT IS GROWING

Twenty-two percent of departments expect an increase in LEM staff over the next year. In addition, 39 percent reported an increase in the LEM budget over the past year. About half of departments are currently satisfied with company leadership being sufficiently attuned to the organization's subsidiary management processes, indicating there is still room for improvement.

Expectations on LEM staff changes in the next year



LEM budget increase in the previous year



Satisfaction with company stakeholders being sufficiently attuned to subsidiary management processes

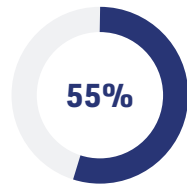


Very satisfied 16% Somewhat satisfied 33%



MOST ORGANIZATIONS DO NOT YET HAVE SOLID AND CONSISTENT LEM POLICIES AND PRACTICES IN PLACE

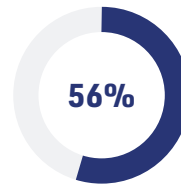
Four in ten departments do not have a compliance calendar to track corporate entities records and 56 percent do not conduct any internal audits or regular monitoring for LEM practices and procedures. The silver lining is that three in four participants are at least somewhat confident in their organization's ability to stay in compliance with regulatory changes.



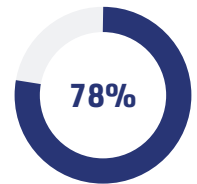
No LEM policies in place



No internal testing, monitoring, or internal audits



No compliance calendar



At least somewhat confident in organization's ability to stay in compliance

How are corporate records tracked in the organization

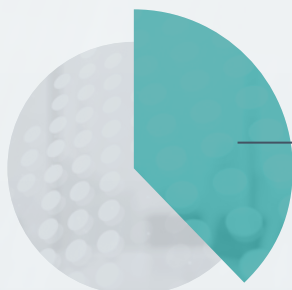
- Use electronic database to track records 60%
- Use a specific entity management database 41%



Satisfaction with the current LEM technology solutions in place



Participants that list lack of technology as a pain point



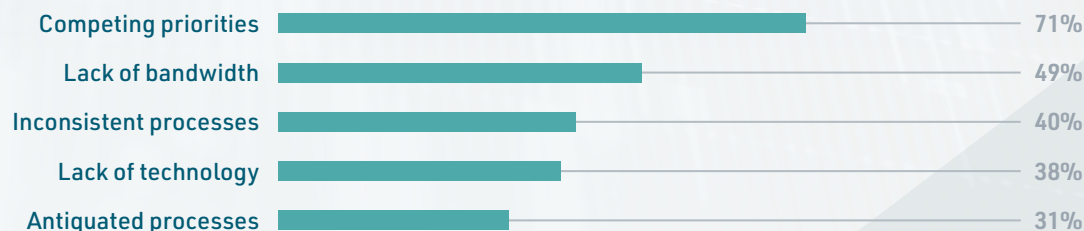
USE OF TECHNOLOGY TO SUPPORT LEM IS WIDESPREAD, BUT 73 PERCENT OF ORGANIZATIONS ARE DISSATISFIED OR NEUTRAL WITH THE OPTIONS AVAILABLE

Sixty percent of participants report using an electronic database to track corporate records, but just 41 percent use a specific entity management database. Seventy-three percent of participants, however, are dissatisfied or neutral with the current technology solutions that they have in place. Four in ten list the lack of technology as one of the main challenges in successfully handling LEM in their organization.



COMPETING PRIORITIES AND LACK OF BANDWIDTH ARE THE MAIN PAIN POINTS THAT LEM TEAMS ARE EXPERIENCING

The main challenge faced by LEM teams is competing priorities within the organization, according to 71 percent of participants. The lack of bandwidth (49 percent) is also listed as one of the main hurdles for the LEM function. Forty percent of participants struggle with inconsistent processes and 31 percent indicate that their LEM processes are antiquated.



ORGANIZATIONS WITH SOLID LEM POLICIES AND PRACTICES DELIVER BETTER BUSINESS OUTCOMES

Companies that implement leading LEM practices deliver better business outcomes. Nine in ten LEM leaders are at least somewhat confident to stay in compliance with regulators, compared to just 64 percent of organizations with the fewest LEM practices in place. Similarly, 68 percent of LEM leaders are satisfied with business stakeholders being attuned to subsidiary management processes compared to just 31 percent of those in the bottom tier.



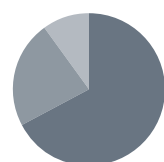
Confident in organization's ability to stay in compliance with regulators



Satisfied that business stakeholders are sufficiently attuned to LEM processes

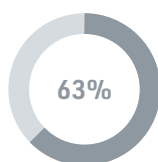


PARTICIPANT PROFILE



LEM TEAM SIZE

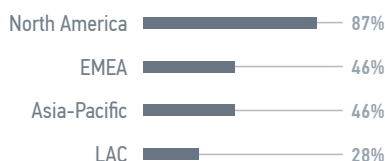
- 1 to 3 10%
- 4 to 10 23%
- 11 or more 68%



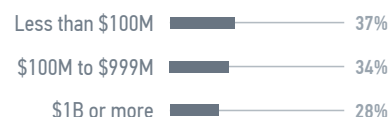
CENTRALIZED LEM FUNCTION

63%

REGIONS WHERE COMPANIES OPERATE



COMPANY REVENUE SIZE



QUESTIONS? Contact research@acc.com

VIEW THE FULL REPORT: acc.com/lem22

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