2022

AN INSIDE LOOK AT
LEGAL ENTITY MANAGEMENT PRACTICES
SURVEY HIGHLIGHTS

520 ORGANIZATIONS

20 INDUSTRIES

48 COUNTRIES

1

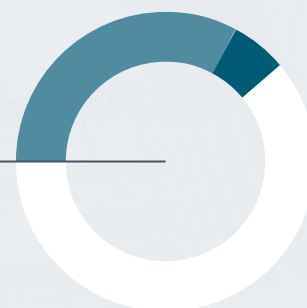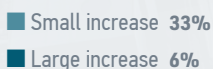## THE ORGANIZATION'S FOCUS ON LEGAL ENTITY MANAGEMENT IS GROWING

Twenty-two percent of departments expect in 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

■ Decrease **3%** ■ Stay the same **68%** ■ Increase **22%** ■ Not sure **6%**
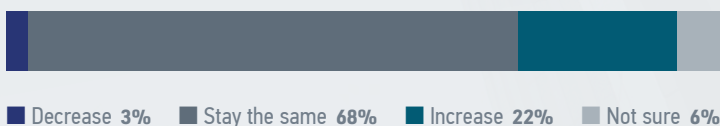
LEM budget increase in the previous year

■ Small increase **33%**
■ Large increase **6%**

Satisfaction with company stakeholders being sufficiently attuned to subsidiary management processes

■ Very satisfied **16%** ■ Somewhat satisfied **33%**

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2

## 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.
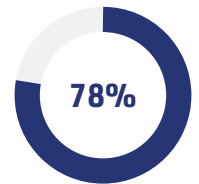
55%
No LEM policies in place

38%
No internal testing, monitoring, or internal audits
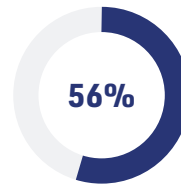
56%
No compliance calendar

78%
At least somewhat confident in organization's ability to stay in compliance

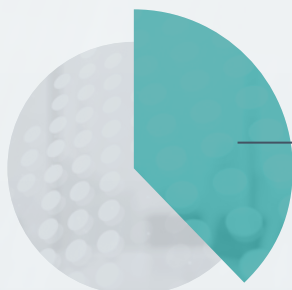### How are corporate records tracked in the organization

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

Satisfaction with the current LEM technology solutions in place

- Very dissatisfied **14%**
- Somewhat dissatisfied **29%**
- Neutral **30%**

### Participants that list lack of technology as a pain point

3

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.

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4

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 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.

Competing priorities	71%
Lack of bandwidth	49%
Inconsistent processes	40%
Lack of technology	38%
Antiquated processes	31%
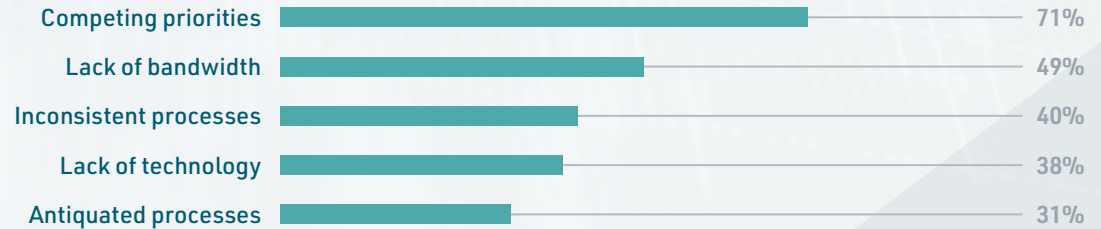
ORGANIZATIONS WITH SOLID LEM POLICIES AND PRACTICES DELIVER BETTER BUSINESS OUTCOMES

5

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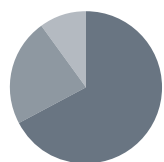
Confident in organization's ability to stay in compliance with regulators

LEADERS 91%   LAGGARDS 64%

Satisfied that business stakeholders are sufficiently attuned to LEM processes

LEADERS 68%   LAGGARDS 31%

PARTICIPANT PROFILE

LEM TEAM SIZE
- 1 to 3 **10%**
- 4 to 10 **23%**
- 11 or more **68%**
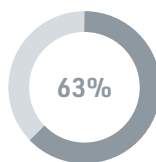
63% CENTRALIZED LEM FUNCTION

REGIONS WHERE COMPANIES OPERATE

North America	87%
EMEA	46%
Asia-Pacific	46%
LAC	28%

COMPANY REVENUE SIZE

Less than $100M	37%
$100M to $999M	34%
$1B or more	28%
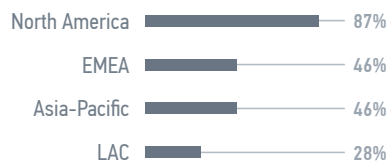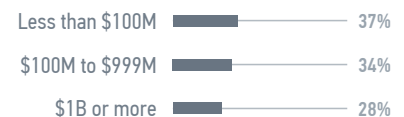
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