# ACC's Chief Legal Officers (CLO) 2013 SURVEY – CANADA Special Report

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# **Table of Contents**

Executive Summary	4
Demographic Overview	6
Canada Key Findings	7
What Keeps Canadian Chief Legal Officers Up at Night	8
Prioritizing Business Issues	12
Trending Topics	13
Measuring Success	14
Law Department Staff and Budget Changes	15
Career Satisfaction	16
Overall Survey Results	
Appendices	
Appendix I	
Appendix II	67

This research report was underwritten by Blakes



### **Executive Summary • Canada**

This report presents results on a subset of respondents from the Association of Corporate Counsel's Chief Legal Officer (CLO) 2013 Survey, published in January 2013. This survey was conducted in November and December of 2012 by Avenue M group, an independent research and consulting firm. A total of 1,104 individuals from 36 countries participated in this survey to provide a global outlook of CLOs worldwide. This report provides results and analysis of respondents from Canada (n=50). While the specifics may vary, many of the overall findings are representative of the larger respondent population. For a brief summary of highlights from the Chief Legal Officer 2013 Survey, please reference the appendix.

This report provides an unbiased analysis of Canadian Chief Legal Officers (CCLOs). This report provides demographic information, such as staffing, budget changes, revenue and more, while also exploring intangibles such as CCLOs' top legal and business concerns for the past 12 months and their anticipations for the future.

- Many CCLOs understand the importance of developing a foundation that minimizes risk and liability for their organization. As such, the top three issues facing CCLOs during the past 12 months are ethics and compliance, regulatory or governmental changes, and protection of intellectual property or related disputes. Looking ahead to 2013, ethics and compliance and regulatory and governmental changes remain a priority; information privacy becomes an issue of growing importance.
- Top business issues of high importance to CCLOs focused on proactive communication practices of organizational information. Awareness of company activities that have potential legal implications, keeping management appraised of legal developments, and staying current and well informed of changes in the law were all cited as important elements of their job.
- In 2013, study respondents expect to direct their attention to issues related to transparency and privacy obligations. A confluence of factors, such as increased data collections and storage, growing attention paid by regulators and heightened public scrutiny, may be sharpening the attention of these issues by public and private sectors. Decentralization of law departments appears to be of lesser importance at this time.

### **Executive Summary cont.** • Canada

- 77% of respondents are satisfied with their current role within their company/ organization; this may be attributed to the fact that CCLOs generally spend their time the way they prefer. For example, 78% of CCLOs prefer spending the majority of their time developing strategy; of these respondents, 76% currently spend their time this way.
- Efficiency, accessibility and easy access to information are of high importance to CCLOs, with 86% referencing emails and e-news as their source for information. Men are more likely to use their office computer (i.e., laptop or desktop) (78%) than women (59%) who prefer personal devices.
- Overall, 80% of CCLOs use outside legal spending as a metric of measurement for efficiency and effectiveness by public and private law departments.

### Other interesting findings from this study include:

- The vast majority (96%) of CCLOs' law departments do not have a formal pro bono program due to small department size (60%) and staff workload (56%).
- Outside legal spending was noted as the primary evaluator to measure effectiveness and efficiency by 80% of respondents.
- 82% of CCLOs do not delegate operational management of their law department.
- 79% of respondents from a private company/organization do not plan to increase or decrease their law department's budget over the next 12 months, compared to only 40% of respondents from a public company/organization.
- 84% of CCLOs do not feel their law departments have been impacted by social media; 79% have not had to institute any program or polices to address social media use at the office.



### **Demographic Overview** • Canada



This study captured a wide variety of information. Respondents provided personal and professional demographics, work procedures and practices, opinions on issues in law and business, and their future predictions for all of the above.

The following demographic profiles are fundamental to better understand the key findings and overall results that emerged.

The demographic information provided in the profiles was selfreported by study respondents. These profiles contain current information and information from the past 12 months. Additionally, respondents were asked to provide anticipated demographic information for the next 12 months (i.e., based on the plans of their law department). Please note, respondents were able to opt out of projecting future demographic information in an attempt to only collect viable data.

### Gender

- 64% of respondents were male.
- 36% of respondents were female.

#### Age

- 60% of respondents were between the ages of 49 and 67.
- 40% of respondents were between the ages of 31 and 48.

#### Location

• 100% work in Canada

#### Salary

 40% of respondents earn an average base salary of \$255,350 CAD (\$250,000 USD), annually.

# Key Findings • Canada

The key findings highlight areas of interest from the study results. The following topics are discussed in the key findings:

### What Keeps CCLOs Up at Night

Respondents share their thoughts on the importance of issues over the past 12 months and their anticipations for these issues over the next year.

### **Prioritizing Business Issues**

Respondents rank important business issues according to the priorities of their law department for the coming year.

### **Trending Topics**

Respondents indicate where professional attention should be directed.

### **Measuring Success**

Metrics used by respondents to evaluate the efficiency and effectiveness of their law department.

### Law Department Staff and Budget Changes

Respondents report the changes in their law departments' staff and budget over the past year and indicate their plans for the future.

### **Career Satisfaction**

Respondents share how they would prefer to spend their professional time and how it aligns with how they currently spend their time.

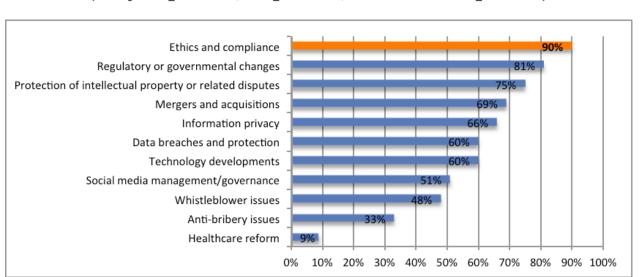
The key findings cover select points of the above topics; additional information on each topic, including summary data and further cross-tabulation analysis, can be found in the Overall Study Results section.



Respondents were asked to evaluate the pure importance of issues in law over the past 12 months and to predict the future importance of each issue over the next 12 months. This helped to determine if the issues that were important in 2012 will continue to be relevant in 2013, or if their importance declines as other issues attract attention.

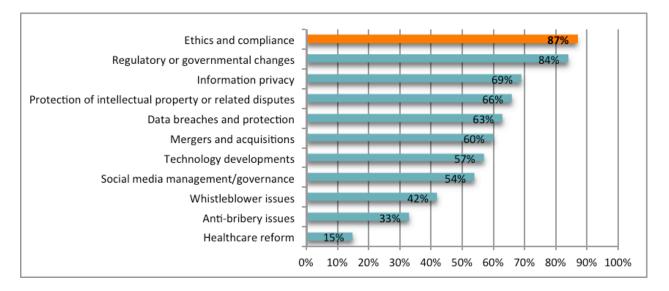
**Issues:** 

- Anti-bribery issues
- Ethics and compliance
- Protection of intellectual property or related disputes
- Information privacy
- Data breaches and protection
- Healthcare reform
- Mergers and acquisitions
- Social media management/governance
- Regulatory or governmental changes
- Technology developments
- Whistleblower issues



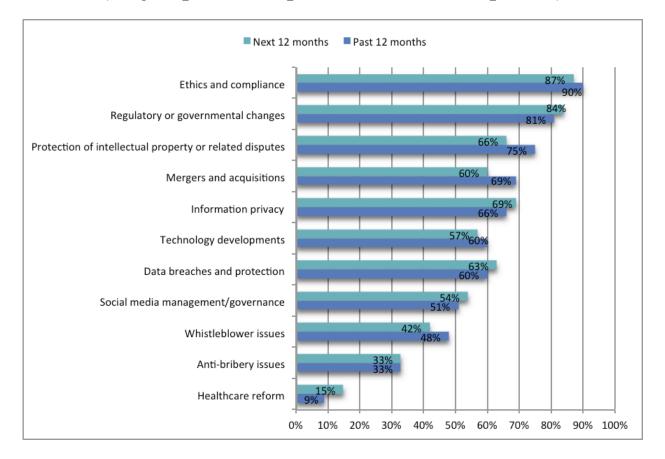
### Important Issues Over the Past 12 Months (Very Important, Important, Somewhat Important)

### Important Issues Over the Next 12 Months (Very Important, Important, Somewhat Important)





### **Issue Comparison of Past and Future Importance** (Very Important, Important, Somewhat Important)



Ethics and compliance retained the highest importance ratings for the past 12 months (90%). Although there was a slight drop in importance (3%) for the next 12 months, ethics and compliance still retained the highest importance ratings for the next 12 months (87%).

### Regulatory or governmental changes

had the second highest importance ratings for that past 12 months and next 12 months. Respondents anticipate a slight growth of importance, as 81% indicated a level of importance for this issue over the past 12 months, and 84% indicated a level of importance for this issue for the next 12 months.

Healthcare reform was the most insignificant issue for the past 12 months as wells as the next 12 months. It yielded an unchanging insignificance rating of 66%; however, the neutral ratings decreased (for the next 12 months), allowing for a slight increase in importance ratings.

# Protection of intellectual property or related disputes, and mergers and

acquisitions showed the largest change in importance ratings. Protection of intellectual property or related disputes received importance ratings from threequarters of respondents for the past 12 months; however, this percentage drops to 66% for the next 12 months. Mergers and acquisitions also endured a 9% drop in importance ratings, going from 69% for the past 12 months down to 60% for the next 12 months. Anti-bribery issues received importance ratings from 33% of respondents for both the past 12 months and next 12 months. Although the importance ratings remain stagnant, unimportance ratings decreased from 42% (past 12 months) to 30% (next 12 months), and neutral ratings increased by 12%.

Additional issues respondents anticipate will increase in importance over the next 12 months:

- Information privacy: 66% to 69%
- Data breaches and protection: 60% to 63%
- Social media management/ governance: 51% to 54%
- Health care reform: 9% to 15%

Additional issues respondents anticipated will decrease in importance over the next 12 months:

- Technology developments: 60% to 57%
- Whistleblower issues: 48% to 42%

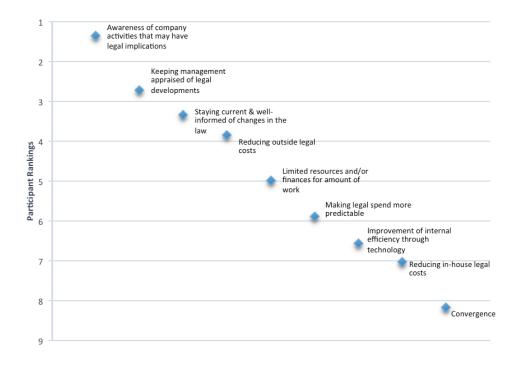


### Key Findings • Prioritizing Business Issues • Canada

Respondents were asked to rank business issues in order of importance, according to the priorities of their law department for 2013. These issues are listed below, in the order respondents ranked them.

### **Issues Ranked:**

- 1. Awareness of company activities that may have legal implications
- 2. Keeping management apprised of legal developments
- 3. Staying current and well-informed of changes in the law
- 4. Reducing outside legal costs
- 5. Limited resources and/or finances for amount of work
- 6. Making legal spend more predictable
- 7. Improvement of internal efficiency through technology
- 8. Reducing in-house legal costs
- 9. Convergence



# Key Findings • Trending Topics • Canada

Respondents were asked to rate the importance of various issues based on the amount of attention that should be given to each.

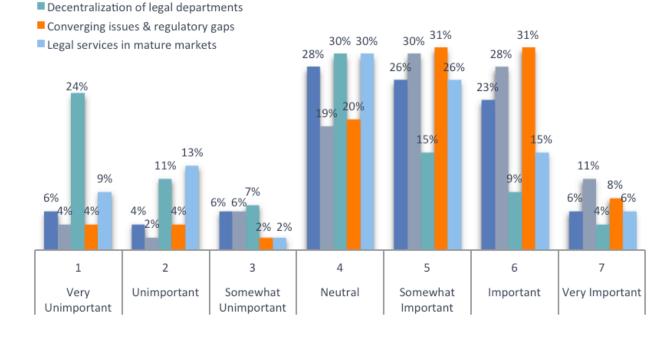
See responses to each issue below.

Disputes over ownership & use of information

Transparency & privacy obligations

**Highest overall level of importance issue:** Converging issues & regulatory gaps

**Highest overall level of unimportance issue:** Decentralization of legal departments

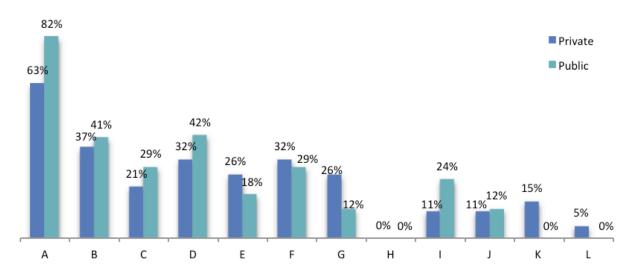




### Key Findings • Measuring Success • Canada

80% of respondents use outside legal spending to evaluate the effectiveness and efficiency of law departments.

All respondents indicated use of various methods to evaluate the effectiveness and efficiency of their law departments (see overall results, page 40). The majority of respondents work for a private company (38%) or a public company/organization (34%). Accordingly, the chart and table below represents the specific use of metrics by the respondents from private companies/organizations compared to respondents from public companies/organizations.



Label	Value	Private	Public
A	Outside legal spending	63%	82%
В	Outside counsel management	37%	41%
С	Inside legal staffing	21%	29%
D	Inside legal spending	32%	42%
Е	Forecast for legal services	26%	18%
F	Law department organization	32%	29%
G	Corporate allocations and chargebacks	26%	12%
Н	Other	0%	0%
Ι	Key staffing ratios	11%	24%
J	Trends in law department staffing	11%	12%
K	Intellectual property information	15%	0%
L	Trends in legal staffing	5%	0%

Highlighted rows have a difference of 10% or more.

# **Key Findings** • Law Department Staff and Budget Changes • Canada

### **Staff Changes**

Staff cuts were minimal in 2012. Only 10% of respondents (all males) indicated staff cuts within their law department over the past year. Contract lawyers and in-house lawyers were the two most cut positions.

Nearly two-thirds (i.e., 57%) of respondents' law departments made new hires over the past year.

Although female respondents reported no staff cuts, nearly half of female respondents (47%) indicated that their law departments made new hires over the past 12 months. While 16% of male respondents indicated staff cuts over the past 12 months, 63% indicated new hires within their law department over the past 12 months.

- 80% of law departments with 300 or more employees\* hired new employees over the past year.
- 82% of law departments with 10 to 24 employees made new hires over the past year, compared to 48% of law departments with two to nine employees.
- 100% of law departments with one employee\*\* did <u>not</u> make any new hires over the past year.

### **Budget Changes**

Approximately 66% of respondents' law departments made budget changes over the past 12 months.

- Outside budget was more likely to decrease over the past year (in comparison to inside and total budget); however, it underwent the least amount of overall changes.
- 84% of respondents (whose law departments experienced budget changes over the past year) indicated an increase in their inside and outside budget.

55% of respondents plan to make alterations to their budget over the next 12 months.

77% of respondents from private companies/organizations who plan to alter their budget over the next twelve months, plan to decrease it by more than 10%.



<sup>\*10%</sup> of respondents work in law departments of 300 or more employees.

<sup>\*\* 10%</sup> of respondents work in law departments of one employee.

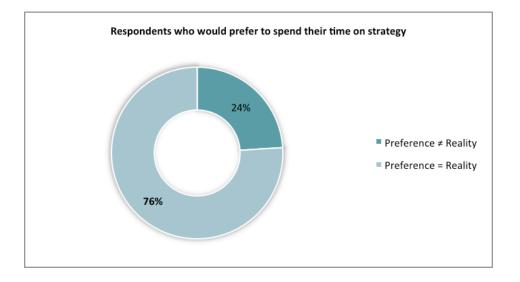
### Key Findings • Career Satisfaction • Canada

The majority (77%) of respondents are satisfied with their current role within their company/firm/organization. 34% are very satisfied, 26% are satisfied and 15% are somewhat satisfied.

This high level of satisfaction may be due to the fact that most respondents spend their professional time the way they would prefer to, given the option.

Respondents were asked what they currently spend the majority of their time doing and were later asked how they would prefer to spend their time. This information was cross-tabulated to see how respondents' reality (i.e., how they currently spend their time) aligns with their preference (i.e., how they would prefer to spend their time).

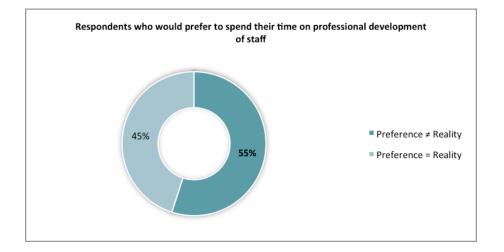
Most respondents (78%) would prefer to spend their time on <u>strategy</u>; of these respondents, 76% currently spend their time doing so.



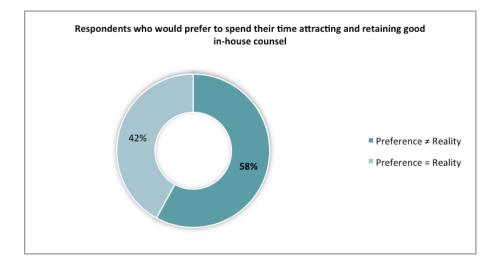
# Key Findings • Career Satisfaction • Canada

For the most part, respondents' preferences align with reality. For example, respondents indicated various ways they would prefer to spend their time; for every way they would prefer to spend time (with the exception of three\*), at least half of those individuals are able to spend their time that way.

\*41% of respondents would prefer to spend their time on <u>professional development</u> of staff; of these respondents, 45% currently spend their time this way.



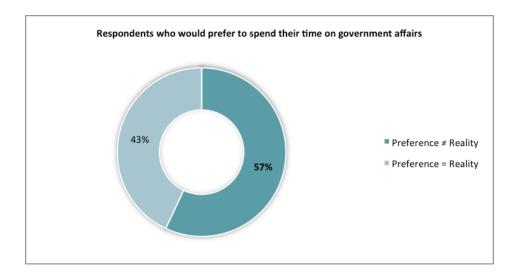
\*25% of respondents would prefer to spend their time <u>attracting and retaining good</u> <u>in-house counsel</u>; of these respondents, 42% currently spend their time this way.





# Key Findings • Career Satisfaction • Canada

\*14% of respondents would prefer to spend their time on government affairs; of these respondents, 43% currently spend their time this way.



The overall survey results contain all of the questions from the survey and their respective answers. Each question will have a chart and/or table representing the percentage of respondents that chose each answer. Many of the questions will contain text with further analysis of the information based on data obtained from cross-tabulation of survey questions.

Please note that percentages were rounded to the nearest whole number; therefore, percentages may not always total 100%.



### Question: What is your current title?

Value	Percent
General Counsel	44%
Other, please specify:	24%
Chief Legal Officer	10%
Senior Vice President	8%
Legal Director	4%
VP Legal Affairs	4%
Vice President	2%
Corporate Secretary	2%
Executive Vice President	2%
Executive Board Member	0%
Head of Legal	0%
Chief Counsel	0%
Advocate	0%
Solicitor/Barrister	0%
Compliance Officer	0%
Counsel/Counselor	0%

Singular (verbatim) values under Other include the following:

- General Counsel and Corporate Secretary
- SVP, Corporate Development, Governance and General Counsel
- Senior Vice-President, Legal Services & General Counsel
- VP legal Affairs and Secretary
- Vice President & General Counsel
- Vice President Legal & General Counsel
- Vice President Legal and Corporate Secretary
- Vice President, General Counsel Life Operation & Secretary
- Vice President, General Counsel and Corporate Secretary
- Vice President, General Counsel and Secretary
- Vice President, Secretary & General Counsel
- Vice-President, General Counsel and Corporate Secretary

Question: Which of the following best describes your company/organization?

Value	Percent
Private	38%
Public	34%
Subsidiary of foreign public corporation	10%
Non profit	8%
Limited Liability Company (LLC)	6%
Limited Liability Partnership (LLP)	2%
Publicly held debt, privately held equity	2%
Partnership	0%

The majority of respondents (72%) work for either a private company/organization (38%) or public company/organization (34%). 10% of respondents work for a subsidiary of foreign public corporation. Outliers include respondents who work for a non profit company/organization, a Limited Liability Company/organization, a Limited Liability Partnership company/organization and a publicly held debt, privately held equity company/organization.

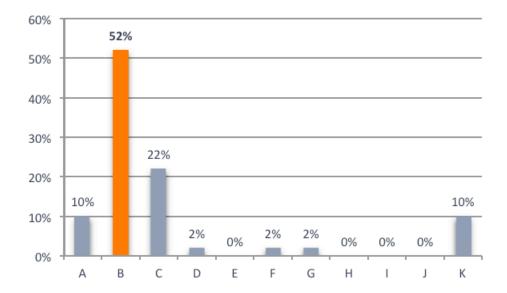
Although not a significant data point, it is interesting to note that respondents from public companies/organizations reported no staff cuts over the past 12 months.



### Question: What is your company/organization's primary industry?

Value	Percent
Finance & Banking	10%
Manufacturing	10%
Energy	10%
Mining & Quarrying	6%
Professional, Scientific, and/or Technical Services	6%
Construction & Engineering	6%
Insurance	6%
Information Technology/Software/Internet Related Services	6%
Advertising/Marketing/Public Relations	4%
Aviation/Aerospace	4%
Other	4%
Technical/Research & Development	4%
Healthcare/Social Assistance	4%
Biotechnology/Life Sciences	2%
Telecommunications	2%
Utilities	2%
Service Company and Organization	2%
Educational Services	2%
Oil & Gas	2%
Fast Moving Consumer Goods	2%
Pharmaceutical/Medical Devices	2%
Retail Trade	2%
Real Estate/Rental and Leasing	0%
Prepared Food Stuff & Beverages	0%
Public Administration/Government Regulation and Support	0%
Wholesale Trade/Distribution	0%
Not for Profit Organization (i.e., Charity, Environment)	0%
Waste Management, Remediation & Environmental Services	0%
Transportation & Warehousing	0%
Trade Association	0%
Broadcasting & Media	0%
Administrative/Business/Support Services	0%
Accommodation/Food Services	0%
Agriculture/Forestry/Fishing/Hunting	0%
Arts, Sports & Entertainment/Recreation	0%
eCommerce/Online Sales	0%
Chemicals & Plastics	0%
Management of Companies & Enterprises (i.e., Holding Companies)	0%

Industry varied amongst respondents.



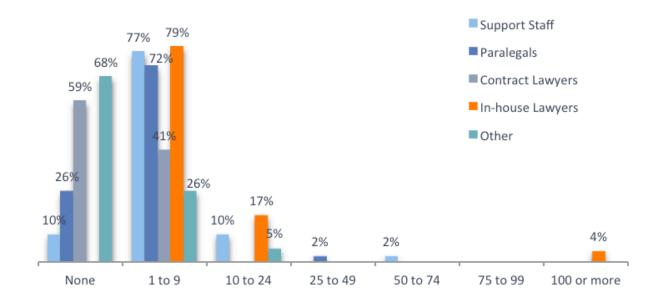
### Question: What best describes the size of your law department?

Label	Value	Percent
A	l employee	10%
В	2 to 9 employees	52%
С	10 to 24 employees	22%
D	25 to 49 employees	2%
Е	50 to 74 employees	0%
F	75 to 99 employees	2%
G	100 to 149 employees	2%
Н	150 to 199 employees	0%
Ι	200 to 249 employees	0%
J	250 to 299 employees	0%
K	300 or more employees	10%

Over half of respondents (52%) work in a law department comprised of 2 to 9 employees, 22% of respondents work in a law department of 10 to 24 employees, 10% work in a law department of 1 employee, and another 10% work in a law department with 300 or more employees. With the exception of a few outliers, there appeared to be no representation of mid-sized law departments.



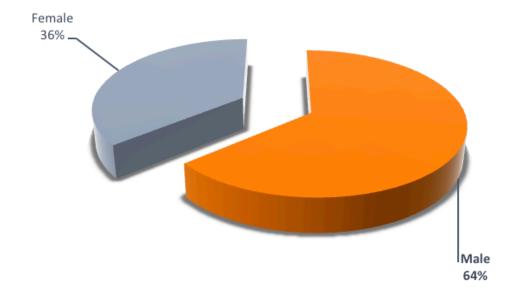
Question: How many of the following staff positions work in your law department?



	None	1 to 9	10 to 24	25 to 49	50 to 74	75 to 99	100 or more
Support Staff	10%	77%	10%	0%	2%	0%	0%
Paralegals	26%	72%	0%	2%	0%	0%	0%
Contract Lawyers	59%	41%	0%	0%	0%	0%	0%
In-house Lawyers	0%	79%	17%	0%	0%	0%	4%
Other	68%	26%	5%	0%	0%	0%	0%

#### **PAGE 25**

# **Overall Survey Results** • Canada



Question: What is your gender?

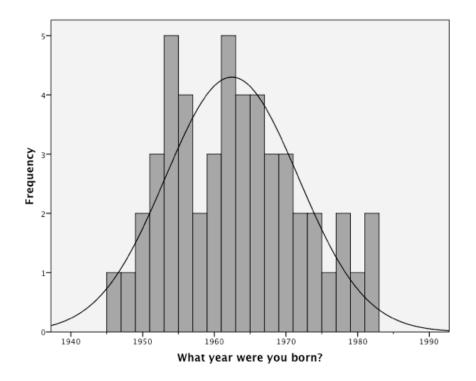
More than two-thirds of respondents were males; a little over one-third were females.



#### **PAGE 26**

# **Overall Survey Results** • Canada

### Question: What year were you born?



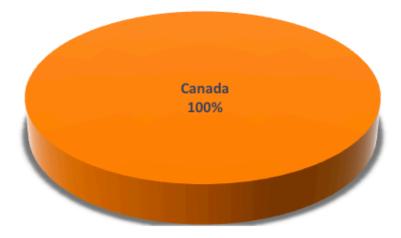
Value	Year Range	Percent
Baby Boomers	1946 - 1964	60%
Generation X	1965 – 1982	40%

60% of respondents are between the ages of 49 and 67. 40% of respondents are between the ages of 31 and 48.

#### **PAGE 27**

# **Overall Survey Results** • Canada

Question: Where is your office located?



Although individuals from 36 countries took part in ACC's CLO 2013 Survey, this report provides information exclusive to respondents from Canada (including provinces).

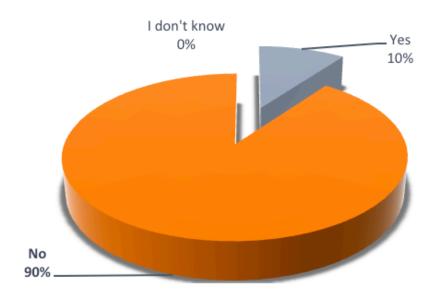


Question: What is your annual base salary in USD as of January 1, 2012 (i.e., excluding options/incentives/awards/bonuses)?

Value	Percent
Less than \$75,000	0%
\$75,000 to \$99,999	2%
\$100,000 to \$149,999	4%
\$150,000 to \$199,999	28%
\$200,000 to \$299,999	<b>40</b> %
\$300,000 to \$399,999	10%
\$400,000 to \$499,999	10%
\$500,000 to \$599,999	0%
\$600,000 to \$699,999	0%
\$700,000 to \$799,999	2%
\$800,000 to \$899,999	0%
\$900,000 to \$999,999	0%
\$1,000,000 to \$1,999,999	0%
\$2,000,000 to \$2,999,999	0%
\$3,000,000 to \$3,999,999	0%
\$4,000,000 to \$4,999,999	0%
\$5,000,000 or more	0%
Prefer not to say	4%

Salary did not vary noticeably by gender; however, salary appeared to vary by law department size. There is a positive correlation between law department size and annual base salary. For example, 73% of respondents in a law department of 10 to 24 employees make an average of \$255,350 CAD (\$250,000 USD) annual base salary, compared to only 35% of respondents in a law department of 2 to 9 employees. Moreover, 42% of respondents whose law departments have 2 to 9 employees make an average of \$178,745 CAD (\$175,000 USD) annual base salary, while respondents from a law department with 10 to 24 people make a minimum of \$204,280 CAD (\$200,000 USD) annual base salary.

Question: Over the past 12 months, has your law department enforced any staff cuts (unrelated to performance)?



10% of respondents reported staff cuts over the past 12 months. The subsequent pages quantify these cuts.

Although not a point of significance, it is interesting to note that only male respondents (16%) reported staff cuts within their law departments, while female respondents reported none. Additionally, respondents in law departments of 300 or more employees (10%), reported no staff cuts over the past 12 months.



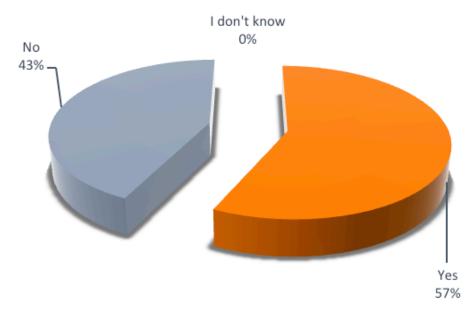
Question: Over the past 12 months, what was the approximate percentage of staff cuts within each of the following positions?



	No Cuts (<1%)	Minimal Staff Cuts (1% - 5%)	Moderate Staff Cuts (6% - 10%)	Significant Staff Cuts (Over 10%)
Support Staff	20%	20%	40%	20%
Paralegals	25%	25%	25%	25%
Contract Lawyers	0%	33%	33%	33%
In-house Lawyers	20%	20%	20%	40%
Other	0%	0%	0%	0%

Although 99% of respondents (who indicated staff cuts over the past 12 months) reported contract lawyer cuts, in-house lawyers endured the most significant cuts, as half of in-house lawyer cuts reduced the in-house lawyer staff by over 10%.

Question: Over the past 12 months, has your law department made any new hires?



It appears that law departments are hiring more than they are firing. Only 10% of respondents indicated staff cuts within their law department over the past 12 months; contrarily, nearly two-thirds (57%) of respondents' law departments made new hires over the past year.

Although female respondents reported no staff cuts, nearly half of female respondents (47%) indicated that their law departments made new hires over the past 12 months. While 16% of male respondents indicated staff cuts over the past 12 months, 63% indicated new hires within their law department over the past 12 months.

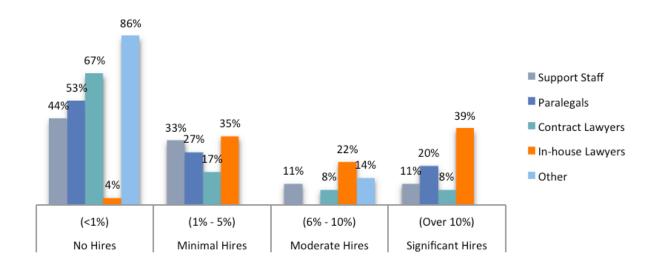
- 80% of law departments with 300 or more employees\* hired new employees over the past year.
- 82% of law departments with 10 to 24 employees made new hires over the past year, compared to 48% of law departments with two to nine employees.
- 100% of law departments with one employee\*\* did <u>not</u> make any new hires over the past year.



<sup>\*10%</sup> of respondents work in law departments of 300 or more employees.

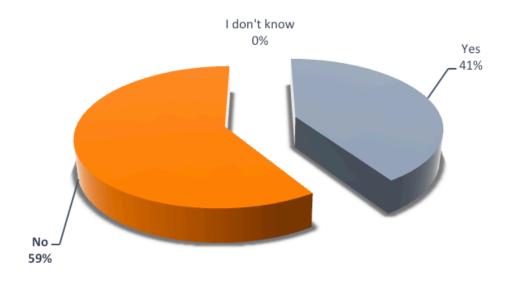
 $<sup>^{\</sup>ast\ast}$  10% of respondents work in law departments of one employee.

Question: Over the past 12 months, what was the approximate percentage of new hires within each of the following staff positions?



	No Hires (<1%)	Minimal Hires (1% - 5%)	Moderate Hires (6% - 10%)	Significant Hires (Over 10%)
Support Staff	44%	33%	11%	11%
Paralegals	53%	27%	0%	20%
Contract Lawyers	67%	17%	8%	8%
In-house Lawyers	4%	35%	22%	39%
Other	86%	0%	14%	0%

Question: Over the past 12 months, has your law department created any new positions?



41% of respondents' law departments created new positions over the past 12 months. See the following page for details regarding the areas in which new positions were created.



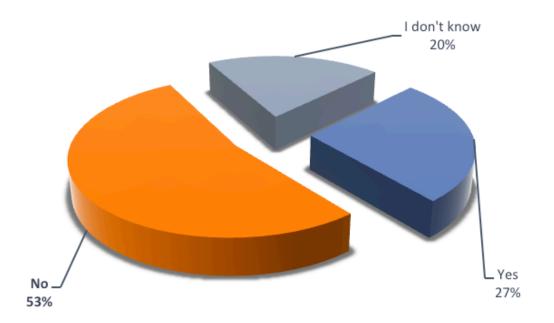
Question: Within which of the following areas were these new positions created? (Check all that apply.)

Value	Percent
Other	37%
Financial Services	21%
Litigation	21%
Generalist	16%
Compliance	16%
Contracts	16%
Intellectual Property	11%
<b>Corporate &amp; Securities</b>	11%
Employment & Labour	5%
Energy	5%
Mergers & Acquisitions	5%
IT/Ecommerce	0%
International Legal Affairs	0%
Discovery	0%
Environment & Sustainability	0%

Singular (verbatim) values under **Other** include the following:

- Real estate
- Legal support
- Real property
- Regulatory
- Secretary's office
- Support staff
- Workers compensation and health and safety

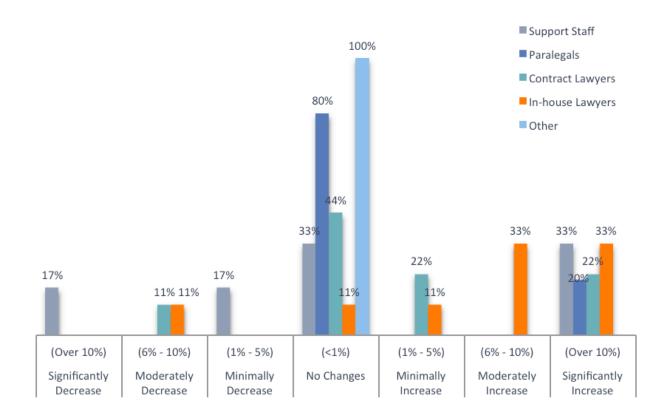
Question: Over the next 12 months, do you plan to increase or decrease your law department's staff size?



More than half of respondents (53%) do not plan to increase or decrease their staff size over the coming year, 23% plan to make alterations and 20% are still in deliberation. The subsequent pages outline the plans of the respondents (27%) who anticipate making changes to their department staff size.



Question: How do you plan to increase or decrease your law department's staff size over the next 12 months?



	Significantly Decrease Over 10%	Moderately Decrease 6% - 10%	Minimally Decrease 1% - 5%	No Changes <1%	Minimally Increase 1% - 5%	Moderately Increase 6% - 10%	Significantly Increase Over 10%
Support Staff	17%	0%	17%	33%	0%	0%	33%
Paralegals	0%	0%	0%	80%	0%	0%	20%
Contract Lawyers	0%	11%	0%	44%	22%	0%	22%
In-house Lawyers	0%	11%	0%	11%	11%	33%	33%
Other	0%	0%	0%	100%	0%	0%	0%

Generally, respondents have more plans to increase their staff size than decrease; however, anticipated staff cuts are most likely to be made in support staff positions. In-house lawyers are the most anticipated staff hire.

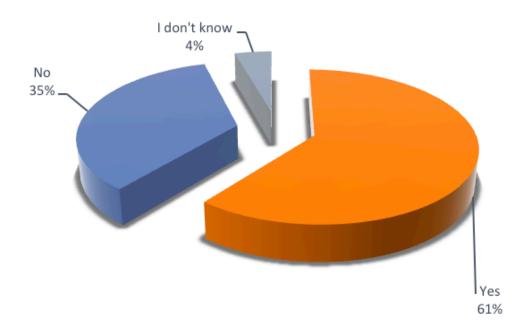
#### Question: What is your company's annual revenue USD?

Value	Percent
Less than \$25 million	8%
\$25 million to \$49 million	2%
\$50 million to \$99 million	4%
\$100 million to \$299 million	20%
\$300 million to \$ 499 million	6%
\$500 million to \$999 million	6%
\$1 billion to \$1.9 billion	25%
\$2 billion to \$2.9 billion	6%
\$3 billion to \$3.9 billion	8%
\$4 billion or more	14%

- 22% of private companies/organizations make less than \$25,535,000 CAD (\$25 million USD) in annual revenue compared to none of the public companies.
- Another 22% of private companies/organizations make between \$3,064,200,000 CAD and \$3,983,460,000 CAD (\$3 billion USD and \$3.9 billion USD); no public/company representation.
- Nearly one-third (29%) of public companies/organization have annual revenue of \$4,085,600,000 CAD (\$4 billion USD) or more; no private company/organizational representation.



Question: Over the past 12 months, has your law department's total budget increased or decreased?



79% of respondents from a public company/organization reported budget changes within their law department over the past year, compared to 32% of respondents from a private company/organization.

Amongst the respondents from a public company/organization whose law departments had budget changes, 40% experienced an average of an 8% increase in their inside budget.

Question: How would you classify your law department's changes in budget, in the past 12 months?

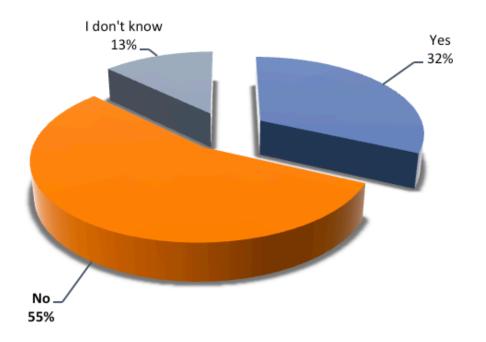


	Significant Decrease Over 10%	Moderate Decrease 6% - 10%	Minimal Decrease 1% - 5%	No Change <1%	Minimal Increase 1% - 5%	Moderate Increase 6% - 10%	Significant Increase Over 10%
Inside Budget	0%	0%	8%	8%	46%	19%	19%
Outside Budget	4%	12%	12%	31%	15%	12%	15%
Total Budget	0%	4%	8%	4%	46%	13%	25%

Although outside budget was more likely to decrease over the past year (in comparison to inside and total budget), it underwent the least amount of overall changes. 84% of respondents (whose law departments experienced budget changes over the past year) indicated an increase in their inside and outside budget.

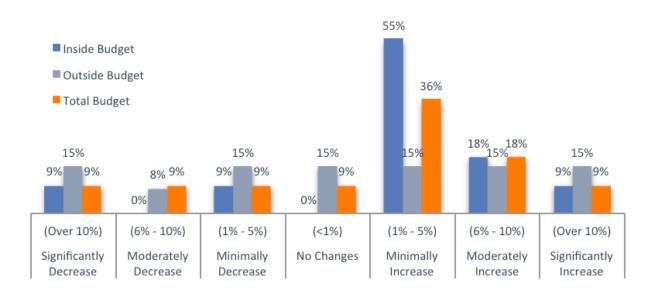


Question: Over the next 12 months, do you plan to increase or decrease your law department's budget?



79% of respondents from a private company/organization do not plan to increase or decrease their law department's budget over the next 12 months, compared to only 40% of respondents from a public company/organization.

Question: How do you plan to increase or decrease your law department's budget, in the next 12 months?



	Significantly Decrease Over 10%	Moderately Decrease 6% - 10%	Minimally Decrease 1% - 5%	No Changes <1%	Minimally Increase 1% - 5%	Moderately Increase 6% - 10%	Significantly Increase Over 10%
Inside Budget	9%	0%	9%	0%	55%	18%	9%
Outside Budget	15%	8%	15%	15%	15%	15%	15%
Total Budget	9%	9%	9%	9%	36%	18%	9%

77% of respondents from private companies/organizations who plan to alter their budget over the next 12 months plan to decrease it by more than 10%.



Question: What metrics do you primarily use to evaluate the effectiveness and efficiency of your law department? (Check all that apply.)

Value	Percent
Outside legal spending	80%
Outside counsel management	37%
Inside legal staffing	37%
Inside legal spending	35%
Forecast for legal services	31%
Law department organization	31%
Corporate allocations and chargebacks	18%
Other	14%
Key staffing ratios	14%
Trends in law department staffing	8%
Intellectual property information	8%
Trends in legal staffing	2%

Singular (verbatim) values under **Other** include the following:

- Client satisfaction
- Contract turnaround times
- Evaluations are primarily on effectiveness of executing on key legal priorities/ activity.
- Client feedback
- None
- Timely responsiveness, number of files being managed

Outside legal spending is the most widely used metric amongst respondents.

Question: How is the cost of your law department managed or dispersed for (cost) accounting purposes?

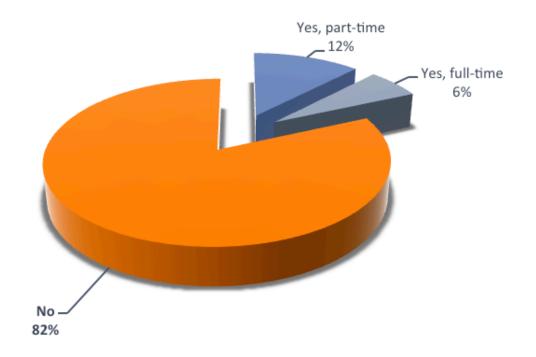
Value	Percent
The cost is part of organization's general overhead	56%
Certain legal costs are charged back to the business units	18%
The total cost is allocated as an overhead to each business unit	14%
A portion of the cost is allocated as an overhead to each business unit	8%
Other	4%

Singular (verbatim) values under Other include the following:

- A variety of the above
- Mixture of three for law department other than litigation. Litigation lawyers are charged back to business units on a notional hourly rate of \$150/hour



Question: Do you delegate operational management of the law department, either full-time or part-time?

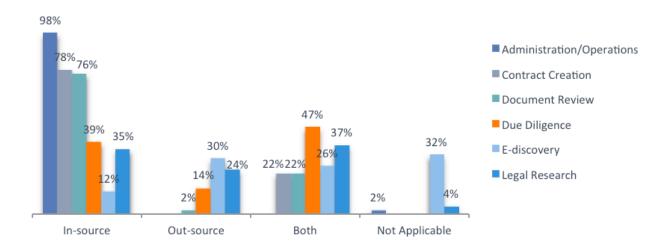


Question: Where do compliance functions report in your company/ organization? (Check all that apply.)?

Value	Percent
Chief Legal Officer	56%
Board of Directors	42%
Chief Executive Officer	34%
Chief Financial Officer	30%
Compliance functions report to me	22%
Chief Compliance Officer	16%
Other	10%



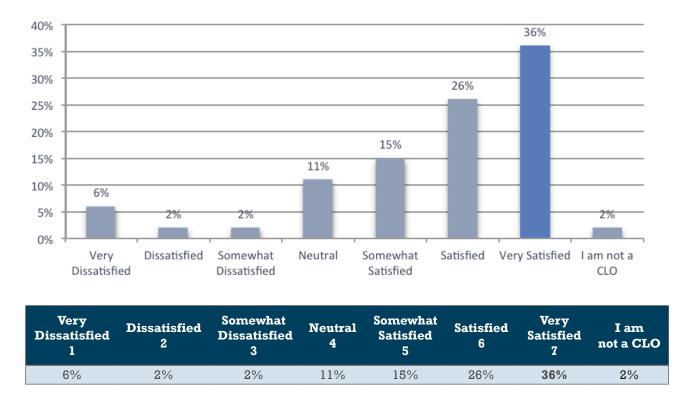
Question: Where do you primarily direct the following functions/ responsibilities?



	In-source	Out-source	Both	Not Applicable
Administration/Operations	98%	0%	0%	2%
Contract Creation	78%	0%	22%	0%
Document Review	76%	2%	22%	0%
Due Diligence	39%	14%	47%	0%
E-discovery	12%	30%	26%	32%
Legal Research	35%	24%	37%	4%

Administration/operations is the most in-sourced function by 98% of respondents' law departments; additionally, it is the only function/responsibility that is not outsourced.

Question: How satisfied are you with your current role within your company/firm/organization? (Scale 1-7, 7 = Very Satisfied)?



77% of respondents gain some level of satisfaction from their current role within their company/firm/organization. Specifically, 36% are very satisfied, 26% are satisfied and 15% are somewhat satisfied. Only 10% of respondents are unsatisfied, and 11% appear to be apathetic.



Question: Over the past 12 months, how have you spent the majority of your time as a Chief Legal Officer? (Check all that apply.)

Value	Percent
Advising executives/participating in strategic corporate issues	84%
Managing legal function domestically	63%
Board and governance issues	63%
Strategy	61%
Compliance	59%
Managing legal function internationally	41%
Litigation	39%
Attracting and retaining good outside counsel	27%
Regulatory investigation	25%
Professional development of staff	25%
Attracting and retaining good in-house counsel	23%
Government affairs	12%
Attracting and retaining good paralegal and support staff	12%
Other	6%

Singular (verbatim) values under **Other** include the following:

- Research misconduct investigations
- Day to day provision of legal services
- Insurance and risk management

Question: Over the past 12 months, how have you spent the majority of your time as a Chief Legal Officer? (Check all that apply.)

84% of respondents reported spending the majority of their time over the past 12 months advising executives/participating in strategic corporate issues; of these respondents, 81% would prefer to spend their time this way.

63% of respondents reported spending the majority of their time over the past 12 months managing the legal function domestically; of these respondents, 58% would prefer to spend their time this way.

63% of respondents reported spending the majority of their time over the past 12 months on board and governance issues: of these respondents, 84% would prefer to spend their time this way.

61% of respondents reported spending the majority of their time over the past 12 months on strategy; of these respondents, 97% would prefer to spend their time this way.

59% of respondents reported spending the majority of their time over the past 12 months on compliance; of these respondents, 48% would prefer to spend their time this way.

41% of respondents reported spending the majority of their time over the past 12 months managing legal function internationally; of these respondents, 65% would prefer to spend their time this way.

39% of respondents reported spending the majority of their time over the past 12 months on litigation; of these respondents, 32% would prefer to spend their time this way.

27% of respondents reported spending the majority of their time over the past 12 months attracting and retaining good outside counsel; of these respondents, 23% would prefer to spend their time this way.

25% of respondents reported spending the majority of their time over the past 12 months on regulatory investigation; of these respondents, 17% would prefer to spend their time this way.

25% of respondents reported spending the majority of their time over the past 12 months on professional development of staff; of these respondents, 75% would prefer to spend their time this way.

23% of respondents reported spending the majority of their time over the past 12 months attracting and retaining good in-house counsel; of these respondents, 46% would prefer to spend their time this way.

12% of respondents reported spending the majority of their time over the past 12 months on government affairs; of these respondents, 50% would prefer to spend their time this way.

12% of respondents reported spending the majority of their time over the past 12 months attracting and retaining good paralegal and support staff; of these respondents, 67% would prefer to spend their time this way.



Question: How would you prefer to spend the majority of your time as a Chief Legal Officer? (Check all that apply.)

Value	Percent
Strategy	78%
Advising executives/participating in strategic corporate issues	76%
Board and governance issues	67%
Professional development of staff	41%
Managing legal function domestically	39%
Compliance	33%
Managing legal function internationally	31%
Attracting and retaining good in-house counsel	25%
Government affairs	14%
Attracting and retaining good paralegal and support staff	12%
Litigation	12%
Attracting and retaining good outside counsel	12%
Regulatory investigation	8%
Other	6%

Singular (verbatim) values under **Other** include the following:

- Research management
- Day-to-day provision of legal services
- Insurance and risk management

Question: How would you prefer to spend the majority of your time as a Chief Legal Officer? (Check all that apply.)

78% of respondents would prefer to spend their time on strategy; of these respondents, 76% currently spend their time this way.

76% of respondents would prefer to spend their time advising executives/participating in strategic corporate issues; of these respondents, 89% currently spend their time this way.

67% of respondents would prefer to spend their time on board and governance issues; of these respondents, 79% currently spend their time this way.

41% of respondents would prefer to spend their time on professional development of staff; of these respondents, 45% currently spend their time this way.

39% of respondents would prefer to spend their time managing the legal function domestically; of these respondents, 95% currently spend their time this way.

33% of respondents would prefer to spend their time on compliance; of these respondents, 88% currently spend their time this way.

31% of respondents would prefer to spend their time managing the legal function internationally; of these respondents, 87% currently spend their time this way.

25% of respondents would prefer to spend their time attracting and retaining good in-house counsel; of these respondents, 42% currently spend their time this way.

14% of respondents would prefer to spend their time on government affairs; of these respondents, 43% currently spend their time this way.

12% of respondents would prefer to spend their time attracting and retaining good paralegal and support staff; of these respondents, 67% currently spend their time this way.

12% of respondents would prefer to spend their time on litigation; of these respondents, 100% currently spend their time this way.

12% of respondents would prefer to spend their time attracting and retaining good outside counsel; of these respondents, 50% currently spend their time this way.

8% of respondents would prefer to spend their time on regulatory investigation; of these respondents, 50% currently spend their time this way.



Question: Which of the following (non-legal) skills are you seeking to develop in your law department? (Check all that apply.)

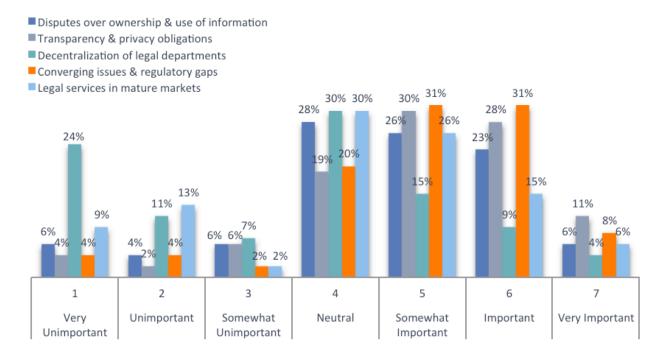
Value	Percent
<b>Business Management</b>	61%
Project Management	55%
Communication	47%
Emotional Intelligence	18%
None	12%
Other	8%
Technical	6%

Singular (verbatim) values under **Other** include the following:

- Business sense in our lawyers
- Financial literacy; training skills
- Strategy
- Lean six sigma

Business management is the most sought (non-legal) skill that CCLOs are seeking to develop in their law department, followed by project management and communication.

Question: Please rate the importance (based on the amount of attention that should be given to each) of the following current and future issues in law. (Scale 1-7, 7 = Very Important)



	Very Unimportant 1	Unimportant 2	Somewhat Unimportant 3	Neutral 4	Somewhat Important 5	Important 6	Very Important 7
Disputes over ownership & use of information	6%	4%	6%	28%	26%	23%	6%
Transparency & privacy obligations	4%	2%	6%	19%	30%	28%	11%
Decentralization of legal departments	24%	11%	7%	30%	15%	9%	4%
Converging isues & regulatory gaps	4%	4%	2%	20%	31%	31%	8%
Legal services in mature markets	9%	13%	2%	30%	26%	15%	6%

Females were more likely to rate decentralization of legal departments with a level of importance (40%) than males (23%).

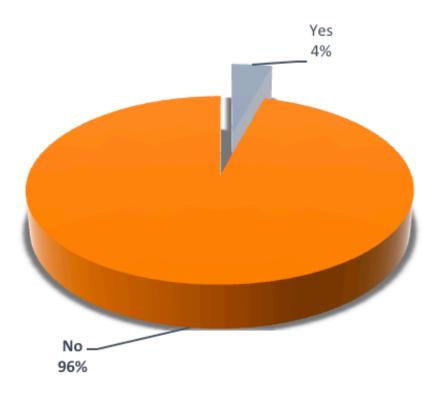
Respondents from public companies/organizations were more likely to rate legal services in mature markets as a neutral issue (50%), while respondents from private companies/organizations were more likely to rate it with a level of importance (78%).



Question: Please rank the following business issues in order of importance (according to the priorities of your law department for 2013). (1 = most important, 2 = next most important, ... 10 = least important)

Item	<b>Overall Rank</b>
Awareness of company activities that may have legal implications	1
Keeping management appraised of legal developments	2
Staying current and well-informed of changes in the law	3
Reducing outside legal costs	4
Limited resources and/or finances for amount of work	5
Improvement of internal efficiency through technology	6
Making legal spend more predictable	7
Reducing in-house legal costs	8
Convergence	9

Question: Does your law department have a formal pro bono program?



96% of respondents' law departments do not have a formal pro bono program; the following page explores factors contributing to this trend.



Question: Why do you think your law department does not have a formal pro bono program? (Check all that apply.)

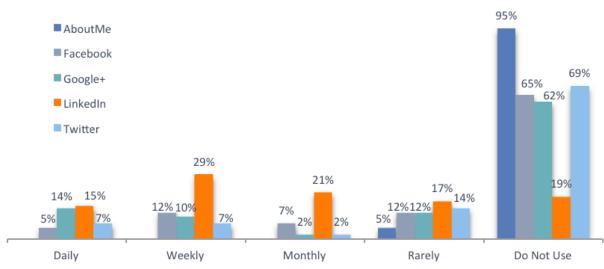
Value	Percent
Department is too small	37%
Legal staff is stretched too thin	21%
Lack of resources	21%
Lack of insurance coverage for pro bono work	16%
Legal staff are encouraged to volunteer on their own time	16%
Legal staff are encouraged to volunteer through company's Corporate Social Responsibility program	16%
Possibility of engaging in pro bono work outside of legal staff's skill set	11%
Other	11%
Practice rules restrict some department staff from engaging in pro bono work	5%

Singular (verbatim) values under **Other** include the following:

- At company level
- Direct accommodations are made for staff's involvement in meaningful volunteer activities
- Haven't made it a priority
- No desire to do so

The top three reasons for respondents law departments not having a formal pro bono program all include a theme of shortage: department is too small, legal staff is stretched too thin and lack of resources. Also, practice rules restrict some department staff from engaging in pro bono work.

Question: What social media platforms do you use (professionally) and with what frequency?

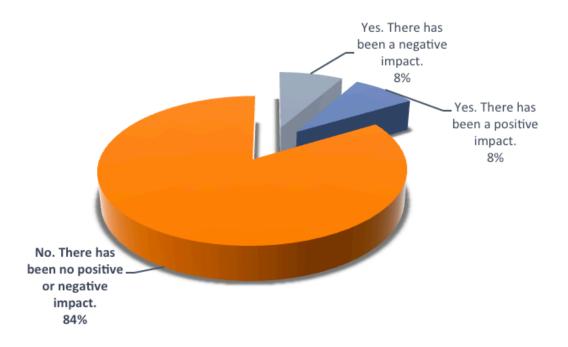


	Daily	Weekly	Monthly	Rarely	Do Not Use
AboutMe	0%	0%	0%	5%	95%
Facebook	5%	12%	7%	12%	65%
Google+	14%	10%	2%	12%	62%
LinkedIn	15%	29%	21%	17%	19%
Twitter	7%	7%	2%	14%	69%

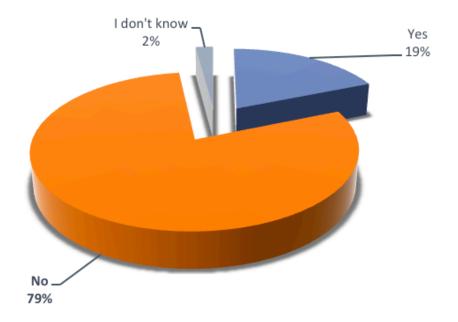
Overall, men use social media platforms professionally more than women.



Question: Has your law department been impacted by social media?



Question: Over the past 12 months, has your law department's practices or policies changed due to social media?





Question: How do you prefer to learn about the latest advancements and news within your professional field? (Check all that apply.)

Value	Percent
Email/E-news	86%
Online news articles	61%
Printed magazines/newspapers	51%
Online newspapers	35%
Industry blogs	23%
Online videos and clips	12%
Publications posted on social media	10%
Other	2%

Question: What device do you primarily use to check your email?

Value	Percent
Office laptop	47%
Office desktop	25%
Smartphone	16%
Personal laptop	8%
Tablet device	4%
Personal desktop	0%

Men are more likely to use their office computer (i.e., laptop or desktop) (78%) than women (59%).



Question: Please rate the level of importance each of the following issues held over the **past** 12 months. (Scale 1-7, 7=Very Important)

	Very Unimportant 1	Unimportant 2	Somewhat Unimportant 3	Neutral 4	Somewhat Important 5	Important 6	Very Important 7
Anti-bribery issues	21%	15%	6%	24%	9%	12%	12%
Ethics and compliance	0%	0%	3%	6%	27%	42%	21%
Protection of intellectual property or related disputes	3%	3%	9%	9%	31%	16%	28%
Information privacy	0%	0%	6%	27%	27%	27%	12%
Data breaches and protection	3%	6%	12%	18%	36%	12%	12%
Healthcare reform	42%	12%	12%	24%	3%	0%	6%
Mergers and acquisitions	6%	3%	0%	21%	24%	30%	15%
Social media management/ governance	0%	12%	15%	21%	27%	18%	6%
Regulatory or governmental changes	0%	3%	9%	6%	15%	39%	27%
Technology developments	0%	18%	3%	18%	33%	18%	9%
Whistleblower issues	3%	12%	6%	30%	21%	21%	6%

Question: Please rate the level of importance you anticipate each of the following issues will hold over the **next** 12 months. (Scale 1-7, 7=Very Important)

	Very Unimportant 1	Unimportant 2	Somewhat Unimportant 3	Neutral 4	Somewhat Important 5	Important 6	Very Important 7
Anti-bribery issues	15%	12%	3%	36%	6%	15%	12%
Ethics and compliance	0%	0%	0%	12%	27%	33%	27%
Protection of intellectual property or related disputes	3%	6%	3%	21%	21%	18%	27%
Information privacy	0%	0%	3%	27%	33%	21%	15%
Data breaches and protection	0%	6%	9%	21%	33%	12%	18%
Healthcare reform	41%	19%	6%	19%	6%	6%	3%
Mergers and acquisitions	6%	3%	6%	24%	18%	24%	18%
Social media management/ governance	0%	12%	9%	24%	21%	27%	6%
Regulatory or governmental changes	0%	0%	6%	9%	18%	33%	33%
Technology developments	0%	22%	3%	19%	25%	19%	13%
Whistleblower issues	3%	6%	12%	36%	21%	18%	3%

Question: Please rate the level of importance each of the following issues held over the **past** 12 months. (Scale 1-7, 7=Very Important)

and

Question: Please rate the level of importance you anticipate each of the following issues will hold over the **next** 12 months. (Scale 1-7, 7=Very Important)

Over the past year, information privacy appeared to be a more significant issue for respondents from public companies/organizations, as 90% rated it with some level of importance (50% *important*, 40% *somewhat important*); whereas, respondents from private companies/organizations were less inclined to rate this issue as important, and 50% rated it as a neutral issue.

While 90% of respondents from public companies/organizations continue to rate information privacy as important for the next 12 months, the specific level of importance grows slightly, as 10% anticipate information privacy to be *very important*, 30% *important* and 50% *somewhat important*. Although information privacy is a neutral issue for respondents from private companies/organizations, overall importance increases slightly (by 7%) for the next 12 months.

Data breaches also hold more importance for respondents from public companies/organizations, as 80% rate some level of importance (60% *important*, 20% *somewhat important*) and 0% rated it as an unimportant issue. In contrast, nearly one-third (29%) of respondents from private companies/ organizations rated this issue with a level of unimportance. For the next 12 months, data breaches grow in importance for respondents from public companies/organizations, as 90% indicated a level of importance (10% very important, 20% important, 60% somewhat important).

While healthcare reform was not an issue of high importance overall, respondents from private companies/organizations were more likely to indicate a level of importance for this issue; conversely, 0% of respondents from public companies/organizations rated any level of importance for healthcare reform.

Mergers and acquisitions held more importance over the past year for respondents from private companies, as 86% indicated some level of importance for this issue (7% very important, 50% important, 29% somewhat important). 30% of respondents from public companies rated mergers and acquisitions as somewhat important and 10% rated it as important.

For both the past 12 months and the next 12 months, anti-bribery issues appear to be less significant to respondents from public companies/organizations, as 40% are neutral on the issue, and 50% rated it with a level of unimportance. Ratings from respondents from private companies/organizations were spread out fairly evenly across the scale, with a slight edge in level of importance.



# Methodology

The methodology used in this research included the use of an online survey tool that allowed for the largest possible response rate. All general counsel and chief legal officers from the ACC database were invited to participate. Participation was completely voluntary, thereby producing the possibility of non-response bias.

#### **Interpreting the Data**

The data tables were set up to provide the total number of responses to the question and the percentages of the total sample that number represents. In the summary analysis, percentages were rounded to the nearest whole number; therefore, percentages may not always total 100%.

# Appendix I • CLO 2013 Survey Executive Summary

Law departments around the world will need to manage a number of issues in order to successfully navigate the challenges they face today and in the near future.

Our report provides an unbiased and comprehensive study of Chief Legal Officers (CLOs), their top concerns for the past 12 months, today, and into the future, and a prioritization of their business issues. The report also contains a profile of who is serving in the CLO role today, as well as a snapshot of law departments in a variety of settings. A total of 1,104 individuals participated in the study conducted by Avenue M Group, an independent research and consulting firm, in November and December 2012.

- Many organizations, both private and public, understand the importance of building a foundation that is supported by a strong ethics and compliance program. As such, chief among the top issues facing CLOs today is ethics and compliance, as well as regulatory or governmental changes. These two issues rated high in terms of importance both for the past 12 months and the next 12 months.
- With a growing commitment to collecting and storing data, and a blurring of the lines between personal and professional use of computers and mobile devices, it should come as no surprise that information privacy is becoming a top concern for many organizations. In addition, the legal protection of the right to privacy varies greatly around the world. This study revealed 75% of study respondents indicated some level of importance for information privacy over the past 12 months. And 20% of those who believe the issue to be somewhat unimportant in the past 12 months indicated it would be somewhat important in the next 12 months. Whistleblower, anti-bribery and healthcare reform issues received the lowest ratings in terms of importance, both over the past 12 months and looking ahead.
- When asked to select the business issue of high importance, awareness of company activities that may have legal implications appeared at the top of the list. There also appears to be a strong desire to maintain an open line of communication between the legal department and senior management by keeping them apprised of legal developments that may impact business decisions. Rounding out the top three in terms of prioritizing business issues was the importance of staying current and well-informed of changes in the law. An indicator that there is a growing sense of confidence about the overall state of the economy and the stability of organizational revenue is the lower ranking of issues related to managing costs and spending within the legal department.
- In 2013, study respondents expect to direct their attention to issues related to transparency and privacy obligations. A confluence of factors – increased data collection and storage; growing attention paid by regulators and heightened public scrutiny - may be working to sharpen the attention of these issues by both the public and private sectors. The decentralization of legal departments appears to be of much lesser importance at this time.
- Another indicator of a growing sense of confidence in the stabilization of the economy is the percentage of law departments that reported an increase in their total budget over the past year (66% saw an increase in their inside budget and 59% noted an increase in their outside budget). In addition, to help achieve their departmental objectives, nearly half of the study respondents report that they expanded law departments in 2012 and hired new staff. In-house lawyers account for most of the new hires. Over the next 12 months, 28% of study respondents plan to change the size of their law departments, with in-house lawyers and paralegals as the top two anticipated hires.
- To measure the effectiveness and efficiency of law departments, one trend uncovered in this study is the focus on outside legal spending by both private and public departments.



# Appendix I • CLO 2013 Survey Executive Summary cont.

Other interesting findings from this study include the following:

- Pro-bono programs are not prevalent among the law departments of study respondents; primarily due to the fact that their departments are too small and the legal staff is stretched too thin.
- Overall, the majority (81%) of respondents report being satisfied with their current role. Only 2% are very dissatisfied. 34% are very satisfied, 33% are satisfied and 14% are somewhat satisfied. Satisfaction did not vary by gender.
- Approximately two-thirds (68%) of the CLOs participating in this study are male.
- 38% of study respondents earn an average annual base salary of \$250,000.
- 43% of respondents are between the ages of 30 and 47, and slightly more than half (54%) are between the ages of 48 and 66.
- Over the past 12 months, the majority (77%) of respondents spent most of their time advising executives and participating in strategic corporate issues.
- The majority of legal departments (95%) direct administrative and operational functions to in-house resources. When applicable, e-discovery is one function that is primarily outsourced.
- The top three non-legal skills many study respondents are seeking to develop within their department include business management (63%), communication (53%) and project management (52%).

# Appendix II • CLO 2013 Survey Demographic Overview

#### Gender

- 68% of respondents are male.
- 32% of respondents are female.

#### Age

- 43% of respondents were between the ages of 30 and 47.
- 54% of respondents were between the ages of 48 and 66.

#### Location

- 87% of respondents work in the United States.
- 5% of respondents work in Canada.
- 5% of respondents work in Europe.

#### Salary

• 38% of respondents earn an average base salary of \$250,000 USD, annually. Amongst these respondents, 73% work for a company/organization that collects revenue of \$100 million USD or more, annually.

#### **Job Function**

- 74% of respondents identified as General Counsel.
- 10% of respondents identified as Chief Legal Officers.



#### ACC's Chief Legal Officers (CLO) 2013 SURVEY – CANADA

#### Special Report

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