

2023 ACC CHIEF LEGAL OFFICERS SURVEY

KEY FINDINGS



892 PARTICIPANTS



20 INDUSTRIES



35 COUNTRIES



01 THE CLO CONTINUES TO DEVELOP AS KEY LEADER AND BUSINESS PARTNER

Most CLOs report directly to the CEO (77 percent), a result that has remained stable for five years and that has substantially increased from 64 percent in 2018. A majority of CLOs also say they “almost always” attend board meetings, meet with other business leaders to discuss operational issues, and are consulted by other executives on key business decisions.



02 CLOs HAVE SIGNIFICANT CORPORATE FUNCTION OVERSIGHT

In addition to Legal, at least 20 percent of CLOs also oversee one or more of the following functions: compliance, privacy, ethics, risk, government affairs, ESG, and cybersecurity response. Four percent more of CLOs now oversee privacy, risk, and cybersecurity response since last year. CLOs in smaller companies tend to oversee a greater number of functions than those in larger companies.



03 HIRING EXPECTED TO DECREASE ACROSS ALL LEGAL STAFF POSITIONS

Fewer CLOs expect to increase hiring across all staff categories compared to last year. Just 38 percent say they plan on hiring more lawyers this year compared to 45 percent last year. In addition, fewer CLOs say they will send more work to law firms and alternative legal service providers this year compared to 2022.



04 CYBERSECURITY, REGULATORY COMPLIANCE, AND DATA PRIVACY CONTINUE TO RANK AS THE MOST IMPORTANT ISSUES TO THE BUSINESS

When rating a list of items in terms of their importance to the business, CLOs continue to place cybersecurity, regulation and compliance issues, and data privacy as the top three most critical issues for the business. This aligns with the survey’s other finding that CLOs expect industry-specific regulations and data protection privacy rules to pose the biggest legal challenges this year.



05 INVESTMENT IN LEGAL OPERATIONS REMAINS THE TOP STRATEGIC PRIORITY FOR LEGAL DEPARTMENTS

CLOs listed legal operations as the top strategic initiative (70 percent) in their legal department, followed by right-sourcing legal services (45 percent), and cost minimization (43 percent). The percentage of departments with at least one legal operations professional has remained stable over the past three years (58 percent), a significant increase since 2015 when the result was just 21 percent.



06 INDUSTRY-SPECIFIC REGULATIONS CONTINUE TO POSE TOP LEGAL CHALLENGE

Two-thirds of CLOs say that industry-specific regulations will likely pose the biggest legal challenge to the business, followed by data protection privacy rules (59 percent), and M&A with 38 percent. More CLOs in the US see regulations as the biggest challenge (68 percent) compared to those in Europe (52 percent), and more than 40 percent of CLOs in Asia and Europe expect political changes to be the top challenge compared to just 32 percent in the US.



07 PRIVACY-RELATED REGULATORY ENFORCEMENT IS EXPECTED TO INCREASE

Sixty-seven percent of CLOs believe the volume of privacy-related regulatory enforcement will increase in 2023, up from 60 percent last year. Eighty-seven percent expect an increase in the information technology industry, while just 46 percent expect an increase in construction. Eighty-four percent of CLOs expect their expenditures for regulatory compliance solutions will increase this year.



08 M&A ACTIVITIES WILL REQUIRE THE MOST ADDITIONAL RESOURCES IN 2023

Twenty percent of CLOs say significant transactions (M&A, spin-offs, etc.) will require the most additional resources this year, which is still the top area selected, but down five percent since last year during the height of the COVID-19 pandemic. Data privacy rose to the second spot with 17 percent, up from 13 percent last year.



09 CONTRACT MANAGEMENT IS STILL THE TOP TECH AREA IN WHICH CLOs PLAN TO INVEST

Forty-one percent of CLOs say they plan on investing in new legal technology in 2023. Contract management is the top area they plan on investing in (67 percent), followed by document management (34 percent), and workflow tools (30 percent). The results show a consistent decrease over time in those implementing esignature technology as it is often one of the first tools implemented due to the costs savings and efficiencies it brings.



10 CLOs VALUE COMMUNICATION AND LEADERSHIP AS TOP SKILLS

CLOs ranked communication/listening and leadership (both 64 percent) as the top skills they are seeking to develop for their lawyers, followed by business management and executive presence (both 59 percent). Executive presence, project management skills, data analytics and visualization, and financial acumen are the skills with the largest increases compared to last year. This diversity in desired skills speaks to the broadening scope of today's modern legal department.

QUESTIONS? CONTACT: research@acc.com

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