



ACC CHIEF LEGAL OFFICERS

2014

SURVEY

LEARN ABOUT ISSUES keeping CLOs up at night, business priorities, career satisfaction and trends.

FIND OUT HOW CLOs manage their law departments and budgets and how they evaluate the effectiveness of their law department.

DISCOVER INSIGHT from more than 1,200 CLOs in 41 countries.

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Introduction

Tasked with managing the legal and ethical complexities related to growing their businesses, the role of the chief legal officer (CLO) continues to evolve. Today, CLOs frequently serve as key members of senior management teams, sharing responsibility for the development of business strategies that support overall growth. It is not uncommon to find the CLO directly involved in decision-making regarding evaluating new business opportunities, budgeting, hiring practices, technology, process management and change management.

To understand the driving forces behind the evolving role of the CLO and of corporate legal departments, the Association of Corporate Counsel (ACC) reached out to 9,600 individuals. Survey results reflect data* from more than 1,200 individuals in 41 countries who serve as the organization's chief legal officer or general counsel (referred to as the CLO in this report). From roles and responsibilities to salaries, skills and work environments, the study explored a broad range of topics. This study of CLOs heading corporate legal departments is the most comprehensive global study of its kind to date. This report discusses CLOs' prioritization of business issues, the adoption of practices that drive greater value for law departments, and CLO concerns for the coming year. New this year is a comparative analysis of the data from the 2013 and 2014 survey results, thereby addressing current trends facing law departments.

As their influence has grown, increasingly it falls upon CLOs to identify issues related to ethics and compliance. It is not surprising this ranked as a top concern for 2014. Minimizing compliance risks facing organization liability while also helping it grow and expand into new markets requires a high level of knowledge and experience. From global expansion to the rapid adoption of new technology, businesses are increasingly facing new challenges and uncharted waters. While these changes bring new opportunities, organizations need to concentrate on ways to mitigate the associated risks.

In addition to ethics and compliance, the two biggest issues keeping CLOs up at night are regulatory or governmental changes and information privacy. These factors also play an important role when organizations seek to expand into new areas or new markets. They also drive increasing levels of complexity that require a combination of business and legal expertise.

As the global economy starts to slowly recover, corporate legal departments are poised to adapt. CLOs regularly review their law firms' overall performance, and require detailed budgets and early case assessments in order to control outside counsel costs. In most cases, the operational management of the law department is handled by the CLO with the cost for accounting purposes allocated to the organization's general overhead. However, as the size of the law department increases, the CLO is much more likely to delegate operational management of the department. Thirty-one percent of CLOs with 25 or more employees in their department delegate part or full management of the department's operations, compared to just 10 percent of CLOs with two to nine employees and 20 percent of CLOs with 10 to 24 employees. In addition, base salaries among survey respondents have not changed significantly over the past 12 months. The average CLO base salary was found to be \$246,841 (all in USD).

**Please note, percentages in the demographic overview and overall survey results have been rounded to the nearest whole number, therefore, they may not always total 100%.*

"I once worked for a CEO who said the only reason he could sleep at night was a strong culture of ethics and compliance at the company. The more experience I have, the more I see how right he was. In today's environment, a compliance mindset has to be 'in the water.' It has to be everyone's job.

Highly regulated businesses are even more highly regulated today. There are more regulators, and they are more active. Companies have to devote resources to staying on top of those regulatory expectations and building effective communications with the regulators."

Patricia R. Hatler, Executive Vice President, Chief Legal and Governance Officer, Nationwide Insurance

"I personally believe that a well-run in-house legal group will have at least 60 percent of its budget dedicated to in-house costs. To improve our efficiency in-house, we are using more and more non-lawyer professionals and practicing process management skills such as Lean. When we do go to outside counsel, we carefully evaluate the nature of the work. Only the matters that require very unique or a very high level of expertise go to the traditional law firms.

Finally, for matters where we use external counsel, we are aggressive in looking for flat fees for a project or service—I don't want to buy hours, I want to buy results."

Mark Roellig, Executive Vice President and General Counsel, MassMutual Financial Group

“ONE OF THE MOST EXCITING AND INTERESTING PARTS OF MY JOB IS BEING A BUSINESS PARTNER; THAT IS, BEING AN ADVISOR TO THE BUSINESS AND HELPING THE BUSINESS GROW, WHILE ENSURING THE BUSINESS DOES SO IN A LEGAL AND ETHICAL WAY. HAVING A STRONG LEGAL BACKGROUND IS HELPFUL, OF COURSE, BUT SOMETIMES THE ISSUE IS NOT SOLELY A LEGAL ISSUE. IN THOSE INSTANCES, THERE ARE BOTH LEGAL AND BUSINESS DIMENSIONS THAT ARE IMPORTANT TO CAPTURE IN THE ANALYSIS.”

**Ivan Fong, Senior Vice President,
Legal Affairs and General Counsel, 3M**

The CLO is a vital member of the senior leadership team, but challenges remain.

CLOs are directly responsible for adding value and shaping the future of their organizations. CLOs continue to take on more responsibility, with more than 76 percent of CLOs reporting a greater level of involvement in corporate strategy development. Not only do CLOs report spending more of their time in a consultative leadership role, they also prefer it. Eighty-one percent of CLOs indicated they would prefer to spend the majority of their time advising executives and participating in strategic corporate issues. On the other hand, 76 percent of CLOs prefer to spend their time on *strategy development and execution*, but just 57 percent of CLOs were able to concentrate on that area.

Reducing risks remains a top concern among CLOs.

While this study did not reveal any universal or pervasive game-changers that are significantly altering the way organizations make decisions, liability is still an issue that weighs heavily on the minds of CLOs. CLOs see *ethics and compliance*, *regulatory or governmental changes* and *information privacy* as the top three issues of primary concern for the year ahead. Protecting organizational assets, being compliant with laws and regulations, and approaching ethics issues proactively are also critical. At the same time, CLOs recognize an effective compliance program can reduce many of the company's greatest risks, reduce the severity of claims and penalties when violations of law occur despite the compliance program, while also enhancing company performance and profitability.

CLOs are maximizing resources to advance business practices.

Although the CLO role is becoming more strategic and influential, 63 percent of respondents are now in-sourcing work formerly performed by outside legal service providers. CLOs are being asked to analyze current business practices and make recommendations that will enable organizations to maximize efficiency and productivity.

The vast majority (89 percent) of CLOs recognize the importance of professional development in advancing non-legal skills among their staff. The non-legal skills most sought after include business management (62 percent), project management (54 percent) and communication (49 percent).

Looking Ahead to 2014.

In the year ahead, we expect CLOs to be proactive in auditing and monitoring compliance programs. By participating in these activities and minimizing their organization's risks, CLOs could play a role in helping to avoid unnecessary management distractions and negative publicity.

CLOs will continue to monitor information and communications to prepare for potential challenges that could impact their organizations. Their priorities will be:

- awareness of company activities that may have legal implications;
- staying current and well informed of changes in the law; and
- keeping management apprised of legal developments.



KEY FINDINGS

What Keeps CLOs Up at Night

Businesses worldwide recognize the importance of creating early warning systems to ensure senior management is apprised of potential legal issues. Although a few departments or divisions will find some overlap on issues related to compliance, it is important for organizations to ensure their efforts are consistent with best practices and abide by the regulations established by governmental bodies.

Consistent with the importance of this issue from a business perspective, and similar to last year, *ethics and compliance* held high importance among a significant majority of CLOs (87 percent). Other issues that are top of mind for CLOs include *regulatory or governmental changes* and *information privacy*. Rounding out the top five are *protection of intellectual property or related disputes* and *data breaches and protection*. *Whistleblower issues* were lowest in importance when compared to the various issues rated.

Over the next year, *ethics and compliance* and *regulatory or governmental changes* will continue to weigh heavily on the minds of CLOs. The issue of *technology developments* is anticipated to rise slightly in importance in the coming year—57 percent of CLOs believing so last year to 62 percent this year.

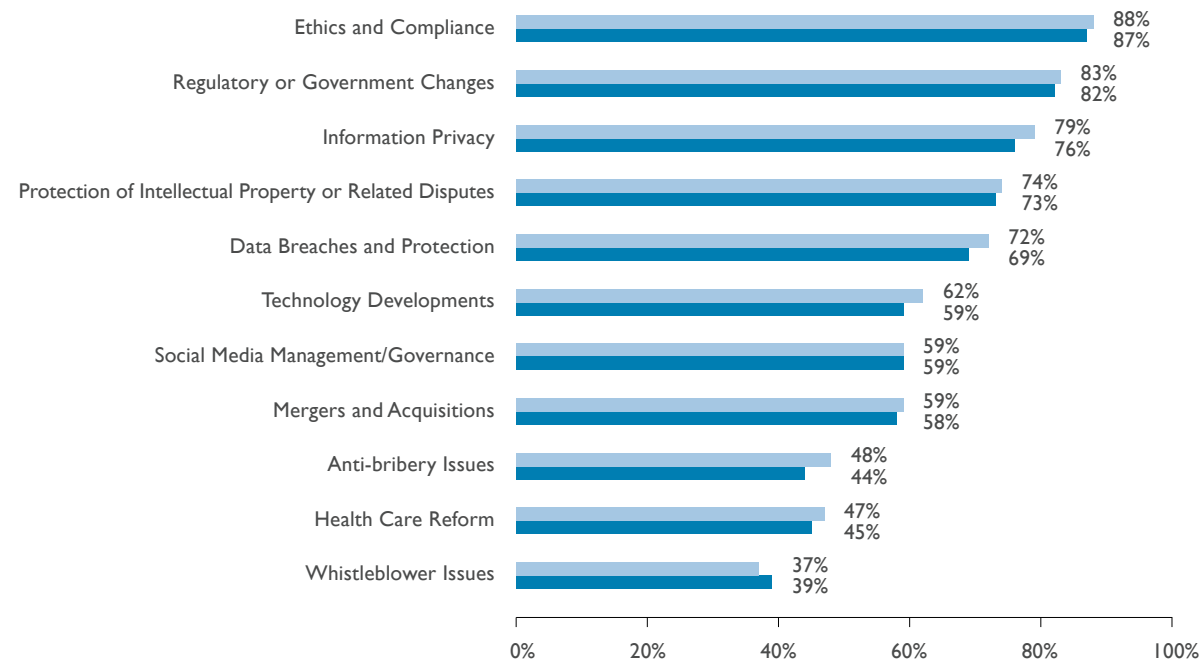
Prioritizing Business Responsibilities

Adding value to discussions regarding business strategy helps ensure the CLO remains a key part of the executive team. When CLOs were asked to rank the order of a series of business issues, *staying aware of company business activities that may have legal implications* ranked as the top priority. *Staying up-to-date and well informed on changes in law* has moved up since last year, and is now ranked equally important as *keeping management apprised of legal developments*.

OVER THE PAST YEAR, THREE-QUARTERS OF CLOs SPENT THE MAJORITY OF THEIR TIME ADVISING EXECUTIVES AND PARTICIPATING IN STRATEGIC CORPORATE ISSUES.

COMPARISON OF PAST AND FUTURE ISSUES (EXTREMELY IMPORTANT, IMPORTANT, SOMEWHAT IMPORTANT)

■ Next 12 months ■ Past 12 months





Trending Issues in Law— Transparency and Privacy

Transparency and privacy obligations have increased in importance over the past year. Many organizations understand the importance of providing clear and understandable notification of privacy practices to clients and customers. Understanding how organizations collect, use and disclose personal information is a growing concern worldwide. In accordance with this trend, a strong majority of CLOs (80 percent) indicated *transparency and privacy* obligations are important issues; this figure was up seven percentage points from the 73 percent of CLOs that felt the same way last year. Another area that CLOs indicated warrants some attention includes *disputes over ownership and use of information* (71 percent).

Extending In-house Expertise to Communities in Need

Pro bono practice opportunities enrich communities and provide personal satisfaction to attorneys. However, consistent with last year, overall participation in pro bono programs is just 5 percent. That said, participation does increase with company size, from 3 percent among companies with less than \$3 billion in revenue to 11 percent among companies with \$3 to \$3.9 billion in revenue. Participation then jumps to 20 percent among companies with \$4 billion or more in revenue. To be expected, participation is much higher among law departments with 50 or more employees. Participation is at 24 percent among departments with 50 to 299 employees and at 12 percent among departments with 300 or more employees. Low participation in pro bono programs is primarily due to the fact that many CLOs stated that their law departments are too small (70 percent) for formal programs. Over half (52 percent) of CLOs also stated their legal staff is “stretched too thin.”

CLO Base Salaries

CLO salaries remained relatively flat compared to last year. The overall average base salary (in USD) among CLOs was found to be \$246,841—a decrease of 1.8 percent over the reported average of \$251,431 last year. The median base salary currently stands at \$229,089, compared to a median base salary of \$235,101 last year.

Career Satisfaction and Preferences

If employee satisfaction is used as a barometer of stability, corporate legal departments appear to have achieved this result. When CLOs were asked to rate their satisfaction with their current role within their company, 86 percent revealed to be either somewhat or extremely satisfied. Satisfaction may be buoyed by the fact that many CLOs spend a considerable amount of their professional time doing what they like most: acting in a consultative or leadership role. Eighty-one percent of CLOs indicated they would prefer to spend the majority of their time *advising executives and participating in strategic corporate issues*; fortunately, just over three quarters (76 percent) of CLOs actually did so. On the other hand, 76 percent of CLOs would prefer to spend their time on *strategy*

development and execution, but just 57 percent of CLOs were able to concentrate on that area.

Managing Legal Spending

CLOs use a variety of management practices for improving the efficiency and effectiveness of their law departments. First and foremost, 63 percent of CLOs indicated they are in-sourcing work that was previously handled by law firms or other legal service providers. Just under half (47 percent) of CLOs have moved from large, traditional law firms to less expensive, mid-size or mid-market firms, and over one-third (35 percent) of CLOs have switched to delegating work internally to non-legal resources. There are no significant trends in in-sourcing by company size; however, the use of many of the other management practices is significantly higher among the larger companies. Twenty-seven percent of CLOs with companies earning \$25 million in revenue are shifting from large to mid-sized firms, compared to 51 percent of CLOs with companies earning over \$4 billion in revenue. Similarly, 27 percent of CLOs with companies earning less than \$25 million are shifting to non-legal internal resources, compared to 41 percent of CLOs with companies earning over \$4 billion in revenue. Eighteen percent of CLOs with companies earning less than \$25 million are requiring early case assessments for matters handled internally, whereas 43 percent of CLOs with companies earning over \$4 billion in revenue are doing so. Fifteen percent of CLOs with companies earning less than \$25 million in revenue are conducting analysis to determine key drivers of spending and identify ways to reduce costs, compared to 46 percent of CLOs with over \$4 billion in revenue.

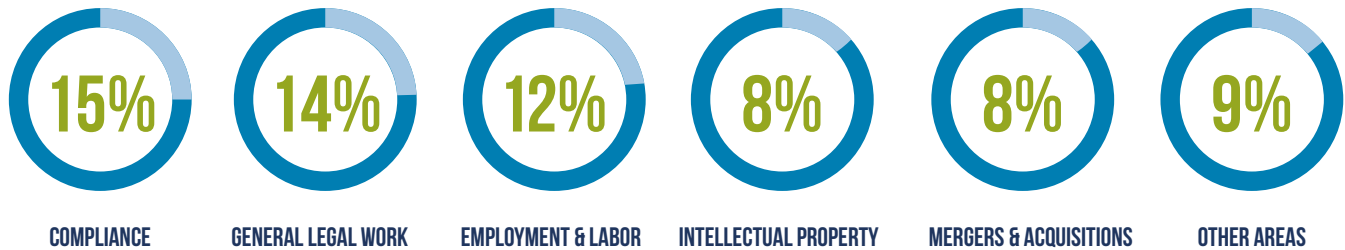
Alternative Fee Structures and Value-based Fees

When CLOs were asked “what changes would you like to see in the legal marketplace to assist your efforts to control legal costs,” top responses included lower billing rates/fees, alternative/flexible fee arrangements, fixed price billing/flat fee offerings and value-based billing. Three quarters (75 percent) of respondents reported having used some type of alternative fee arrangement (AFA). The most commonly used AFA was the employment of a flat fee for the entire matter (48 percent) and/or a flat fee for some stages of a matter (33 percent). Nearly two-thirds (65 percent) of CLOs from other countries outside North America combined have used a flat fee for an entire matter, compared to just 42 percent from Canada and 46 percent from the United States.

Just under two-thirds (63 percent) of respondents dedicated a portion of their outside legal spend specifically to value-based fee arrangements. Furthermore, five percent of respondents indicated that 51 percent or more of their outside legal spend was on value-based fee arrangements. The use of value-based fee arrangements increases with company and law department size. Forty-eight percent of CLOs in law departments with just one employee dedicated a portion of their outside legal spend to value-based fee arrangements; whereas, 77 percent of CLOs in law departments with 10 or more employees dedicated a portion of their outside legal spend to value-based fee arrangements. There are also differences in the use of value-based fee arrangements, by

34% ON AVERAGE, LAW DEPARTMENTS SPENT OVER ONE-THIRD OF THEIR TIME WORKING ON CONTRACTS.

The remaining time was spent, on average, on compliance issues (15%), general legal work (14%), employment & labor (12%), intellectual property law (8%), mergers and acquisitions (8%) and other areas (9%), such as litigation, real estate, governance or health care.



country. Fifty-four percent of CLOs from Canada dedicated a portion of their outside legal spend to value-based fee arrangements compared to 62 percent of CLOs from the United States and 81 percent from other international countries that dedicated a portion of their outside legal spend to value-based fee arrangements. Value-based fee arrangements will become more commonplace in the coming year, as 37 percent of respondents reported they anticipate their value-based fees for outside legal spend will increase, and only 4 percent reported they will decrease.

Staffing Options and Training Practices

Nearly one-half (48 percent) of respondents reported having used some type of alternative staffing arrangement, such as moving work from lawyers to paralegals or non-legal staff (31 percent) or employing contract attorneys (21 percent). Outsourcing work to an off-shore (3 percent) or on-shore (3 percent) LPO was not a common practice. Moreover, alternative staffing arrangements tend to rise with company and department size. Thirty-two percent of CLOs in law departments with one employee utilized alternative staffing arrangements, compared to 71 percent of CLOs with 25 to 49 employees and 63 percent with 300 or more employees. Forty-four percent of CLOs with companies earning more than \$4 billion in revenue used contract attorneys, compared to only 10 percent of CLOs with companies earning less than \$25 million in revenue that did so. Forty-nine percent of CLOs with companies earning more than \$4 billion shifted work from lawyers to paralegals or non-legal staff, compared to only 14 percent of CLOs with companies earning less than \$25 million.

Responsibilities for administration/operations, contract management, content creation, document management and records management were primarily handled in-house this past year. However, in some cases, law departments outsourced, primarily to *on-shore* LPOs, the responsibility for document review, legal writing, due diligence, legal research, patent services and ediscovery. However,

law departments were more likely to indicate patent services (36 percent) and ediscovery (32 percent) did not apply.

Eighty-nine percent of the CLOs surveyed are looking to further develop non-legal skills among their staffs. The non-legal skills most sought after include business management (62 percent), project management (54 percent) and communication skills (49 percent).

Budgeting

Law departments continued to increase their total budgets. Corporate legal departments experienced an average increase of 2.5 percent in their total budget; an increase that fell below the average increase of 3.1 percent last year. This reduction in the percentage increase in total budget—primarily attributed to a lower increase in the inside budget—is at an average of 2.8 percent—down from an average increase of 3 percent last year. On the other hand, the increase in the outside budget remained the same as last year at an increase of 2.3 percent.

Just 38 percent of CLOs plan to make changes to their law department spending in 2014. Among CLOs that plan changes, they plan to increase their inside budgets by an average of 3.1 percent and reduce their outside budgets by an average of 1.3 percent, resulting in an overall average increase in their total budgets by 2.3 percent. In comparison, CLOs had also planned last year to make a 3.1 percent increase in their inside budgets for 2013 but minimal increases to their outside budgets (0.6 percent), for an overall average increase in their total budgets of 1.9 percent.

Staff Changes

Twenty-nine percent of CLOs indicated they have definite plans to change the size of their law department staffs in 2014. Among CLOs that plan a change, the intent is to increase staff size across the board. The in-house lawyer job category is projected to realize the largest individual increase at 4.7 percent, followed by parale-

gals with a projected increase in staff of 3.3 percent and support staff by 3.2 percent. The number of contract lawyers is projected to rise by 1.5 percent, and the number of “other” employees is anticipated to increase incrementally at 0.1 percent.

During the past year, 10 percent of respondents experienced staff cuts unrelated to performance. Law departments reported an average of 28 employees this year—down from an average of 37 employees last year.

This year, staff cuts positively correlated with the size of the job category. The largest job category (in-house lawyers) experienced the largest staff cuts at 5.7 percent, on average; whereas, the smallest job category (contract lawyers) experienced the smallest cuts at 1.6 percent, on average. Furthermore, the percentage of law departments that made new hires this year is down three percentage points to 45 percent, and the percentage of law departments that created new positions fell four percentage points to 32 percent. The areas in which new positions were created primarily focused around the areas of contracts, general legal work and compliance.

Project Management and Process Improvement

Controlling outside counsel costs was a common initiative among CLOs. Ninety-one percent of CLOs indicated they have implemented the use of one or more management practices to control the costs of outside counsel. Over half (51 percent) of CLOs stated they regularly review a law firm’s overall performance and then provide feedback. Another common practice employed for controlling outside counsel costs is the requirement of detailed budgets (45 percent), early cases assessments (37 percent) and/or enforcing outside counsel guidelines. Furthermore, larger companies took more assertive steps to control legal costs. Twelve percent of CLOs in a law department with just one employee sent all or most work to preferred provider panels, compared to 38 percent of CLOs in law departments with 25 to 49 employees that did so. Twenty-eight percent of CLOs in law departments with two to nine employees enforced outside counsel guidelines, compared to 53 percent of CLOs in law departments with 25 to 299 employees. Forty-five percent of CLOs in law departments with 10 to 24 employees required detailed budgets, compared to 61 percent of CLOs in law departments with 300 or more employees. Eighteen percent of CLOs in law departments with 25 to 49 employees required project and staffing plans, compared to just 20 percent of CLOs in law departments with 300 or more employees. As a result, CLOs truly believe their law departments have been effective over the past 12 months, as 95 percent indicated some level of effectiveness, and 84 percent rated their department on the high end of the effectiveness scale.

Staying Informed

CLOs indicated they greatly prefer to learn about the latest legal developments and news via email and/or enews. However, more than half of CLOs also prefer online news articles (59 percent), printed magazines/newspapers (54 percent) and/or online newspapers or magazines (52 percent). Interest in online newspapers/magazines has increased significantly—up 15 percentage points

from 37 percent last year. Just 9 percent of CLOs indicated a preference for social media as a channel for accessing current information and news.

With the exception of LinkedIn, CLOs are not active on social media. Eighty-six percent of CLOs access LinkedIn, and when they do, it is more likely to be just once a week. In contrast, just 43 percent of CLOs access Facebook, 30 percent access Google+, 27 percent access Twitter and only 1 percent access AboutMe. Among CLOs that do access these other social media sites, participation rates are low. Adoption of these platforms has increased over last year, but not dramatically.

Efficiency Through Technology

Fifty-eight percent of law departments have some type of document management system in place to aid in the efficiency and effectiveness of their operations. Other commonly used systems included legal hold systems (31 percent), electronic signatures (31 percent) and matter management (28 percent). The use of these technology systems is highest among the larger companies. Fifty-four percent of CLOs with companies earning more than \$4 billion in revenue used matter management, compared to only 8 percent of CLOs with companies earning less than \$25 million in revenue. Forty-eight percent of CLOs with companies earning more than \$4 billion in revenue used legal hold systems, compared to only 9 percent of CLOs with companies earning less than \$25 million in revenue. There are also some differences by country. Sixty-two percent of CLOs from other countries outside of North America used document management, compared to only 50 percent of CLOs from Canada and 42 percent of CLOs from the United States. Twenty-six percent of CLOs from the United States used electronic signatures, compared to just 14 percent of CLOs from Canada and 13 percent of CLOs from other countries outside of North America.

Other Key Findings:

- Contract work continues to be the area on which the legal department spends the most time (34 percent), followed by compliance issues (15 percent), general legal work (14 percent), employment and labor (12 percent), intellectual property law (8 percent), mergers and acquisitions (8 percent) and other areas (9 percent), such as litigation, real estate, governance or health care.
- Over one-third (36 percent) of respondents indicated compliance functions report to or are handled by the CLO. However, 30 percent of respondents indicated compliance functions report to the CEO, and 29 percent indicated they report to the Board of Directors. Just 17 percent of respondents indicated the compliance functions have been centralized within the role of a chief compliance officer.
- The majority of CLOs (58 percent) indicated the cost of their law departments continues to be part of the enterprise’s general overhead (for cost accounting purposes). However, 17 percent of CLOs indicated a portion of the cost is allocated as overhead to each business unit, and 16 percent of CLOs indicated certain legal costs are charged back to the business units.

OVERALL SURVEY RESULTS

I. What is your current job title or function? (Check all that apply)

Eighty-two percent of respondents served in the position of General Counsel (GC), 22% as Chief Legal Officer (CLO), 19% as Corporate Secretary, 16% as Vice President and 11% as Head of Legal. The remaining CLOs held positions of chief officer, senior counsel and managing director.

	2013*	2014
General Counsel	74%	82%
Chief Legal Officer	10%	22%
Corporate Secretary	<1%	19%
Vice President	2%	16%
Head of Legal	1%	11%
Compliance Officer	<1%	10%
Senior Vice President	3%	9%
Executive Vice President	2%	8%
Chief Counsel	1%	4%
VP Legal Affairs	2%	4%
Executive Board Member	<1%	3%
Counsel/Counselor	1%	2%
Legal Director	1%	2%
Advocate	0%	1%
Solicitor/Barrister	<1%	<1%
Other	4%	9%

*Not a "Check all that apply" in 2013 survey

n = 1,065

n = 1,216

SIZE OF LAW DEPARTMENT

- 12% with 1 employee are Chief Legal Officers; 89% are General Counsel.
- 28% with 50 to 299 employees are Chief Legal Officers; 69% are General Counsel.

LOCATION

- 24% from the United States worked as Chief Legal Officers, compared to only 14% from Canada and 16% from other countries outside North America combined.
- 84% from the United States worked as a General Counsel, compared to only 73% from Canada and 64% from other countries outside North America combined.

AGE

- 15% age 40 and younger are Chief Legal Officers, compared to just 29% ages 51 to 55.

SALARY

- 36% who make \$400,000 and above are Chief Legal Officers, compared to just 9% of those making less than \$100,000.

OTHER, PLEASE SPECIFY (IN RANK ORDER):

- Secretary (7)
- COO (5)
- Chief Administrative Officer (4)
- Senior Counsel (3)
- Corporate Vice President (2)
- Chief Privacy Officer (2)
- Managing Director (3)

2. Which of the following best describes your company/organization?

Thirty-eight percent of respondents worked for a privately held company (similar to the 2013 survey). Twenty-two percent of this year's respondents worked for a public company, 20% for a LLC, 11% in a non-profit environment and 7% for a subsidiary of a foreign public corporation.

	2013	2014
Private	38%	38%
Public	25%	22%
Limited Liability Company (LLC)	15%	20%
Non-profit	11%	11%
Subsidiary of Foreign Public Corporation	7%	7%
Publicly Held Debt, Privately Held Equity	2%	2%
Limited Liability Partnership (LLP)	1%	<1%
Partnership	1%	<1%
	<i>n</i> = 1,054	<i>n</i> = 1,215

COMPANY ANNUAL REVENUE

- 54% with more than \$4 billion are public, and 14% are private.
- 89% with less than \$100 million are private, non-profits or LLCs, and 7% are public.

SIZE OF LAW DEPARTMENT

- 52% with 1 employee are private, 30% are LLCs, 8% are non-profits, and 6% are public.
- 18% with 50 to 299 employees are private, compared to 41% with two to nine employees.
- 48% with 25 to 49 employees are public, compared to 19% with two to nine employees.

LOCATION

- 39% from other international countries are a part of an LLC, compared to only 16% from Canada and 19% from the United States.
- 41% from the United States are a part of a privately owned company, compared to just 21% from other countries.

AGE

- 31% ages 46 to 50 are part of a publicly owned company, compared to just 15% age 40 and younger.
- 47% age 40 and younger and 43% age 56 and older are part of a privately owned company, compared to just 29% ages 46 to 50.
- 28% age 40 and younger are part of an LLC, compared to just 15% over the age of 50.

SALARY

- 42% who made less than \$100,000 are a part of an LLC, compared to just 10% who made \$400,000 or more.
- 51% who made \$100,000 to \$149,999 work for privately owned company, compared to just 18% of those who made \$400,000 or more.
- 46% who made \$400,000 or more work for a publicly owned company, compared to just 6% who made less than \$100,000.

3. What is your company/organization's primary industry?

Respondents represented a variety of industries. Similar to the 2013 survey, the top five industries represented included Manufacturing (11%), Finance & Banking (9%), Information Technology/Software/Internet Related Services (9%), Health Care/Social Assistance (5%) and Insurance (5%).

	2013	2014
Manufacturing	12%	11%
Finance & Banking	10%	9%
Information Technology/Software/Internet Related Services	8%	9%
Health Care/Social Assistance	7%	5%
Insurance	5%	5%
Energy	4%	4%
Real Estate/Rental & Leasing	3%	4%
Construction & Engineering	3%	3%
Pharmaceutical/Medical Devices	3%	3%
Retail Trade	3%	3%
Service Company & Organization	2%	3%
Telecommunications	3%	3%
Educational Services	2%	2%
Not for Profit Organization (i.e., Charity, Environment)	2%	2%
Professional, Scientific and/or Technical Services	3%	2%
Transportation & Warehousing	2%	2%
Wholesale Trade/Distribution	2%	2%
Accommodation/Food Services	1%	1%
Administrative/Business/Support Services	1%	<1%
Advertising/Marketing/Public Relations	1%	1%
Agriculture/Forestry/Fishing/Hunting	1%	1%
Arts, Sports & Entertainment/Recreation	2%	1%
Aviation/Aerospace	1%	1%
Biotechnology/Life Sciences	2%	1%
Broadcasting & Media	1%	1%
Chemicals & Plastics	1%	1%
eCommerce/Online Sales	1%	1%
Fast Moving Consumer Goods	1%	1%
Management of Companies & Enterprises (i.e., Holding Companies)	1%	1%
Mining & Quarrying	1%	1%
Oil & Gas	1%	1%
Prepared Food Stuff & Beverages	1%	1%
Public Administration/Government Regulation/Support	<1%	<1%
Technical/Research & Development	1%	1%
Trade Association	<1%	1%
Utilities	<1%	1%
Waste Management, Remediation & Environmental Services	1%	<1%
Other	6%	10%

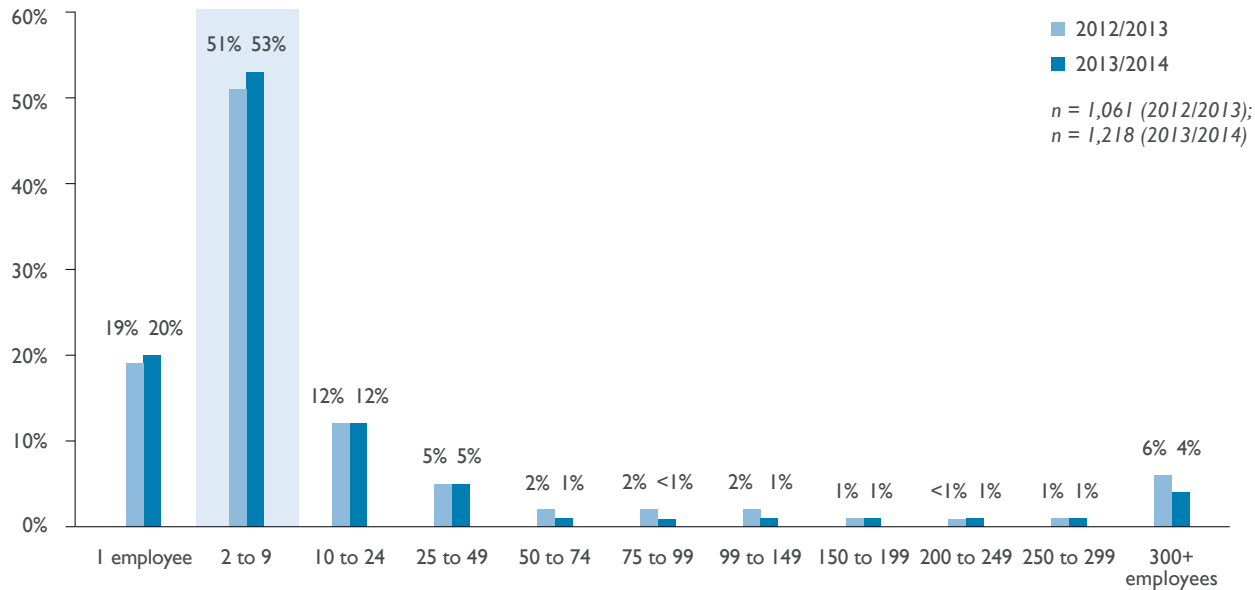
n = 1,037 n = 1,208

OTHER, PLEASE SPECIFY (IN RANK ORDER):

- Semiconductor
- Consumer Products
- Dietary Supplements
- Software
- Sports
- Travel
- Consulting
- Defense
- IP Licensing

4. What best describes the size of your law department?

Over half (53%) of respondents worked in law departments with just two to nine employees, and one-fifth (20%) were the only employee in their law department. The data is positively skewed, as only 7% of respondents worked in law departments with 100 or more employees. On average, respondents worked in law departments with 28 employees, down from an average of 37 employees in the 2013 survey.



COMPANY ANNUAL REVENUE

- 48% with over \$4 billion had from 10 to 49 employees working in their law departments.
- 92% with under \$25 million had less than 10 employees working in their law departments.

COMPANY TYPE

- 78% of non-profits and LLCs, 84% of private and 51% of publicly owned companies had fewer than 10 employees in their law departments.
- 22% from the United States had only 1 employee, compared to just 13% from Canada and 8% from countries outside North America combined.

AGE

- 35% age 40 and younger worked in law departments with 1 employee, compared to only 14% ages 46 to 55 years old.

SALARY

- 55% who made less than \$100,000 worked in law departments with 1 employee, compared to just 1% who made \$300,000 or more.
- 68% who made \$400,000 or more worked in law departments with 50 or more employees, compared to just 10% who made \$100,000 to \$149,999.



5. How many of the following staff positions work in your law department?

As shown in the previous chart, the number of employees within law departments has decreased over the past year. Law departments employed an average of 4.4 support staff (down from 5.3 support staff in the prior year), 3.8 paralegals (down from 4 paralegals in the prior year), 7.8 in-house lawyers (down from 8.8 in-house lawyers in the prior year) and 2.7 other staff (down from 3.5 other staff in the prior year). With one exception, law departments experienced a slight increase in the use of contract lawyers—from an average of 1.7 in the prior year to 1.8 in this year’s survey.

	2013								2014							
	0	1 to 9	10 to 24	25 to 49	50 to 74	75 to 99	100 or more	Avg.	0	1 to 9	10 to 24	25 to 49	50 to 74	75 to 99	100 or more	Avg.
In-house Lawyers	9%	76%	9%	3%	<1%	<1%	2%	8.8	11%	76%	9%	2%	1%	<1%	1%	7.8
Support Staff	26%	69%	3%	1%	1%	1%	<1%	5.3	30%	66%	2%	1%	<1%	0%	<1%	4.4
Paralegals	39%	58%	2%	1%	1%	<1%	<1%	4.0	37%	60%	2%	1%	<1%	<1%	0%	3.8
Contract Lawyers	74%	25%	1%	<1%	0%	0%	<1%	1.7	70%	28%	1%	<1%	<1%	0%	0%	1.8
Other	68%	27%	3%	1%	<1%	1%	1%	3.5	66%	31%	2%	1%	0%	0%	1%	2.7
	<i>n</i> = 1,020								<i>n</i> = 1,133							

2014 AVERAGE STAFF BY COMPANY REVENUE

	Less than \$25 million	\$25 million to \$49 million	\$50 million to \$99 million	\$100 million to \$299 million	\$300 million to \$499 million	\$500 million to \$999 million	\$1 billion to \$1.9 billion	\$2 billion to \$2.9 billion	\$3 billion to \$3.9 billion	\$4 billion or more
In-house Lawyers	3.6	5.1	4.7	4.6	4.9	5.6	8.1	8.9	11.4	29.2
Support Staff	2.2	3.1	3.2	3.2	3.9	4.1	4.9	4.8	5.4	12.2
Paralegals	1.0	2.5	2.1	3.2	3.6	3.9	5.2	4.6	6.9	8.9
Contract Lawyers	0.5	1.1	1.2	1.1	1.8	2.2	3.1	2.3	3.2	4.1
Other	0.9	1.2	1.6	1.9	2.0	2.8	2.9	2.2	3.3	13.2

2014 AVERAGE STAFF BY PRIMARY INDUSTRY

	Const & Eng	Energy	Finance & Bank	Health/ Social Assist	IT/Soft/ Internet	Insur	Mfg	Pharm/ Med	Real Estate	Retail	Service	Telecom
In-house Lawyers	4.7	12.8	7.3	7.1	9.0	10.3	8.7	7.1	5.8	7.6	4.0	11.8
Support Staff	3.5	5.2	4.5	6.2	4.6	5.1	4.2	4.3	4.3	5.5	1.9	3.6
Paralegals	2.6	4.8	4.5	4.2	3.2	4.8	4.3	3.9	4.2	5.4	2.4	4.0
Contract Lawyers	0.9	2.2	1.3	2.1	2.2	0.7	1.7	2.7	1.0	3.2	0.7	2.0
Other	1.0	7.7	1.4	3.5	4.6	6.0	2.4	2.3	2.3	1.9	1.3	3.2

6. Over the past 12 months, what percentage of your legal department’s time was dedicated to each of the following areas?

On average, law departments spent over one-third (34%) of their time working on contracts. The remaining time was spent, on average, on compliance issues (15%), general legal work (14%), employment & labor (12%), intellectual property law (8%), mergers and acquisitions (8%), and other areas (9%), such as litigation, real estate, governance or health care.

	Average Percent
Contracts	34%
Compliance	15%
Generalist	14%
Employment & Labor	12%
Intellectual Property	8%
Mergers & Acquisitions	8%
Other	9%
<i>Total</i>	<i>100%</i>

n = 1,205

OTHER, PLEASE SPECIFY (IN RANK ORDER):

- Litigation (87)
- Real Estate (27)
- Litigation Management (21)
- Governance (13)
- Regulatory (12)
- Corporate Governance (8)
- Health Care (4)

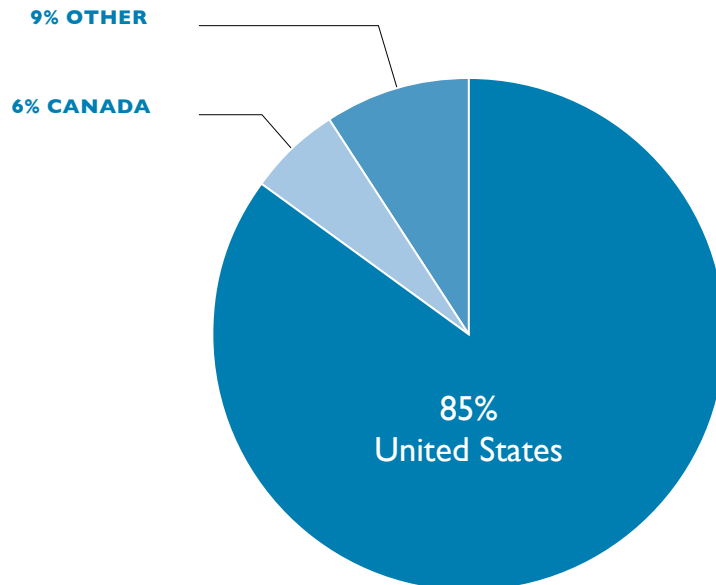
7. In which country is your office located?

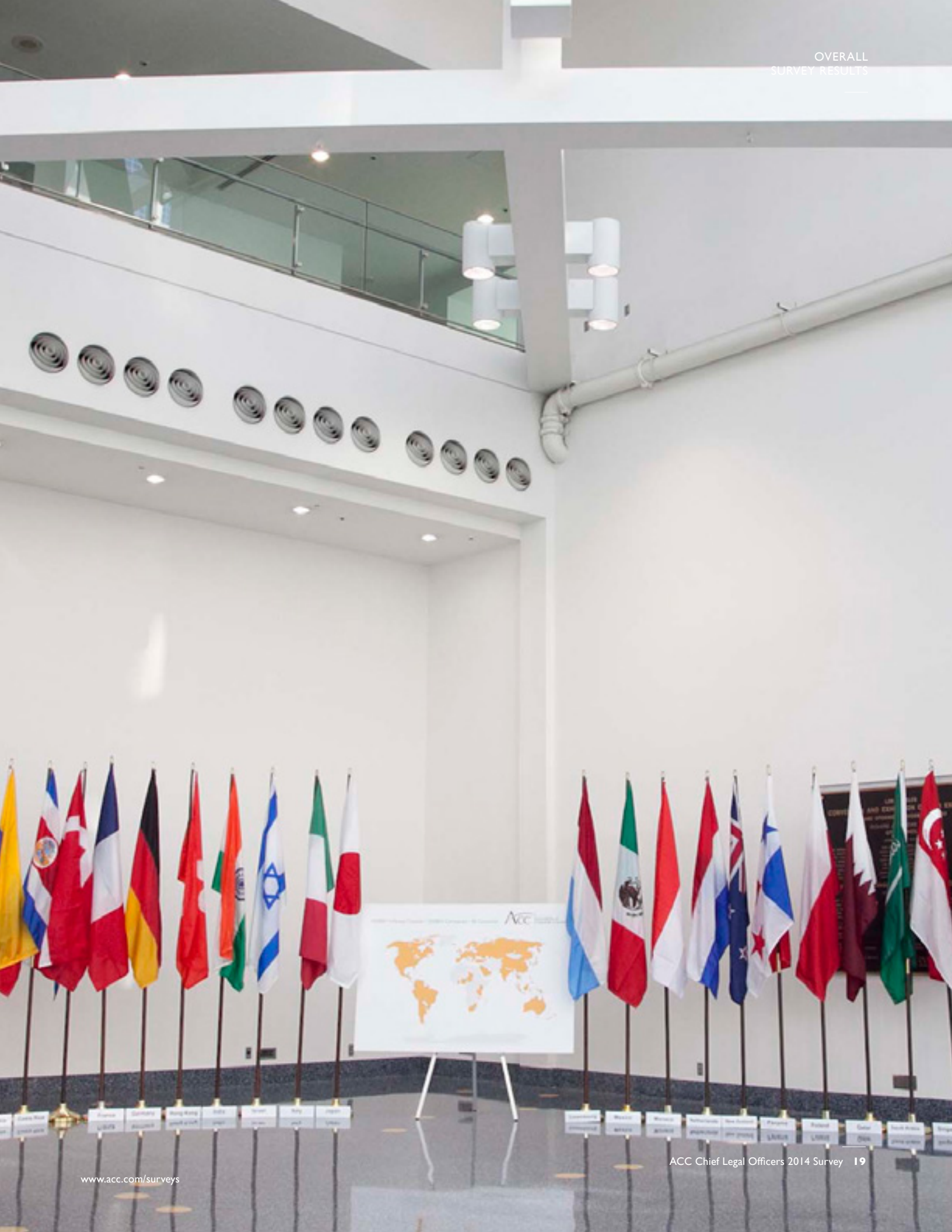
The majority of survey respondents work in the United States (85%). Following the United States, Canada employed the next largest group of respondents (6%). Although smaller in number of respondents, other countries represented in the survey were collectively about 9% of all survey respondents, including those in Brazil, Israel, the United Kingdom, France and Switzerland.

	2013*	2014
United States	87%	85%
Canada	5%	6%
Brazil	1%	1%
Israel	1%	1%
United Kingdom	1%	1%
France	1%	1%
Switzerland	<1%	1%
Other	4%	4%
	<i>n = 1,037</i>	<i>n = 1,199</i>

AGE

- 95% age 56 and older worked in the United States, compared to just 81% age 50 and younger.
- 14% age 40 and younger, 13% ages 41 to 45, and 11% ages 46 to 50 worked internationally, compared to just 2% age 56 and older.





8. What is your annual base salary (in USD) as of January 1, 2013 (i.e., excluding options, incentives/awards/bonuses)?

The overall average base salary for respondents was found to be \$246,841—a decrease of 1.8% over the reported average of \$251,431 in the prior year. The median salary stands at \$229,089, compared to \$235,101 for the prior year.

	2013	2014
Less than \$75,000	2%	2%
\$75,000 to \$99,000	3%	3%
\$100,000 to \$149,000	11%	12%
\$150,000 to \$199,000	20%	20%
\$200,000 to \$299,000	37%	35%
\$300,000 to \$399,000	16%	14%
\$400,000 to \$499,000	5%	6%
\$500,000 to \$599,000	2%	2%
\$600,000 to \$699,000	1%	<1%
\$700,000 to \$799,000	<1%	<1%
\$800,000 to \$899,000	<1%	<1%
\$900,000 to \$999,000	0%	<1%
\$1,000,000 to \$1,999,000	<1%	<1%
\$2,000,000 to \$2,999,000	0%	0%
\$3,000,000 to \$3,999,000	0%	0%
\$4,000,000 to \$4,999,000	0%	0%
\$5,000,000 or more	0%	0%
Prefer not to say	4%	6%
Average	\$251,431	\$246,841
	<i>n = 1,065</i>	<i>n = 1,216</i>

AGE

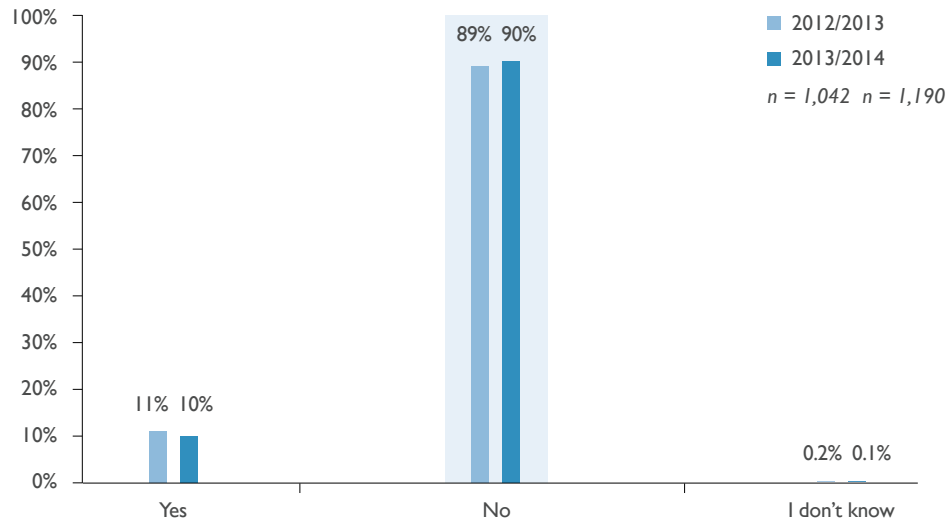
- 69% age 40 and younger made less than \$200,000, compared to just 29% over 55 years old.
- 60% ages 51 to 55 made from \$200,000 to \$399,999, compared to just 24% age 40 and younger.

	2013	2014
Average	\$251,431	\$246,841
10 th Percentile	\$124,298	\$117,416
25 th Percentile	\$171,587	\$163,583
50 th Percentile (Median)	\$235,101	\$229,089
75 th Percentile	\$319,082	\$315,548
90 th Percentile	\$409,906	\$409,735

STAFFING TRENDS

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

Just 10% of respondents experienced staff cuts unrelated to performance during the past year.



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

In this year’s survey, staff cuts positively correlate with the size of the employee job category. The largest job category of employees (in-house lawyers) experienced the largest staff cuts at 5.7%, on average, and the smallest job category of employees (contract lawyers) experienced the smallest staff cuts at 1.6%, on average. For the most part, staff cuts were not as significant as they were in last year’s survey. Bolstering this positive news is the fact that the reduction in staff cuts was experienced among all job categories except “other” employees. In-house lawyers experienced the largest average decrease at 5.7%, but this was lower than the 6.2% average decrease this job category saw in last year’s survey. Support staff saw an average decrease of 4.9%—down from an average decrease of 5.1% in the prior year. Paralegals endured an average decrease of 3.6%—down from an average decrease of 4.6% last year. Contract lawyers experienced an average decrease of 1.6%—down 1.8 percentage points from an average decrease of 3.4% last year. On the other hand, “other” employees experienced an increase in staff cuts within their job category at an average of 2.8%—up from a 2.0% average decrease last year.

OVERALL
SURVEY RESULTS

	2013					2014				
	No Cuts (<1%)	Minimal Cuts (1%–5%)	Moderate Cuts (1%–5%)	Significant Cuts (>10%)	Avg. Cuts	No Cuts (<1%)	Minimal Cuts (1%–5%)	Moderate Cuts (1%–5%)	Significant Cuts (>10%)	Avg. Cuts
In-house Lawyers	26%	28%	15%	32%	6.2%	23%	36%	14%	27%	5.7%
Support Staff	34%	29%	12%	25%	5.1%	33%	31%	14%	22%	4.9%
Paralegals	45%	19%	13%	22%	4.6%	57%	16%	7%	20%	3.6%
Other	67%	15%	15%	3%	2.0%	67%	10%	10%	13%	2.8%
Contract Lawyers	63%	12%	6%	20%	3.4%	73%	17%	4%	6%	1.6%
	<i>n = 110</i>					<i>n = 117</i>				

2014 AVERAGE STAFF CUTS BY COMPANY REVENUE

	Less than \$25 million	\$25 million to \$49 million	\$50 million to \$99 million	\$100 million to \$299 million	\$300 million to \$499 million	\$500 million to \$999 million	\$1 billion to \$1.9 billion	\$2 billion to \$2.9 billion	\$3 billion to \$3.9 billion	\$4 billion or more
In-house Lawyers	*	5.8%	9.5%	4.6%	6.1%	5.6%	4.6%	7.0%	*	4.4%
Support Staff	7.5%	5.0%	6.3%	5.2%	5.6%	2.1%	3.1%	*	*	4.7%
Paralegals	*	5.3%	3.6%	1.9%	2.6%	*	3.2%	4.2%	*	3.8%
Other	*	*	*	3.8%	*	*	*	*	*	1.3%
Contract Lawyers	*	*	0.0%	0.4%	3.2%	*	1.8%	*	*	1.2%

*Insufficient data (Less than five respondents)

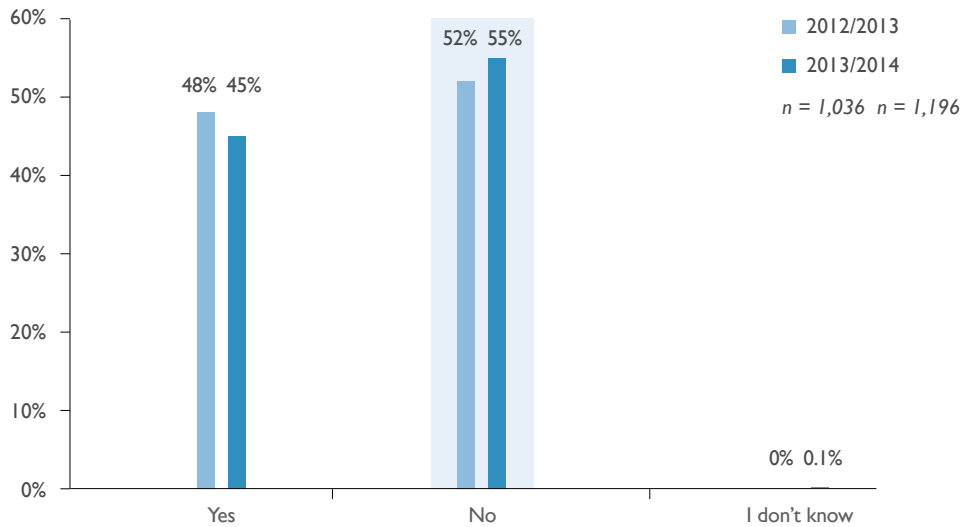
2014 AVERAGE STAFF CUTS BY PRIMARY INDUSTRY

	Energy	Finance & Bank	Healthcare/Social Assistance	Information Technology/Software/Internet Related Services	Insurance	Manufacturing	Telecommunications
In-house Lawyers	4.8%	11.3%	5.8%	5.0%	3.4%	3.5%	8.0%
Support Staff	*	5.2%	3.8%	2.8%	*	6.3%	3.7%
Paralegals	*	*	*	3.6%	*	4.1%	*
Other	*	*	*	*	*	4.2%	*
Contract Lawyers	*	*	*	1.3%	*	2.2%	*

*Insufficient data (Less than five respondents)

II. Over the past 12 months, has your law department made any new hires?

Just under half (45%) of respondents indicated their law departments hired new staff during the past 12 months.



COMPANY ANNUAL REVENUE

- 16% of companies with revenues of less than \$25 million made new hires in their law departments over the past 12 months, compared to 67% of companies with between \$3 and \$4 billion in revenues.

COMPANY TYPE

- 63% of public companies made new hires in their law departments, compared to only 37% of private companies and LLCs and 45% of non-profits.

SIZE OF LAW DEPARTMENT

- 85% with 25 to 49 employees made new hires in their law department in the past 12 months.

LOCATION

- 55% from other countries made new hires, compared to just 44% from the United States.

SALARY

- 70% of CLOs who made \$400,000 or more made hires in the past 12 months, compared to just 13% who made less than \$100,000.

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

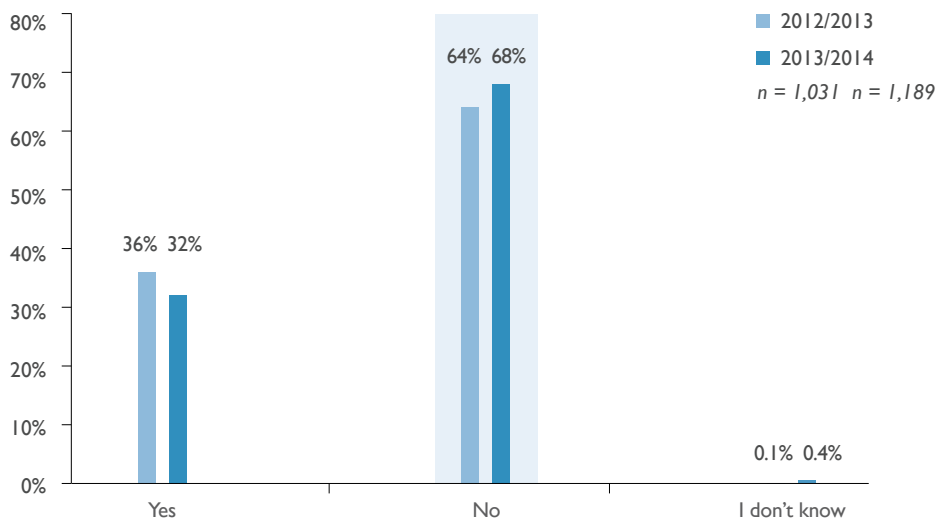
In-house lawyers experienced the largest percentage increase (6.7%) in the number of new hires—up from 6.5% last year. Similar to last year, paralegals experienced a 3.3% increase in new hires. Support staff saw a 3.2% increase in new hires—up from 2.8% last year. Both contract lawyers and “other” employees saw a 1.5% increase in new hires. This was up from 1.1% for “other” employees compared to last year but down from 1.8% for contract lawyers.

	2013					2014				
	No Hires (<1%)	Minimal Hires (1%-5%)	Moderate Hires (6%-10%)	Significant Hires (>10%)	Avg. Change	No Hires (<1%)	Minimal Hires (1%-5%)	Moderate Hires (6%-10%)	Significant Hires (>10%)	Avg. Change
In-house Lawyers	16%	36%	15%	32%	6.5%	15%	36%	16%	33%	6.7%
Paralegals	51%	28%	5%	16%	3.3%	52%	24%	10%	14%	3.3%
Support Staff	51%	32%	7%	9%	2.8%	50%	29%	7%	14%	3.2%
Contract Lawyers	71%	17%	6%	6%	1.8%	74%	16%	7%	4%	1.5%
Other	83%	11%	1%	5%	1.1%	78%	11%	3%	8%	1.5%
	n = 496					n = 540				



13. Over the past 12 months, has your law department created any new positions?

The percentage of law departments that created new positions fell four percentage points to 32%—down from 36% compared to last year.



COMPANY ANNUAL REVENUE

- 67% of companies with \$3 to \$4 billion in revenue and 59% with over \$4 billion in revenue created new positions in their law departments in the past 12 months.

COMPANY TYPE

- 45% of public and 26% of private companies created new positions in the past 12 months.

SIZE OF LAW DEPARTMENT

- 67% with 25 to 49 employees and 50% with 10 to 24 employees created new positions in their law departments.

SALARY

- 51% of CLOs who made \$400,000 or more created new positions in their law departments over the past 12 months, compared to just 9% who made less than \$100,000.

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

The areas in which new positions were created primarily rallied around three areas: contracts, general legal work and compliance.

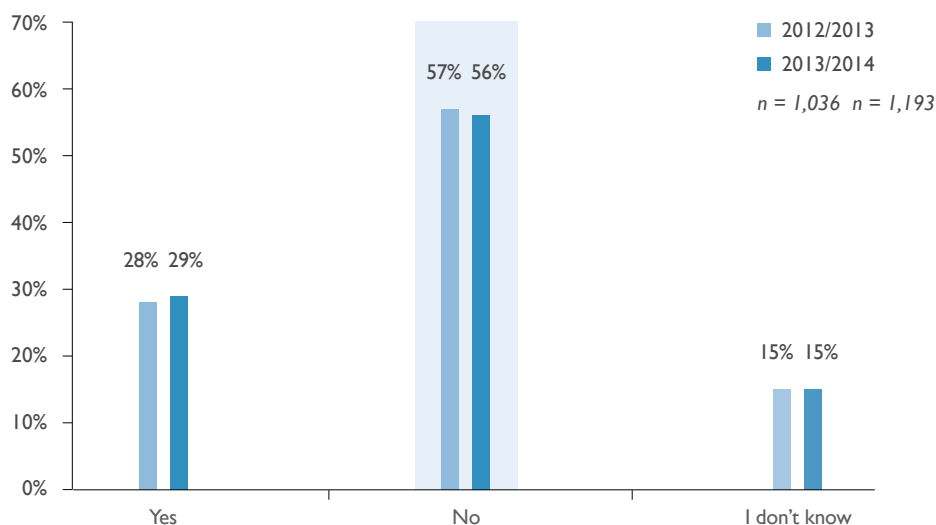
	2013	2014
Contracts	32%	34%
Generalist	31%	32%
Compliance	28%	31%
Litigation	13%	13%
Intellectual Property	8%	11%
Corporate & Securities	8%	9%
Employment & Labor	9%	7%
International Legal Affairs	4%	6%
Mergers & Acquisitions	5%	5%
Environment & Sustainability	2%	2%
Financial Services	5%	2%
Discovery	2%	<1%
Energy	2%	1%
IT/eCommerce	2%	1%
Other	17%	19%
	<i>n</i> = 368	<i>n</i> = 376

OTHER, PLEASE SPECIFY (IN RANK ORDER):

- Regulatory
- Paralegal
- General Counsel
- Risk Management
- Support Staff
- Administrative
- Investments
- Real Estate

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

Twenty-nine percent (29%) of CLOs indicated they have definite plans to change the number of staff in their law departments in 2014.



16. How do you plan to increase or decrease (change) your law department's staff size over the next 12 months?

Among CLOs that plan to make a change in their law department's staff in 2014, they plan to increase staff across the board. Within specific job categories, in-house lawyers are projected to realize the largest individual increase at 4.7%, followed by paralegals with a projected increase of 3.3% and support staff by 3.2%. The number of contract lawyers is projected to rise by 1.5%, and the number of "other" employees is anticipated to increase incrementally at 0.1%.

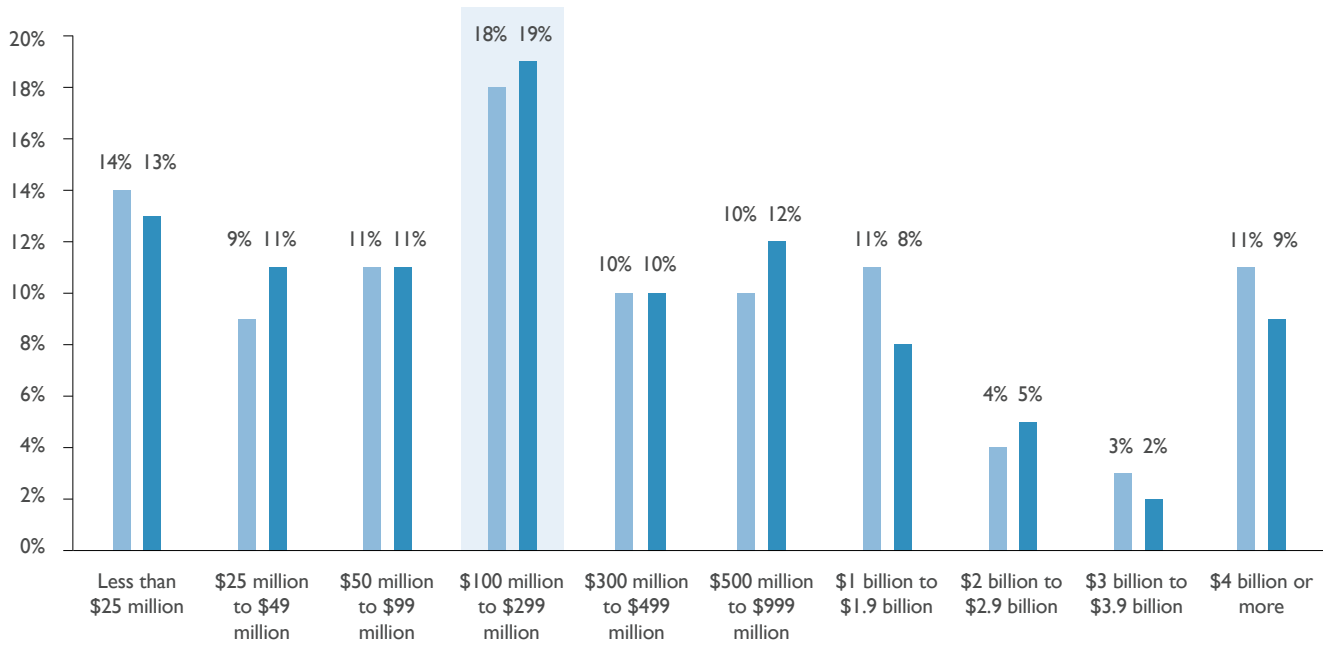
	2013					2014				
	Support Staff	Paralegals	Contract Lawyers	In-house Lawyers	Other	Support Staff	Paralegals	Contract Lawyers	In-house Lawyers	Other
Significantly Decrease (over 10%)	6%	6%	5%	6%	4%	2%	3%	3%	3%	8%
Moderately Decrease (6%-10%)	2%	2%	3%	3%	0%	2%	2%	1%	3%	2%
Minimally Decrease (1%-5%)	7%	5%	6%	5%	1%	3%	1%	3%	5%	1%
No Changes (<1%)	43%	33%	61%	12%	73%	38%	41%	62%	17%	71%
Minimally Increase +(1%-5%)	30%	30%	14%	29%	15%	28%	29%	15%	31%	10%
Moderately Increase +(6%-10%)	3%	8%	6%	18%	4%	14%	8%	8%	19%	3%
Significantly Increase +(over 10%)	9%	17%	5%	26%	3%	13%	17%	8%	23%	5%
Avg. Change	1.2%	2.6%	.5%	4.6%	.6%	3.2%	3.3%	1.5%	4.7%	.1%

n = 287

n = 350

17. What is your company's annual revenue (in USD)?

Just over half (53%) of respondents work for companies that realized an annual revenue of less than \$300 million. However, average annual company revenue among respondents stands at \$902 million—down from an average of \$1 billion in last year's survey.



■ 2012/2013 ■ 2013/2014 n = 1,017 (2012/2013); n = 1,167 (2013/2014) Average: \$1,015,862,340 (2012/2013); \$901,874,464 (2013/2014)

COMPANY TYPE

- 22% of public companies had \$4 billion or more in annual company revenue.
- 74% of private companies had less than \$500 million in annual company revenue.

SIZE OF LAW DEPARTMENT

- 46% with 25 to 49 employees and 46% with 50 to 299 employees had \$4 billion or more in annual company revenue.
- 36% with one employee had less than \$25 million in annual company revenue, while 51% had between \$25 and \$300 million in revenue.
- 56% with two to nine employees had less than \$300 million in annual revenue.
- 55% with 300 or more employees had in between \$50 million and \$1 billion in annual company revenue.
- 51% with 10 to 24 employees had in between \$500 million and \$3 billion in annual company revenue.

LOCATION

- 40% from Canada or other countries combined had \$1 billion or more in annual company revenue, compared to just 22% from the United States.

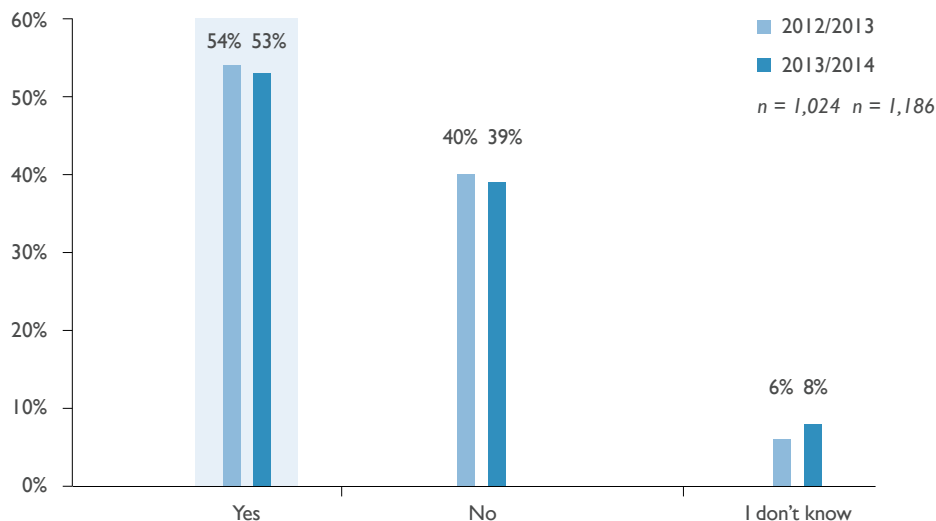
SALARY

- 54% who made less than \$100,000 worked in a company with less than \$25 million annual revenue.
- 37% who made \$400,000 or more worked in a company with \$4 billion or more in company revenue.

BUDGET TRENDS

18. Over the past 12 months, has your law department’s total budget increased or decreased?

Similar to last year, over half of respondents (53%) made a change to their law department’s total budget.



19. How would you classify your law department’s changes in spending over the past 12 months?

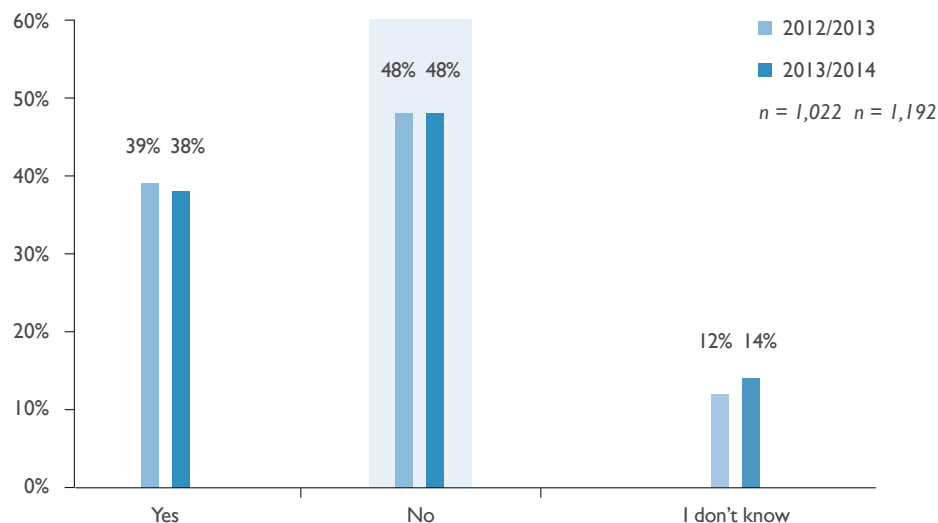
While CLOs project smaller total increases than in the prior year, law departments continued to increase their budgets. Corporate legal departments experienced an average increase of 2.5% in their total budgets—smaller than their average increase of 3.1% last year. This reduction in the percentage increase in the total budget was caused by the lower increase in the inside budget at an average of 2.8%—down from an average increase of 3.0% in the prior year. On the other hand, the increase in the outside budget remained the same as last year at 2.3%.

	2013			2014		
	Inside Budget	Outside Budget	Total Budget	Inside Budget	Outside Budget	Total Budget
Significant Decrease -(over 10%)	5%	10%	7%	7%	12%	9%
Moderate Decrease -(6%-10%)	6%	9%	9%	6%	10%	11%
Minimal Decrease -(1%-5%)	8%	9%	8%	6%	7%	9%
No Changes (<1%)	16%	12%	4%	15%	9%	3%
Minimal Increase +(1%-5%)	32%	20%	30%	31%	19%	27%
Moderate Increase +(6%-10%)	19%	21%	24%	21%	24%	25%
Significant Increase +(over 10%)	15%	18%	18%	14%	19%	16%
Avg. Change	3.0%	2.3%	3.1%	2.8%	2.3%	2.5%
		<i>n = 558</i>			<i>n = 630</i>	



20. Over the next 12 months, do you plan to increase or decrease your law department's spending?

Just 38% of CLOs plan to make a change to their law department's spending in 2014.



21. How do you plan to increase or decrease your law department's budget over the next 12 months?

Among CLOs that plan to change their spending in 2014, they plan to increase their inside budget by an average of 3.1% and cut their outside budget by an average of 1.3%. This would result in an increase in their total budget of 2.3%. In comparison, CLOs last year had planned to make similar increases in their 2013 inside budgets (3.1%) but minimal increases to their outside budgets (0.6%), for an average increase in their total budgets of 1.9%.

	2013			2014		
	Inside Budget	Outside Budget	Total Budget	Inside Budget	Outside Budget	Total Budget
Significant Decrease -(over 10%)	4%	11%	8%	3%	12%	7%
Moderate Decrease -(6%-10%)	6%	13%	11%	6%	10%	12%
Minimal Decrease -(1%-5%)	8%	12%	9%	8%	10%	12%
No Changes (<1%)	11%	13%	5%	15%	13%	4%
Minimal Increase +(1%-5%)	38%	23%	37%	31%	20%	26%
Moderate Increase +(6%-10%)	20%	17%	20%	23%	21%	25%
Significant Increase +(over 10%)	13%	10%	11%	12%	14%	14%
Avg. Change	3.1%	.6%	1.9%	3.1%	1.3%	2.3%
		<i>n = 403</i>			<i>n = 455</i>	

OPERATIONS/FUNCTIONS

22. What management practices are you employing to improve efficiency/effectiveness in your department? (Check all that apply)

CLOs have engaged in a number of practices for improving the efficiency and effectiveness of their law departments. First and foremost, CLOs indicated they are in-sourcing work that was previously handled by law firms or other legal service providers. Just under half (47%) of CLOs have moved from large, traditional law firms to less expensive, mid-size or mid-market firms. Over one-third (35%) of CLOs have switched to delegating work internally to non-legal resources, and roughly another one-third (32%) have incorporated disciplined project management practices. Thirty percent of CLOs indicated they are analyzing data to determine key drivers of spending in an attempt to reduce costs, and 29% have instituted early case assessments on matters handled internally.

	2014
In-sourcing work formerly performed by law firms or other legal service providers	63%
Shifting work from large, traditional law firms (e.g., AMLaw 100, Magic Circle, etc.) to mid-size and/or mid-market law firms (based in less expensive cities)	47%
Shifting work to non-legal internal resources	35%
Disciplined use of project management practices	32%
Conducting analysis (data, root cause, etc.) to determine key drivers of spending and identify ways to reduce costs (prevention, leveraging technology, etc.)	30%
Requiring early case assessments for matters handled internally	29%
Disciplined use of a structured knowledge management system	17%
Process improvement programs (e.g., using "Lean Six Sigma" process mapping, error reduction initiatives, etc.)	16%
Requiring detailed budgets for matters handled internally	14%
Shifting work from law firms to alternative legal service providers	12%

n = 1,094

2014 IN-SOURCING WORK FORMERLY PERFORMED BY LAW FIRMS/OTHER LEGAL SERVICE PROVIDERS BY COMPANY REVENUE

	Less than \$25 million	\$25 million to \$49 million	\$50 million to \$99 million	\$100 million to \$299 million	\$300 million to \$499 million	\$500 million to \$999 million	\$1 billion to \$1.9 billion	\$2 billion to \$2.9 billion	\$3 billion to \$3.9 billion	\$4 billion or more
In-sourcing	55%	62%	56%	57%	66%	57%	68%	53%	67%	59%

2014 IN-SOURCING WORK FORMERLY PERFORMED BY LAW FIRMS/OTHER LEGAL SERVICE PROVIDERS BY LAW DEPARTMENT SIZE

	1 Employee	2 to 9 Employees	10 to 24 Employees	25 to 49 Employees	50 to 299 Employees	300+ Employees
In-sourcing	54%	60%	64%	60%	53%	53%

COMPANY ANNUAL REVENUE

- 27% with less than \$25 million in revenue are shifting from large to mid-sized firms, compared to 51% of those with over \$4 billion in revenue.
- 27% with less than \$25 million are shifting to non-legal internal resources, compared to 41% with over \$4 billion.
- 18% with less than \$25 million are requiring early case assessments for matters handled internally, compared to 43% with over \$4 billion.
- 15% with less than \$25 million are conducting analysis to determine key drivers of spending and identify ways to reduce costs, compared to 46% with over \$4 billion.

SIZE OF LAW DEPARTMENT

- 55% with 300 or more employees and 54% with 10 to 24 employees are shifting from large law firms to mid-size firms, compared to just 36% with just one employee and 37% with 25 to 49 employees.
- 47% with 25 to 49 employees and 43% with 50 to 299 employees have disciplined use of project management practices, compared to just 27% with just one employee.
- 36% with 10 to 24 employees are requiring early case assessments for matters handled internally, compared to just 26% with two to nine employees.
- 45% with 25 to 49 employees are conducting analysis to determine key drivers of spending and identify ways to reduce costs, compared to just 33% with 10 to 24 employees.

LOCATION

- 76% from Canada are in-sourcing work formerly performed by law firms, compared to just 60% from the United States and 42% from other countries outside North America combined.

- 50% from Canada are shifting work to non-legal internal resources, compared to just 33% from the United States and 27% from other countries outside North America combined.
- 29% from the United States are requiring early case assessments for matters handled internally, compared to just 16% from Canada.
- 41% from all other countries outside North America combined are conducting analysis to determine key drivers of spending, compared to just 27% from the United States and Canada.

AGE

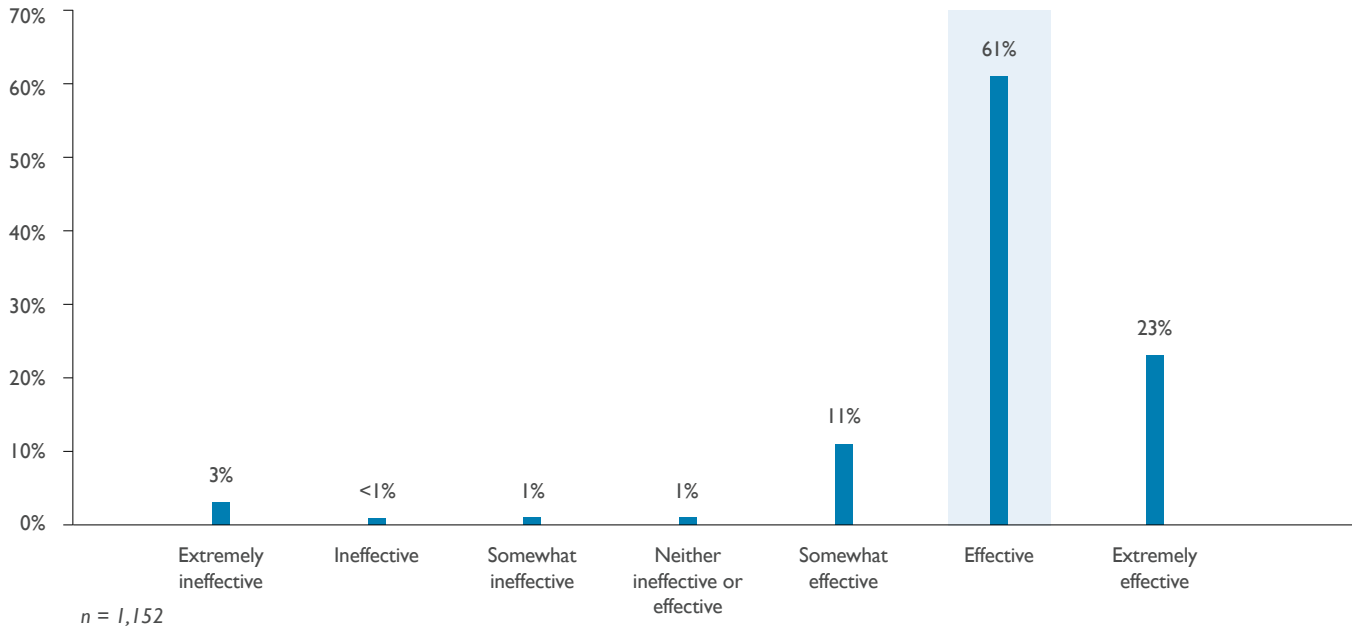
- 65% ages 41 to 45 are in-sourcing work formerly performed by law firms or other legal providers, compared to just 54% age 56 and older.
- 23% age 40 and younger are requiring early case assessments for matters handled internally, compared to 33% ages 51 to 55.

SALARY

- 50% of CLOs who made \$100,000 to \$149,999 lead law departments that are in-sourcing work formerly performed by law firms or other legal service providers, compared to 66% who made \$400,000 or more.
- 24% who made less than \$100,000 are shifting work from large, traditional law firms to mid-size law firms, compared to 53% who made \$300,000 to \$399,999.
- 22% who made \$100,000 to \$149,999 are requiring early case assessments for matters handled internally, compared to 39% who made \$400,000 or more.
- 34% who made \$400,000 or more are conducting analysis to determine key drivers of spending and identify ways to reduce costs, compared to just 21% who made less than \$150,000.

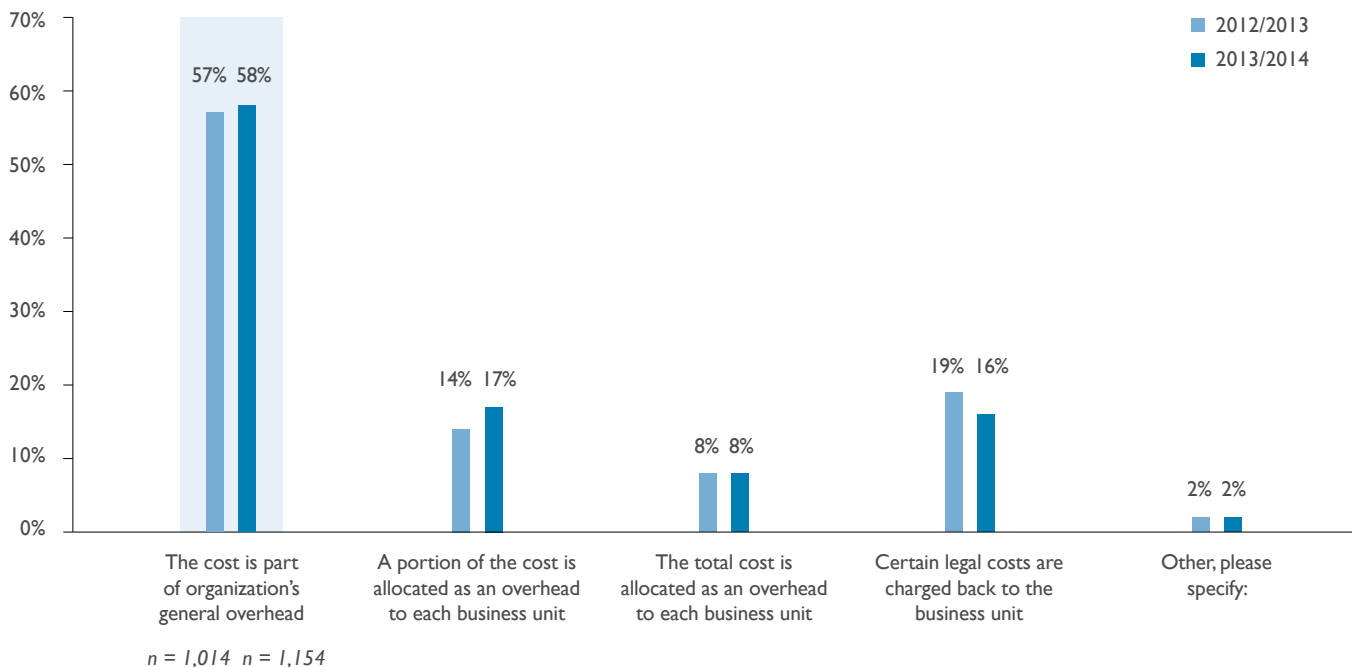
23. How would you rate the effectiveness of your legal department over the past 12 months?

CLOs truly believe their law departments have been effective over the past 12 months, as 95% indicated some level of effectiveness, and 84% rated their departments on the high end of the scale.



24. How is the cost of your law department allocated for (cost) accounting purposes?

The majority of CLOs (58%) indicated the cost of their law departments continues to be part of the organization's general overhead for cost accounting purposes. However, one-third of CLOs indicated each business unit either received a portion of cost allocated as overhead or incurred certain legal costs.



COMPANY ANNUAL REVENUE

- 77% with less than \$25 million in revenue had the cost as part of the organization's general overhead, compared to only 33% with over \$4 billion.

COMPANY TYPE

- 48% of public companies allocated the cost of the law department as a part of the organization's overhead, compared to 61% of non-profits and 63% of private companies or LLCs.

SIZE OF LAW DEPARTMENT

- 73% with one employee, 57% with two to nine employees and 60% with 300 or more employees allocated the cost as part of the organization's general overhead, compared to only 35% with 25 to 49 employees.
- 27% with 25 to 49 employees had certain legal costs charged back to the business units, compared to only 11% with one employee.

SALARY

- 76% who made less than \$100,000 allocated their law department costs as part of the organization's general overhead, compared to just 41% who made \$400,000 or more.

OTHER, PLEASE SPECIFY (VERBATIM RESPONSES):

- A combination of second and fourth options
- A mix between 2nd and 3rd bullets above
- A portion of cost is part of organization's general overhead and certain costs are charged back to business units.
- A portion of the cost is allocated as an overhead to each business unit; each business unit bears a portion of the cost directly.
- All costs are allocated to the law department.
- All costs are recovered from the business units.

- Allocated to capital projects, and overhead
- Combination of allocated overhead and charging back specific costs
- Combination of allocation of total overhead and charge back of certain costs
- Combination of allocation to business units, charge backs and general overhead
- Cost is allocated to projects.
- Full allocation to each BU, with some additional costs charged back
- G&A except for IP acquisition which is a business unit project cost
- Internal costs are overhead; external costs are charged to appropriate business unit, when applicable.
- Legal budget is separate from other business units.
- Part of SG&A with certain costs allocated to business units
- Some is charged back; some is not.
- Some legal costs are capitalized to the cost of the project, some is allocated as G&A to the BU's and the remainder is G&A at the parent level.
- Some to overhead and some to external clients
- The business is charged on an FTE basis but legal costs incurred by the business units are charged back to the business
- Total internal spend allocated to business units, external spend is charged back to business units.
- Treated as own department

25. What outside counsel management practices are you employing to control legal costs? (Check all that apply)

Controlling outside counsel costs is a common goal among CLOs. Ninety-one percent of CLOs indicated they have implemented the use of one or more management practices to control outside counsel costs. Over half (51%) of CLOs indicated they regularly review a law firm's overall performance and provide feedback. Another common practice employed for controlling outside counsel costs is the requirement of detailed budgets (45%), early case assessments (37%) and/or enforcing outside counsel guidelines (34%).

OVERALL
SURVEY RESULTS

	2014
Regularly reviewing overall law firm performance and providing feedback	51%
Requiring detailed budgets	45%
Requiring early case assessments	37%
Enforcing outside counsel guidelines	34%
Requiring project/staffing plans	24%
Assigning a senior member of the law department to take responsibility for outside counsel management (set guidelines, negotiate fees, conduct RFPs, conduct reviews, etc.)	24%
Sending all/most work to preferred provider panels ("convergence")	23%
Conducting after-action reviews (discussion of what went well and what needs improvement at the conclusion of matters)	20%
Requiring requests for proposals (RFPs) for all new matters above a threshold amount	16%
Setting goals for increased use of value-based (non-hourly-based) fees and measuring progress	15%
Involving corporate procurement/sourcing department services in conducting RFPs and/or negotiating fees with law firms	7%
Other	5%
None of the above	9%

n = 1,148

2014 OUTSIDE COUNSEL MANAGEMENT PRACTICES BY LAW DEPARTMENT SIZE

	1 Employee	2 to 9 Employees	10 to 24 Employees	25 to 49 Employees	50 to 299 Employees	300+ Employees
Regularly reviewing overall law firm performance and providing feedback	47%	51%	46%	48%	55%	61%
Requiring detailed budgets	36%	43%	45%	62%	57%	61%
Requiring early case assessments	26%	37%	39%	43%	47%	41%
Enforcing outside counsel guidelines	23%	28%	54%	53%	53%	35%
Requiring project/staffing plans	15%	23%	29%	38%	35%	20%
Assigning a senior member of the law department to take responsibility for outside counsel management	13%	24%	32%	35%	35%	27%
Sending all/most work to preferred provider panels ("convergence")	12%	22%	31%	38%	30%	35%
Conducting after-action reviews	14%	21%	21%	30%	22%	22%



COMPANY ANNUAL REVENUE

- 44% with more than \$4 billion in revenue are sending most work to preferred provider panels, compared to only 12% with less than \$25 million in revenue.
- 64% with more than \$4 billion are enforcing outside counsel guidelines, compared to only 20% with less than \$25 million.

COMPANY TYPE

- 66% of public companies are sending most work to preferred provider panels, compared to 81% of non-profits and private companies and 85% of LLCs.

SIZE OF LAW DEPARTMENT

- 12% with one employee are sending most work to preferred provider panels, compared to 38% with 25 to 49 employees.
- 28% with two to nine employees are enforcing outside counsel guidelines, compared to 53% with 25 to 299 employees.
- 45% with 10 to 24 employees are requiring detailed budgets, compared to 61% with 300 or more employees.
- 18% with 25 to 49 employees are requiring project and staffing plans, compared to just 20% with 300 or more employees.

LOCATION

- 39% from the United States are requiring early case assessments, compared to just 18% from Canada and 26% from other countries outside North America combined.
- 30% from Canada are conducting after-action reviews, compared to just 19% from the United States.
- 36% from Canada are assigning a senior member of the law department to take responsibility for outside counsel management, compared to just 24% from the United States and 22% from other countries outside North America combined.

AGE

- 31% age 45 and younger are requiring early case assessments, compared to 42% age 51 and older.
- 40% ages 46 to 50 years old are enforcing outside counsel guidelines, compared to just 22% age 40 and younger.
- 17% age 40 and younger are requiring project/staffing plans, compared to 32% ages 46 to 50 years old.

SALARY

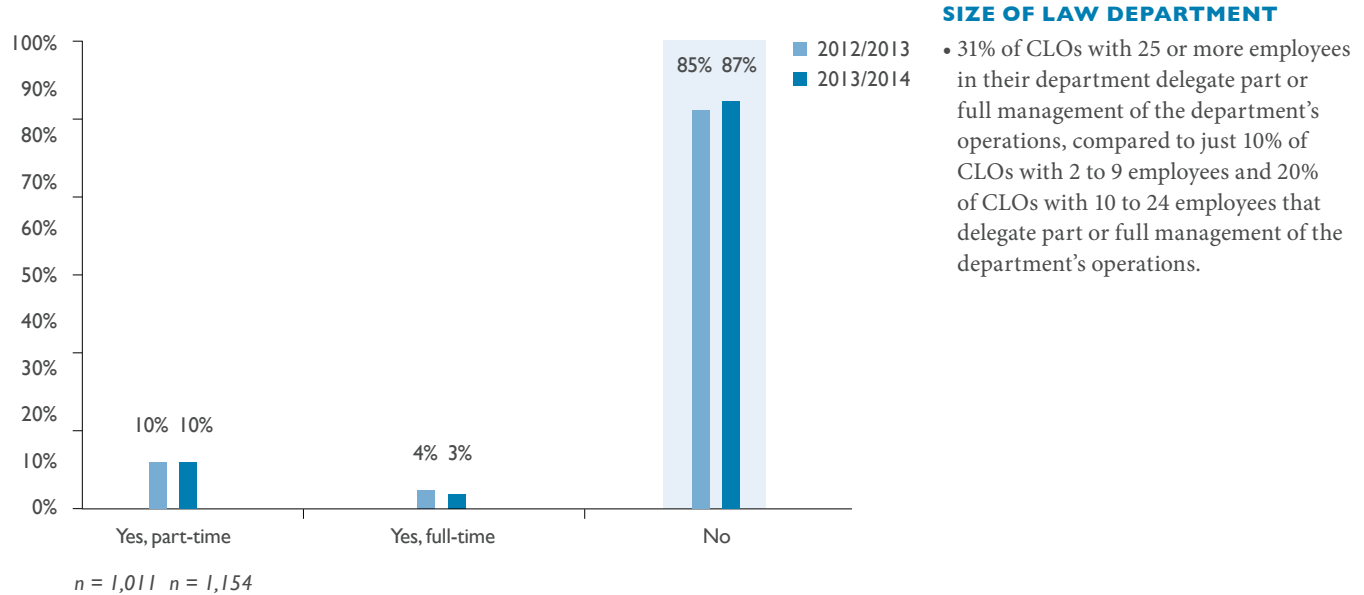
- 37% of CLOs who made \$400,000 or more lead law departments that send most work to preferred provider panels, compared to 14% who made \$100,000 to \$149,999.
- 50% who made \$400,000 or more are requiring early case assessments, compared to 24% who made less than \$100,000.
- 55% who made \$400,000 or more are enforcing outside counsel guidelines, compared to just 11% who made less than \$100,000.
- 37% who made \$400,000 or more are assigning a senior member of the law department to take responsibility for outside counsel management, compared to just 9% who made less than \$100,000.

OTHER, PLEASE SPECIFY (IN RANK ORDER):

- Negotiating fixed/flat fees, discounted billing
- Minimize use of outside counsel
- Use of outside vendor to review fees
- Alternative billing arrangements
- Pro bono services/requests
- Shifting work to smaller, less expensive firms

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

Generally, operational management of the law department is fully handled by the CLO. However, 10% of CLOs delegate part of the management to another law department staff person, and only 3% indicated they delegate full management of the department to another staff person.



SIZE OF LAW DEPARTMENT

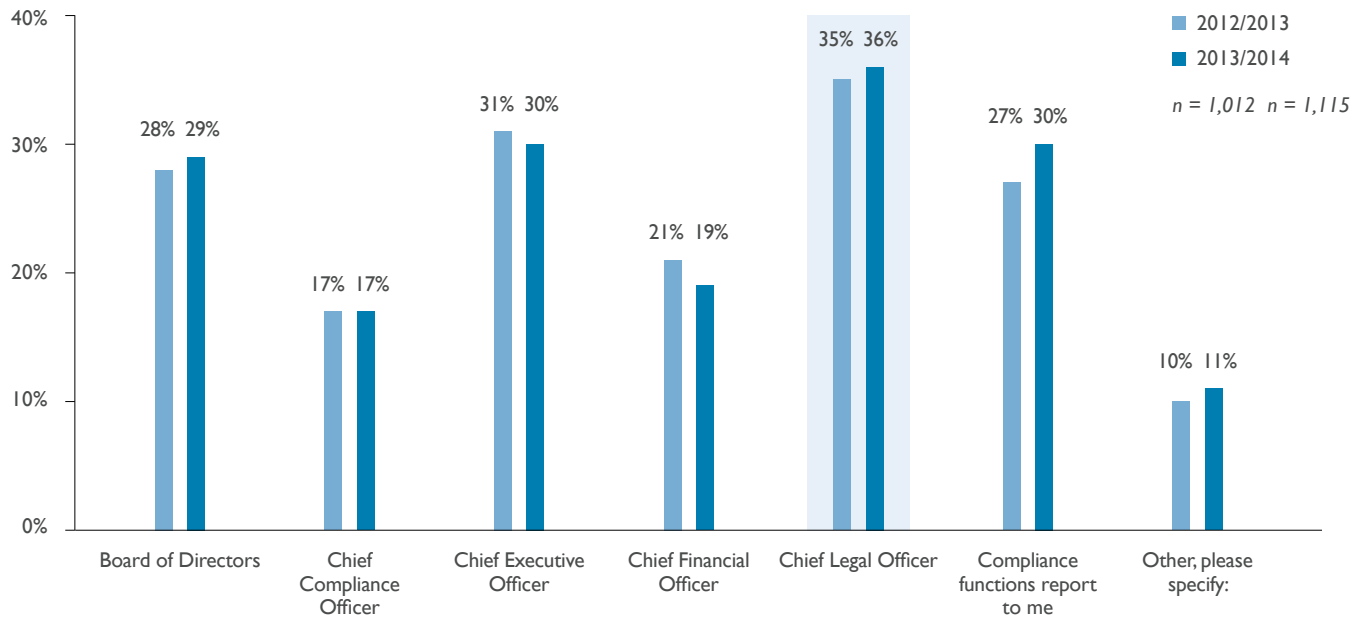
- 31% of CLOs with 25 or more employees in their department delegate part or full management of the department's operations, compared to just 10% of CLOs with 2 to 9 employees and 20% of CLOs with 10 to 24 employees that delegate part or full management of the department's operations.

2014 DELEGATE OPERATIONAL MANAGEMENT OF LAW DEPARTMENT BY LAW DEPARTMENT SIZE

	1 Employee	2 to 9 Employees	10 to 24 Employees	25 to 49 Employees	50 to 299 Employees	300+ Employees
Yes, part-time	2%	8%	17%	28%	22%	21%
Yes, full-time	1%	2%	3%	3%	9%	10%
No	96%	90%	80%	68%	69%	69%

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

Over one-third (36%) of respondents indicated compliance functions report to the CLO. However, 30% of respondents indicated compliance functions report to the CEO, and 29% indicated they report to the Board of Directors. Just 17% of respondents indicated compliance functions report to a Chief Compliance Officer.



COMPANY ANNUAL REVENUE

- 30% with over \$4 billion in revenue had compliance functions reported to the Chief Compliance Officer, compared to only 7% with less than \$25 million.
- 55% with over \$4 billion had compliance functions reported to the Chief Legal Officer, compared to only 23% with less than \$25 million.

COMPANY TYPE

- 24% of publicly owned companies had compliance functions reported to the Chief Compliance Officer, compared to only 11% of privately owned companies.
- 41% of non-profits had compliance functions reported to the Chief Executive Officer, compared to only 21% of publicly owned companies.
- 46% of publicly owned companies had compliance functions reported to the Chief Legal officer, compared to only 32% of LLCs, non-profits and privately owned companies.

SIZE OF LAW DEPARTMENT

- 38% of law departments with 50 to 299 employees reported to the board of directors, compared to only 23% with 300 or more employees.
- 27% with 10 to 24 employees reported to the Chief Compliance Officer, compared to just 9% with one employee.
- 45% with one employee reported to the Chief Executive Officer, compared to just 19% with 25 to 49 employees.

LOCATION

- 31% from the United States or Canada had compliance functions report to the Chief Executive Officer, compared to just 18% from other countries outside North America combined.
- 32% from Canada had compliance functions report to the Chief Financial Officer, compared to just 18% from the United States and 17% from other countries outside North America combined.

AGE

- 37% ages 51 to 55 had compliance functions reported to the Board of Directors, compared to just 22% age 40 and younger.
- 23% from ages 46 to 50 and 22% from ages 51 to 55 had compliance functions reported to the Chief Compliance Officer, compared to just 13% age 40 and younger and 11% ages 41 to 45.
- 44% from ages 46 to 50 had compliance functions report to the Chief Legal Officers, compared to just 23% age 40 and younger.

SALARY

- 27% of CLOs who made \$400,000 or more had compliance functions reported to the Chief Compliance Officer, compared to just 9% who made less than \$100,000.
- 49% who made \$300,000 to \$399,999 had compliance functions reported to the Chief Legal Officer, compared to just 13% who made less than \$100,000.

JOB TITLE

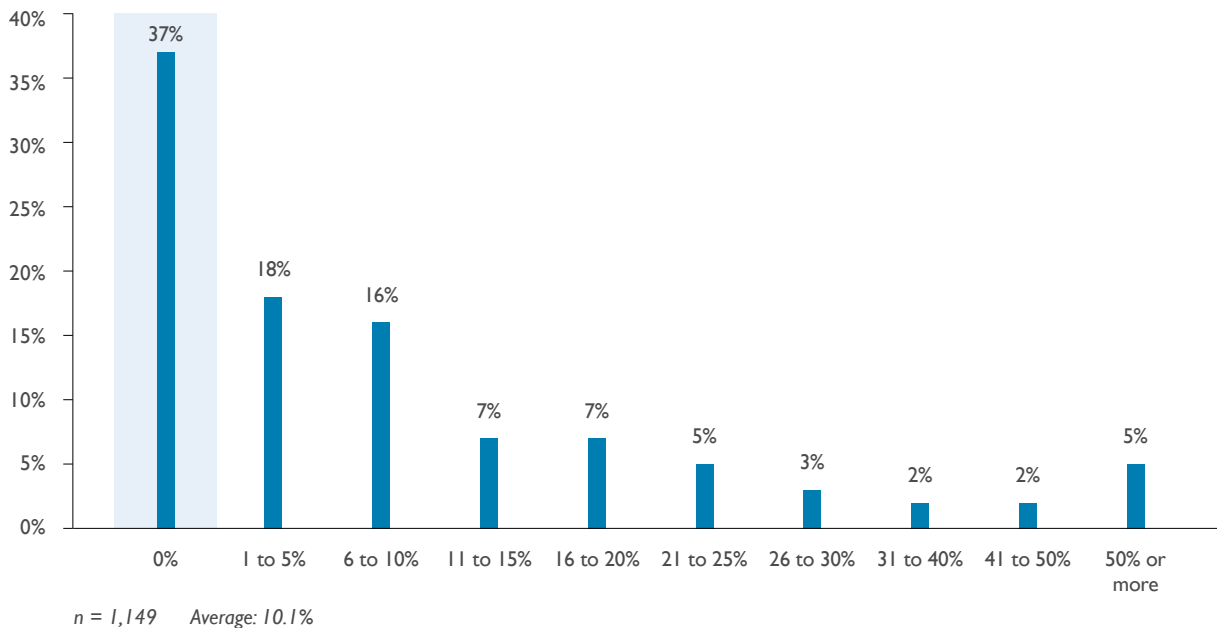
- 55% of CLOs responded that their organization's compliance functions reported to the CLO.
- 35% of GCs responded that their organization's compliance functions reported to the CLO.

OTHER, PLEASE SPECIFY (IN RANK ORDER):

- COO
- Audit Committee
- Internal Audit
- HR
- GC & CCO
- Chief Risk Officer
- Chief Administrative Officer

28. In 2013, what percent of your outside legal spend is on value-based fees (not hourly-based)?

Just under two-thirds (63%) of respondents indicated that at least some portion of their outside legal spend in 2013 was under a value-based fee arrangement. On average, respondents reported that 10% of their outside legal spend in 2013 was on value-based fees. It is interesting to note, however, that 5% of respondents indicated that 51% or more of their outside legal spend was on a value-based fee arrangement.



COMPANY ANNUAL REVENUE

- 53% with less than \$25 million in revenue had 0% value-based fees, compared to just 14% with over \$4 billion in revenue.
- 61% with over \$4 billion had between 1% and 20% value-based fees, compared to 30% with less than \$25 million.

COMPANY TYPE

- 25% was spent on value-based fees in publicly owned companies, compared to 42% of privately owned companies, 46% of non-profits and 40% of LLCs.

SIZE OF LAW DEPARTMENT

- 52% with one employee had 0% value-based fees, compared to just 21% with 300 or more employees.
- 32% with 300 or more employees had 20% value-based fees.

LOCATION

- 46% from Canada had 0% value-based fees, compared to just 38% from the United States and 19% from other countries outside North America combined.
- 50% from other countries outside North America combined had more than 20% value-based fees, compared to just 9% from Canada and 14% from the United States.

AGE

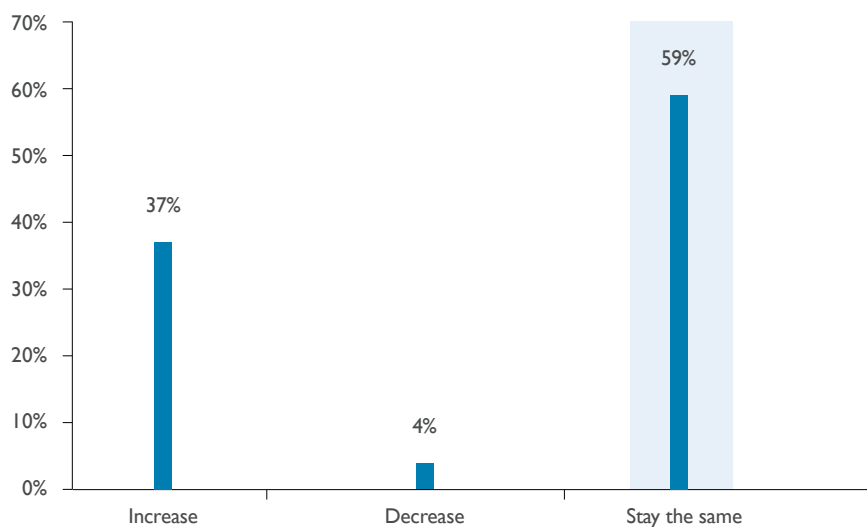
- 62% age 56 and older had 5% or less value-based fees, compared to just 45% ages 41 to 45 years old.

SALARY

- 46% of CLOs who made \$100,000 to \$149,999 led law departments with 0% value-based fees, compared to just 19% who made \$400,000 or more.

29. In 2014, do you anticipate the percent of outside legal spend on value-based fees (non-hourly) will increase, decrease or stay the same?

Thirty-seven percent of respondents reported they anticipate their value-based fee arrangements for outside legal spend will increase in 2014, while just 4% reported it will decrease and 59% reported it will stay the same.



n = 1,154

COMPANY ANNUAL REVENUE

- 69% with less than \$25 million in revenue anticipated spending the same on outside legal spend on value-based fees, compared to 46% with more than \$4 billion in revenue.

COMPANY TYPE

- 73% of non-profits did not plan on changing the percent of outside legal spend that are value-based fees.

SIZE OF LAW DEPARTMENT

- 59% with 25 to 90 employees anticipated an increase in value-based fees, compared to only 35% with two to nine employees.

LOCATION

- 69% from Canada anticipated value-based fees to stay the same, compared to just 60% from the United States and 50% from other countries outside North America combined.

30. What alternative fee arrangements have you used in 2013? (Check all that apply)

Three-quarters (75%) of respondents reported having used some type of alternative fee arrangement (AFA) in 2013. The most commonly used AFA was the employment of a flat fee for the entire matter (48%) and/or a flat fee for some stages of a matter (33%). Seventeen percent of respondents indicated the use of incentive or success fees.

	2014
Flat fee for an entire matter	48%
Flat fees for some stages of a matter	33%
Incentive or success fees	17%
Periodic retainer fee for a portfolio of services	16%
Contingency fees	15%
Flat fees for a portfolio of similar matters	12%
Collars	9%
Other	5%
None, have not used any alternative fee arrangements in 2013	25%

n = 1,112

COMPANY ANNUAL REVENUE

- 68% with over \$4 billion in revenue used flat fee for an entire matter as an alternative fee arrangement, compared to only 35% with less than \$25 million in revenue.
- 43% with less than \$25 million have not used any alternative fee arrangement, compared to only 8% with over \$4 billion.

COMPANY TYPE

- 28% of privately owned companies did not use any alternative fee arrangements in 2013, compared to just 18% of publicly owned companies.

SIZE OF LAW DEPARTMENT

- 54% with 50 to 299 employees have used flat fees for some stages of matter, compared to just 31% with two to nine employees.
- 41% with one employee did not use any alternative fee arrangements, compared to just 8% with 300 or more employees.

LOCATION

- 65% from other countries outside North America combined have used flat fees for entire matters, compared to just 42% from Canada and 46% from the United States.

AGE

- 32% age 56 and older did not use any alternative fee arrangements in 2013, compared to just 21% ages 41 to 50 years old.

SALARY

- 58% of CLOs who made \$300,000 to \$399,999 used a flat fee for an entire matter for their law departments, compared to just 34% who made \$100,000 to \$149,999.
- 48% who made \$400,000 or more used a flat fee for some stages of a matter, compared to just 24% who made less than \$150,000.

OTHER, PLEASE SPECIFY (IN RANK ORDER):

- Blended rates
- Discounts; discounts on hourly rates, monthly fees
- Pro bono
- Caps for certain fees/payments/matters
- Negotiated reduced rates
- Retainers

31. What alternative staffing arrangements have you used in 2013? (Check all that apply)

As for alternative staffing arrangements, 48% of respondents reported having utilized some type of alternative arrangement in 2013. These alternative arrangements primarily included moving work from lawyers to paralegals or non-legal staff (31%) and/or employing contract attorneys (21%). Outsourcing work to an off-shore (3%) or on-shore (3%) LPO was not common.

	2014
Shifting work from lawyers to paralegals or non-legal staff	31%
Contract attorneys	23%
Secondments	8%
Outsourcing work to an off-shore legal process outsourcer (LPO)	3%
Outsourcing work to an on-shore LPO	3%
Other	1%
None, have not used any alternative staffing arrangements in 2013	52%

n = 1,092

2014 ALTERNATIVE STAFFING ARRANGEMENTS BY COMPANY REVENUE

	Less than \$25 million	\$25 million to \$49 million	\$50 million to \$99 million	\$100 million to \$299 million	\$300 million to \$499 million	\$500 million to \$999 million	\$1 billion to \$1.9 billion	\$2 billion to \$2.9 billion	\$3 billion to \$3.9 billion	\$4 billion or more
Shifting work from lawyers to paralegals or non-legal staff	14%	29%	25%	30%	26%	29%	43%	43%	26%	49%
Contract attorneys	10%	19%	18%	18%	11%	24%	38%	35%	47%	44%
None, have not used any alternative staffing arrangements in 2013	72%	52%	58%	55%	57%	50%	32%	28%	42%	20%
Contract Lawyers	0.5	1.1	1.2	1.1	1.8	2.2	3.1	2.3	3.2	4.1
Other	0.9	1.2	1.6	1.9	2.0	2.8	2.9	2.2	3.3	13.2

2014 ALTERNATIVE STAFFING ARRANGEMENTS BY LAW DEPARTMENT SIZE

	1 Employee	2 to 9 Employees	10 to 24 Employees	25 to 49 Employees	50 to 299 Employees	300+ Employees
Shifting work from lawyers to paralegals or non-legal staff	17%	29%	43%	41%	36%	39%
Contract attorneys	11%	18%	33%	45%	46%	39%
None, have not used any alternative staffing arrangements in 2013	68%	53%	31%	29%	36%	37%

COMPANY ANNUAL REVENUE

- 44% with more than \$4 billion in revenue used contract attorneys in 2013, compared to only 10% with less than \$25 million in revenue.
- 49% with more than \$4 billion shifted work from lawyers to paralegals or non-legal staff, compared to only 14% with less than \$25 million.
- 72% with less than \$25 million did not use alternative staffing arrangements in 2013, compared to only 20% with more than \$4 billion.

COMPANY TYPE

- 36% of publicly owned companies used contract attorneys in 2013, compared to only 16% of privately owned companies and 15% of non-profits.
- 36% of publicly owned companies shifted from lawyers to paralegals or non-legal staff in 2013, compared to only 26% of privately owned companies and 23% of non-profits.
- 66% of non-profits and 58% of privately owned companies did not use any alternative staffing arrangements in 2013, compared to only 37% of publicly owned companies.

SIZE OF LAW DEPARTMENT

- 68% with one employee did not use any alternative staffing arrangements in 2013, compared to only 29% with 25 to 49 employees and 37% with 300 or more employees.

LOCATION

- 42% from Canada shifted from lawyers to paralegals, compared to just 28% from other countries outside North America combined and 30% from the United States.
- 53% from the United States did not use any other staffing arrangements, compared to just 35% from Canada and 40% from other countries outside North America combined.

AGE

- 26% age 56 and older used contract attorneys in 2013, compared to just 13% age 40 and younger.

SALARY

- 41% of CLOs who made \$400,000 or more used contract attorneys for their law departments, compared to just 12% who made \$100,000 to \$149,999.
- 40% who made \$400,000 or more shifted from lawyers to paralegals or non-legal staff, compared to just 23% who made \$100,000 to \$149,999.
- 68% who made less than \$100,000 did not use any alternative staffing arrangements, compared to just 32% who made \$400,000 or more.

OTHER, PLEASE SPECIFY (IN RANK ORDER):

- Law students
- Interns
- Temp administrative
- Utilized outside counsel on hourly basis
- Contract secretarial/admin labor

32. What technology systems do you have in place to support efficient/effective legal operations? (Check all that apply)

Fifty-eight percent of law departments have some type of document management system in place to aid in the efficiency and effectiveness of their operations. Other commonly used systems included legal hold systems (31%), electronic signatures (31%) and matter management (28%).

2014 TECHNOLOGY SYSTEMS BY COMPANY REVENUE

	Less than \$25 million	\$25 million to \$49 million	\$50 million to \$99 million	\$100 million to \$299 million	\$300 million to \$499 million	\$500 million to \$999 million	\$1 billion to \$1.9 billion	\$2 billion to \$2.9 billion	\$3 billion to \$3.9 billion	\$4 billion or more
Document management	36%	49%	40%	39%	49%	49%	43%	48%	32%	57%
Legal hold systems	9%	18%	13%	22%	25%	26%	40%	35%	32%	48%
Electronic signatures	22%	24%	27%	29%	20%	21%	26%	17%	21%	26%
Matter management	8%	15%	16%	15%	22%	26%	27%	30%	32%	54%

2014 TECHNOLOGY SYSTEMS BY LAW DEPARTMENT SIZE

	1 Employee	2 to 9 Employees	10 to 24 Employees	25 to 49 Employees	50 to 299 Employees	300+ Employees
Document management	30%	43%	55%	57%	64%	57%
Legal hold systems	9%	21%	38%	43%	49%	33%
Electronic signatures	19%	23%	24%	29%	34%	33%
Matter management	8%	20%	29%	38%	41%	41%

	2014
Document management	58%
Legal hold systems	31%
Electronic signatures	31%
Matter management	28%
ebilling	19%
Knowledge management	18%
Collaboration	16%
Entity management	15%
ediscovery	15%
Other	5%

n = 865

COMPANY ANNUAL REVENUE

- 54% with more than \$4 billion in revenue used matter management, compared to only 8% with less than \$25 million in revenue.
- 48% with more than \$4 billion used legal hold systems, compared to only 9% with less than \$25 million.

COMPANY TYPE

- 29% of publicly owned companies used matter management, compared to only 19% of non-profits and privately owned companies and 16% of LLCs.
- 30% of publicly owned companies used legal hold systems, compared to only 20% of privately owned companies.

SIZE OF LAW DEPARTMENT

- 41% with 50 or more employees used matter management, compared to only 20% with two to nine employees and 8% with one employee.
- 49% with 50 to 299 employees used legal hold systems, compared to only 33% with 300 or more employees and 9% with one employee.
- 57% with 10 to 24 employees and 300 or more employees used document management, compared to only 30% with one employee.

LOCATION

- 31% from other countries outside North America combined used matter management, compared to just 20% from Canada and 21% from the United States.

- 26% from the United States used legal hold systems, compared to just 15% from Canada and 13% from other countries outside North America combined.
- 62% from other countries outside North America combined used document management, compared to only 50% from Canada and 42% from the United States.
- 26% from the United States used electronic signatures, compared to just 14% from Canada and 13% from other international countries.

AGE

- 25% age 56 and older used matter management, compared to just 10% age 40 and younger.
- 30% age 56 and older used legal hold systems, compared to just 15% age 40 and younger.

SALARY

- 38% of CLOs who made \$400,000 or more used matter management for their law departments, compared to just 13% who made \$100,000 to \$149,999.
- 58% who made \$400,000 or more used legal hold systems, compared to just 15% who made \$150,000 to \$199,999.

OTHER, PLEASE SPECIFY (IN RANK ORDER):

- None
- Contract management
- Project management

33. What changes would you like to see in the legal marketplace to assist your efforts to control legal costs?

- Lower billing rates/fees; alternative/flexible fee arrangements (49)
- Fixed price billing/flat fee offerings (30)
- Value-based billing (22)
- Better transparency on fees; clearer rates (11)
- Better integration of solutions (8)
- Better contract management system (6)
- Limits on ediscovery (6)
- More software/technology systems designed for smaller companies (5)
- Greater willingness to provide fixed fees and guaranteed budgets (5)
- Reliable and accessible benchmark and metric data (4)
- Greater efficiency (3)
- Willingness to offer value added services at no cost (2)
- Reverse auction system to obtain bids on RFQs (2)

SAMPLE OF VERBATIM RESPONSES:

- “I’d like access to additional practice management resources, particularly since I personally litigate many of my client’s claims.”
- “Greater willingness by outside counsel to offer creative billing arrangements. Many firms/large firms still use the ‘we only provide a discount of off hourly fees’. This is not effective.”
- “More knowledgeable use and leveraging of software and technology to increase efficiency by outside counsel.”
- “Large firms have priced themselves out of the small to medium-sized business market. Lower rates (and ultimately lower profits per partner) would allow more room for the firm to provide more comprehensive approach to services.”
- “More training for external counsel on understanding internal legal budget constraints. There seems to be a common sense perception, but the application is not always there—it requires intervention by partners to get the right result.”
- “I would like to see outside counsel improve their technology skills. Attorneys need to learn how to use Cloud Drop Boxes and stop emailing everything. They need to become better at document management. They also need to learn to use other software programs, including Excel.”
- “Large firm partners apply too much pressure on younger people to over-bill and do not invest enough in training, so client becomes adverse to using younger lawyers. This results in a bad formula for the future of the relationship during an engagement and a continuing point of conflict between inside and outside counsel.”
- “Greater willingness to put pressure on hourly rates of largest law firms by moving business to mid-size firms.”
- “Moving away from hourly billing to the external ability to project manage external legal requirements... Right now, our external counsel have MS Project and create beautiful plans, but they have no actual capability to manage the plan or to produce monthly invoices that line up with the plan and show me percentage completion against the plan. Then they charge me \$1,000 in administrative fees to reconcile the invoice with the project plan, and I get angry. This has to change.”

“ I WOULD LIKE TO SEE OUTSIDE COUNSEL IMPROVE THEIR TECHNOLOGY SKILLS. ATTORNEYS NEED TO LEARN HOW TO USE CLOUD DROP BOXES AND STOP EMAILING EVERYTHING. THEY NEED TO BECOME BETTER AT DOCUMENT MANAGEMENT. THEY ALSO NEED TO LEARN TO USE OTHER SOFTWARE PROGRAMS, INCLUDING EXCEL.”

SAMPLE OF VERBATIM RESPONSES.

34. Where do you primarily direct the following functions/responsibilities?

Responsibilities for administration/operations, contract management, content creation, document management and records management were primarily handled in-house this past year. However, some law departments outsourced, primarily to on-shore LPOs, the responsibilities for document review, legal writing, due diligence and legal research. Moreover, the functions law departments primarily outsource, when applicable, are patent services and ediscovery.

2014	In-source	Outsource to on-shore LPO	Outsource to off-shore LPO	Both	N/A
Administration/Operations	97%	<1%	0%	<1%	2%
Content Creation	90%	4%	<1%	5%	1%
Contract Management	94%	1%	<1%	1%	3%
Document Review	74%	11%	1%	7%	6%
Document Management	89%	2%	<1%	3%	6%
Due Diligence	59%	17%	1%	13%	9%
ediscovery	30%	28%	1%	10%	32%
Legal Research	55%	23%	1%	15%	7%
Legal Writing	65%	12%	<1%	13%	9%
Patent Services	12%	43%	1%	8%	36%
Records Management	83%	4%	<1%	4%	9%
Other	25%	3%	0%	2%	69%

n = 1,071

2013	In-source	Outsource	Both	N/A
Administration/Operations	95%	<1%	3%	2%
Contract Creation	81%	2%	17%	<1%
Document Review	71%	5%	21%	3%
Due Diligence	43%	13%	40%	4%
ediscovery	18%	30%	25%	26%
Legal Research	32%	18%	48%	2%

n = 1,015

COMPANY ANNUAL REVENUE

- 33% with more than \$4 billion in revenue outsourced ediscovery to an on-shore LPO, compared to only 18% with less than \$25 million in revenue.

COMPANY TYPE

- 63% of non-profits and 61% of privately owned companies directed legal research to an in-source entity, compared to only 49% of publicly owned companies and 44% of LLCs.

SIZE OF LAW DEPARTMENT

- 67% with one employee directed legal research to an in-source entity, compared to only 50% with 300 or more employees.
- 33% with 300 or more employees directed legal research to an out-sourced onshore or offshore LPO, compared to only 14% with 50 to 299 employees,

LOCATION

- 32% from the United States directed ediscovery to an in-source entity, compared to just 21% from Canada and 9% from other countries outside North America combined.
- 57% from the United States directed legal research to an in-source entity, compared to just 40% from Canada and 48% from other countries outside North America combined.

SALARY

- 76% of CLOs who made less than \$100,000 directed legal research to an in-source entity on behalf of their law departments, compared to just 43% who made \$300,000 to \$399,999.

OTHER, PLEASE SPECIFY (IN RANK ORDER):

- Trademark management
- Some in-house, some outsourced
- Litigation
- HR
- Domestic LPOs

35. Does your legal department have a formal pro bono program?

Like last year, only 5% of law departments had formal pro bono programs.

2014 FORMAL PRO BONO BY COMPANY REVENUE

	Less than \$25 million	\$25 million to \$49 million	\$50 million to \$99 million	\$100 million to \$299 million	\$300 million to \$499 million	\$500 million to \$999 million	\$1 billion to \$1.9 billion	\$2 billion to \$2.9 billion	\$3 billion to \$3.9 billion	\$4 billion or more
Yes	2%	6%	4%	1%	2%	2%	3%	3%	11%	20%
No	98%	94%	96%	99%	98%	98%	97%	97%	89%	80%

2014 FORMAL PRO BONO PROGRAM BY LAW DEPARTMENT SIZE

	1 Employee	2 to 9 Employees	10 to 24 Employees	25 to 49 Employees	50 to 299 Employees	300+ Employees
Yes	2%	2%	6%	9%	24%	12%
No	98%	98%	94%	91%	76%	88%

	2013	2014
Yes	5%	5%
No	95%	95%
	<i>n</i> = 987	<i>n</i> = 1,110

COMPANY ANNUAL REVENUE

- Participation increases with company size—from 3% among companies with less than \$3 billion in revenue to 11% among companies with \$3 to \$3.9 billion in revenue. Participation then jumps to 20% among companies with \$4 billion or more in revenue.

SIZE OF LAW DEPARTMENT

- Participation is higher among law departments with 10 or more employees. Participation is at 24% among departments with 50 to 299 employees and at 12% among departments with 300 or more employees.

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

The primary reason law departments do not maintain formal pro bono programs is because they are too small (70%). Over half (52%) of CLOs also state that their legal staffs are just “stretched too thin.”

	2013	2014
Department is too small	66%	70%
Legal staff is stretched too thin	51%	52%
Legal staff are encouraged to volunteer on their own time	25%	26%
Lack of financial resources	N/A	18%
Lack of insurance coverage for pro bono work	15%	15%
Legal staff are encouraged to volunteer through company's Corporate Social Responsibility program	12%	14%
Risk of engaging in pro bono work outside of legal staff's skill set	9%	9%
Practice rules restrict some department staff from engaging in pro bono work	5%	4%
Lack of resources	39%	N/A
Other	8%	7%
	<i>n</i> = 929	<i>n</i> = 1,062

COMPANY ANNUAL REVENUE

- 78% with less than \$25 million in revenue believed their departments are too small for formal pro bono programs, compared to only 31% with more than \$4 billion in revenue.

COMPANY TYPE

- 58% of publicly owned companies believed their law department is too small for a pro bono program, compared to 76% of LLCs and 75% of privately owned companies.
- 59% of publicly owned companies believed their legal staff is stretched too thin for a pro bono program, compared to only 46% of privately owned companies.

SIZE OF LAW DEPARTMENT

- 80% with just one employee have no formal pro bono because their law department size is too small, compared to just 27% with 50 to 299 employees.
- 59% with 10 to 24 employees have no formal pro bono because their legal staff is stretched too thin, compared to just 47% with 300 or more employees and 41% with just one employee.
- 41% with 25 to 49 employees do not have a formal pro bono because the legal staff are encouraged to volunteer on their own time, compared to just 17% with just one employee and 14% with 300 or more employees.
- 58% with 300 or more employees did not have formal pro bono due to a small department, compared to only 29% with 10 to 24 employees.
- 40% with 25 to 49 had their legal staff encouraged to volunteer on their own time, compared to only 14% with 300 or more employees.

LOCATION

- 73% from Canada believed they have no formal pro bono because the law department is too small, compared to just 60% from other countries.
- 38% from Canada believed they have no formal pro bono because the legal staff are encouraged to volunteer on their own time, compared to just 26% from the United States and 13% from other counties outside North America combined.

SALARY

- 75% of CLOs who made less than \$150,000 work at law departments that do not have a formal pro bono because their department is too small, compared to just 42% who made \$400,000 or more.

OTHER, PLEASE SPECIFY (IN RANK ORDER):

- Company supports serving on nonprofit boards/other charitable endeavors
- Done through local bar association/ACC chapter
- Culturally/regionally not customary
- Non-profit; pro bono work is done for us
- Government entity
- Department/company is too new
- Lack of time

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

Eighty-nine percent of the CLOs are looking to further develop non-legal skills among their staff. The non-legal skills most sought after include business management (62%), project management (54%) and communication (49%).

	2013	2014
Business Management	63%	62%
Project Management	52%	54%
Communication	53%	49%
Emotional Intelligence	29%	32%
Technical	21%	29%
Other	4%	3%
None	8%	11%
	n = 995	n = 1,103

COMPANY ANNUAL REVENUE

- 64% with more than \$4 billion in revenue seek to develop communication skills, compared to only 40% with less than \$25 million in revenue.

COMPANY TYPE

- 56% of publicly owned companies seek to develop communication skills, compared to only 42% of privately owned companies.

SIZE OF LAW DEPARTMENT

- 64% with 10 to 49 employees seek to develop communication skills, compared to only 34% with just one employee.
- 52% with 25 to 49 employees seek to develop emotional intelligence, compared to only 19% with just one employee.
- 67% with 300 or more employees seek to develop project management skills, compared to only 42% with just one employee.

LOCATION

- 79% from Canada seek to develop business management, compared to just 64% from other countries outside of North America and 59% from the United States.

AGE

- 74% age 40 and younger seek to develop business management skills, compared to just 49% age 56 and older.
- 55% ages 51 to 55 years old seek to develop communication skills, compared to just 42% age 40 and younger.
- 60% age 40 and younger seek to develop project management skills, compared to just 45% age 56 and older.

SALARY

- 66% of CLOs who made \$400,000 or more seek to develop communication skills among their staffs, compared to just 42% who made less than \$100,000.

OTHER, PLEASE SPECIFY (IN RANK ORDER):

- Leadership skills
- Financial acumen
- Management
- Business orientation/knowledge
- Negotiations



TRENDING ISSUES OF IMPORTANCE

38. 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.

Transparency & privacy obligations have increased in importance over the past year. Eighty percent of CLOs indicated transparency & privacy obligations are an important issue in law—up seven percentage points from 73% of CLOs that felt the same way last year. Other areas that CLOs indicated warrant attention include disputes over ownership & use of information (71%) and converging issues & regulatory gaps (68%). Just 37% of CLOs placed some level of importance on legal services in mature markets. CLOs continued to be indifferent or place little importance on the decentralization of legal departments.

2014	Extremely Unimportant	Unimportant	Some-what Unimportant	Neither Unimportant nor Important	Somewhat Important	Important	Extremely Important
Disputes over ownership & use of information	3%	6%	6%	14%	28%	30%	14%
Transparency & privacy obligations	2%	3%	5%	10%	31%	35%	14%
Converging issues & regulatory gaps	2%	5%	6%	19%	31%	27%	10%
Legal services in mature markets	6%	11%	9%	36%	23%	12%	2%
Decentralization of legal departments	10%	20%	14%	36%	13%	5%	1%

YEAR-TO-YEAR COMPARISON

	2013			2014		
	Unimportant	Neither Unimportant nor Important	Important	Unimportant	Neither Unimportant nor Important	Important
Transparency & privacy obligations	10%	17%	73%	10%	10%	80%
Disputes over ownership & use of information	14%	18%	68%	15%	14%	71%
Converging issues & regulatory gaps	10%	21%	70%	13%	19%	68%
Legal services in mature markets	26%	39%	35%	27%	36%	37%
Decentralization of legal departments	50%	33%	17%	45%	36%	19%

n = 987

n = 1,046

39. Please rank the following business issues in order of importance (according to the priorities of your law department). (Place the most important issue at the top, followed by the second most important issue and so forth.)

CLOs continue to believe they need to remain aware of company business activities that may have legal implications. Staying up-to-date and well informed on changes in law has moved up in importance over last year and is now equally as important as keeping management apprised of legal developments. Reducing in-house legal costs was ranked lowest in importance among the business issues rated.

	2013		2014	
	Rank	Total Score*	Rank	Total Score*
Awareness of company activities that may have legal implications	1	8,059	1	6,801
Staying current and well-informed of changes in the law	3	6,732	2	5,512
Keeping management apprised of legal developments	2	6,901	3	5,511
Reducing outside legal costs	4	5,702	4	4,337
Limited resources and/or finances for amount of work	5	5,430	5	4,296
Improvement of internal efficiency through technology	6	4,990	6	4,005
Making legal spend more predictable	7	4,765	7	3,449
Reducing in-house legal costs	8	3,508	8	2,153

*Score is a weighted calculation. Items ranked first are valued higher than the following ranks. The score is the sum of all weighted rank counts.

n = 924

n = 1,012

40. Please rate the level of importance each of the following issues held over the past 12 months.

There has been very little change in the level of importance CLOs placed on various issues over the past year. Like last year, ethics and compliance received the highest importance ratings at 87%, followed by regulatory/governmental changes at 82%. Approximately three-quarters (76%) of CLOs continued to find information privacy important to some degree, as well as protection of intellectual property or related disputes (73%). Whistleblower issues were still considered lowest in relative importance among CLOs.

2014	Extremely Unimportant	Unimportant	Somewhat Unimportant	Neither Unimportant nor Important	Somewhat Important	Important	Extremely Important
Anti-bribery issues	19%	17%	7%	12%	18%	15%	11%
Ethics and compliance	1%	1%	4%	7%	22%	37%	28%
Protection of intellectual property or related disputes	4%	7%	5%	11%	24%	28%	20%
Information privacy	2%	5%	5%	13%	28%	30%	19%
Data breaches and protection	2%	5%	7%	17%	27%	24%	18%
Health care reform	12%	13%	10%	20%	19%	15%	12%
Mergers and acquisitions	11%	10%	7%	14%	21%	22%	15%
Social media management/governance	5%	9%	9%	18%	38%	17%	3%
Regulatory or governmental changes	1%	2%	4%	11%	25%	31%	26%
Technology developments	2%	6%	8%	26%	34%	20%	5%
Whistleblower issues	10%	13%	11%	27%	23%	12%	4%

n = 1,043

YEAR-TO-YEAR COMPARISON

	2013			2014		
	Unimportant	Neither Unimportant nor Important	Important	Unimportant	Neither Unimportant nor Important	Important
Anti-bribery issues	43%	12%	45%	44%	12%	44%
Ethics and compliance	6%	7%	87%	6%	7%	87%
Protection of intellectual property or related disputes	14%	13%	73%	16%	11%	73%
Information privacy	9%	16%	75%	11%	13%	76%
Data breaches and protection	15%	17%	68%	14%	17%	69%
Health care reform	36%	19%	45%	35%	20%	45%
Mergers and acquisitions	25%	16%	59%	28%	14%	58%
Social media management/governance	21%	22%	57%	23%	18%	59%
Regulatory or governmental changes	8%	12%	81%	7%	11%	82%
Technology developments	19%	25%	57%	15%	26%	59%
Whistleblower issues	35%	27%	38%	33%	27%	39%

n = 615

n = 1,043
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4I. Please rate the level of importance you anticipate each of the following issues will hold over the next 12 months.

CLOs indicated that ethics & compliance and regulatory/governmental changes will continue to be important over the next year. Compared to last year's ratings, technology developments have shown a slight increase in the importance it will hold in the coming year—from 57% to 62%.

	Extremely Unimportant	Unimportant	Somewhat Unimportant	Neither Unimportant nor Important	Somewhat Important	Important	Extremely Important
Anti-bribery issues	19%	14%	6%	13%	18%	18%	13%
Ethics and compliance	1%	1%	3%	6%	20%	38%	30%
Protection of intellectual property or related disputes	4%	5%	5%	12%	24%	28%	22%
Information privacy	2%	4%	4%	12%	26%	31%	22%
Data breaches and protection	2%	5%	6%	15%	24%	29%	19%
Health care reform	13%	12%	8%	19%	19%	14%	14%
Mergers and acquisitions	10%	10%	6%	16%	21%	23%	15%
Social media management/ governance	5%	8%	7%	20%	34%	20%	5%
Regulatory or governmental changes	1%	2%	3%	10%	24%	34%	25%
Technology developments	2%	5%	8%	23%	32%	24%	6%
Whistleblower issues	10%	13%	10%	30%	21%	13%	4%

n = 1,035

YEAR-TO-YEAR COMPARISON

	2013			2014		
	Unimportant	Neither Unimportant nor Important	Important	Unimportant	Neither Unimportant nor Important	Important
Anti-bribery issues	38%	15%	47%	39%	13%	48%
Ethics and compliance	4%	9%	87%	5%	7%	88%
Protection of intellectual property or related disputes	13%	16%	72%	14%	12%	74%
Information privacy	9%	16%	75%	10%	12%	79%
Data breaches and protection	10%	18%	72%	13%	15%	72%
Health care reform	31%	19%	50%	33%	19%	47%
Mergers and acquisitions	23%	18%	59%	25%	16%	59%
Social media management/ governance	20%	21%	58%	21%	20%	59%
Regulatory or governmental changes	7%	11%	82%	7%	10%	83%
Technology developments	16%	27%	57%	15%	23%	62%
Whistleblower issues	34%	28%	38%	33%	30%	37%

n = 615

n = 1,035

“ LARGE FIRMS HAVE PRICED THEMSELVES OUT OF THE SMALL TO MEDIUM-SIZED BUSINESS MARKET. LOWER RATES (AND ULTIMATELY LOWER PROFITS PER PARTNER) WOULD ALLOW MORE ROOM FOR THE FIRM TO PROVIDE MORE COMPREHENSIVE APPROACH TO SERVICES.”

SAMPLE OF VERBATIM RESPONSES.

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

Over the past year, three-quarters (76%) of CLOs spent the majority of their time advising executives and participating in strategic corporate issues. Other areas demanding the time for over half of CLOs include compliance (64%), board/governance issues (62%), managing legal functions domestically (61%), and strategy development and execution (57%).

	2013	2014
Advising executives/participating in strategic corporate issues	78%	76%
Compliance	62%	64%
Board and governance issues	62%	62%
Managing legal function domestically	62%	61%
Strategy development and execution	56%	57%
Litigation	47%	48%
Controlling legal costs	N/A	44%
Managing legal function internationally	37%	37%
Professional development of staff	26%	29%
Government affairs	22%	23%
Attracting and retaining good in-house counsel	17%	22%
Regulatory investigation	24%	22%
Attracting and retaining good outside counsel	21%	21%
Attracting and retaining good paralegal and support staff	7%	13%
Other	7%	4%
	<i>n = 1,007</i>	<i>n = 962</i>

COMPANY ANNUAL REVENUE

- 55% with more than \$4 billion in revenue had CLOs attracting and retaining good in-house counsel, compared to only 6% with less than \$25 million in revenue.
- 48% with more than \$4 billion had Chief Legal Officers performing professional development of staff, compared to 14% with less than \$25 million.

COMPANY TYPE

- 35% of publicly owned companies had CLOs attracting and retaining good in-house counsel, compared to only 16% of privately owned companies and 16% of LLCs.
- 78% of publicly owned companies and 87% of non-profits had CLOs working on board and governance issues, compared to only 55% of privately owned companies and 47% of LLCs.
- 35% of non-profits had CLOs working with government affairs, compared to 21% of LLCs and privately owned companies and 20% of publicly owned companies.

SIZE OF LAW DEPARTMENT

- 61% with 25 to 49 employees had their CLOs attracting and retaining good in-house counsel, compared to only 2% with one employee.
- 43% with 25 to 49 employees had their CLOs attending to government affairs, compared to just 24% with 10 to 24 employees and 300 or more employees.
- 63% with 300 or more employees had their CLOs controlling legal costs, compared to only 42% with 50 to 299 employees.
- 49% with 300 or more employees had their CLOs managing legal function internationally, compared to just 29% with just one employee.
- 51% with 25 to 49 employees had their CLOs attending to staff development.

LOCATION

- 37% from Canada and other countries outside of North America had CLOs who had been primarily attracting and retaining good in-house counsel.
- 55% from other countries outside of North America had CLOs who had been primarily managing legal functions internationally, compared to just 34% from the United States.
- 67% from Canada had CLOs who had been primarily attending to strategy development and execution, compared to just 54% from other countries outside of North America combined.
- 42% from other countries outside of North America combined had CLOs who had been primarily attending to the professional development of staff, compared to just 29% from Canada and 28% from the United States.

AGE

- 25% of CLOs ages 41 to 55 years had been primarily attracting and retaining good in-house counsel, compared to just 15% of CLOs age 40 and younger.
- 28% of CLOs age 40 and younger had been attracting and retaining good outside counsel, compared to just 18% of CLOs age 56 and older.
- 67% of CLOs age 56 and older had been primarily working on board and governance issues, compared to 52% of CLOs age 40 and younger.
- 56% of CLOs ages 51 to 55 had been primarily working with litigation, compared to just 41% of CLOs age 40 and younger.
- 51% of CLOs ages 41 to 45 had spent their time controlling legal costs, compared to just 38% of CLOs age 56 and older.
- 66% of CLOs age 56 and older had spent their time managing legal function domestically, compared to just 48% of CLOs age 40 and younger.
- 47% of CLOs age 40 and younger had spent their time managing legal function internationally, compared to just 32% of CLOs age 56 and older.

SALARY

- 81% of CLOs who made \$400,000 or more spent their time advising executives/participating in strategic corporate issues, compared to just 64% who made less than \$100,000.
- 38% of CLOs who made \$300,000 or more spent their time attracting and retaining good in-house counsel.
- 41% of CLOs who made less than \$100,000 spent their time attracting and retaining good outside counsel.
- 77% of CLOs who made \$400,000 or more spent their time with board and governance issues, compared to just 43% who made less than \$150,000.

JOB TITLE

- 31% of CLOs spent their time with government affairs, compared to just 21% of GCs (who also consider themselves CLOs).
- 38% of CLOs spent their time with professional development of staff, compared to just 28% of GCs.

OTHER, PLEASE SPECIFY (IN RANK ORDER):

- Contract negotiation/review/drafting
- Daily legal activities
- Transactional work
- General legal work
- Board support

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

CLOs prefer to spend their time in more of a consultative or leadership role. Eighty-one percent of CLOs indicated they would prefer to spend the majority of their time advising executives and participating in strategic corporate issues, and 76% would prefer to spend their time on strategy development and execution. As noted earlier, 64% of CLOs spent a significant amount of time on compliance issues over the past year; however, only 32% of CLOs prefer to spend their professional time in this area. Similarly, 48% of CLOs spent a large amount of time in the area of litigation, compared to only 11% of CLOs who prefer to spend their time on litigation. Forty-four percent of CLOs concentrated on controlling legal costs, compared to the 21% of CLOs who prefer to spend their time on these financial matters.

	2013	2014
Advising executives/participating in strategic corporate issues	80%	81%
Strategy development and execution	76%	76%
Board and governance issues	56%	54%
Managing legal function domestically	42%	43%
Professional development of staff	35%	39%
Compliance	31%	32%
Managing legal function internationally	27%	27%
Controlling legal costs	N/A	21%
Attracting and retaining good in-house counsel	20%	19%
Government affairs	17%	17%
Attracting and retaining good outside counsel	15%	15%
Attracting and retaining good paralegal and support staff	6%	11%
Litigation	13%	11%
Regulatory investigation	6%	5%
Other	4%	2%
	<i>n</i> = 996	<i>n</i> = 954



COMPANY ANNUAL REVENUE

- 46% of CLOs at companies with more than \$4 billion in revenue preferred to spend time attracting and retaining good in-house counsel, compared to only 6% at companies with less than \$25 million in revenue.

COMPANY TYPE

- 29% of publicly owned companies have CLOs who preferred to spend time attracting and retaining good in-house counsel, compared to only 16% of privately owned companies and 12% of LLCs.
- 67% of publicly owned companies and 71% of non-profits have CLOs who preferred to be working with board and governance issues, compared to 47% of privately owned companies and 45% of LLCs.
- 28% of non-profits have CLOs who preferred to be working on government affairs.
- 46% of publicly owned companies have CLOs who preferred to be working on professional development of staff, compared to only 32% of privately owned companies.

SIZE OF LAW DEPARTMENT

- 42% with 300 or more employees have CLOs who preferred to be attracting and retaining good in-house counsel, compared to just 6% with one employee.
- 38% with just one employee have CLOs who preferred to spend time attending to compliance, compared to 22% with 50 to 299 employees.
- 55% with 10 to 24 employees have CLOs who preferred to spend time attending to the professional development of staff, compared to just 19% with just one employee.

LOCATION

- 31% from other countries outside of North America and 29% from Canada have CLOs who preferred to spend time attracting and retaining good in-house counsel, compared to just 17% from the United States.
- 29% from Canada have CLOs who preferred to spend time attracting and retaining good outside counsel, compared to just 17% of other countries outside of North America and 14% from the United States.
- 48% from other countries outside of North America have CLOs who preferred to spend time managing legal function internationally, compared to just 31% from Canada and 24% from the United States.
- 56% from other countries outside of North America have CLOs who preferred to spend time attending to the professional development of staff, compared to just 39% from Canada and 37% from the United States.

AGE

- 48% age 56 and older preferred to spend their time managing the legal function domestically, compared to just 32% age 40 and younger.
- 84% ages 41 to 45 preferred to spend their time on strategy development and execution, compared to just 71% age 51 and older.

OTHER, PLEASE SPECIFY (IN RANK ORDER):

- Legal work/services
- Risk management
- Contracts
- Business development

44. How satisfied are you with your current role within your company/firm/organization?

Eighty-six percent of CLOs indicated some level of satisfaction with their current role within their company. This compares to 83% of CLOs that indicated some level of satisfaction last year.

	2013	2014
Extremely Dissatisfied	2%	1%
Dissatisfied	3%	3%
Somewhat Dissatisfied	7%	7%
Neither Dissatisfied nor Satisfied	5%	3%
Somewhat Satisfied	14%	20%
Satisfied	34%	41%
Extremely Satisfied*	35%	25%
*Labeled "Very satisfied" in 2013 survey	n = 996	n = 954

45. What social media platforms do you use (professionally) and with what frequency?

With the exception of LinkedIn, CLOs are not active on social media. Eighty-six percent of CLOs access LinkedIn, and when they do so, it is more likely to be weekly. On the other hand, just 43% of CLOs access Facebook, 30% access Google+, 27% access Twitter and only 1% access AboutMe. Among CLOs who do access these and other social media sites, participation rates are low. Adoption of these platforms has increased over the last year, although not dramatically.

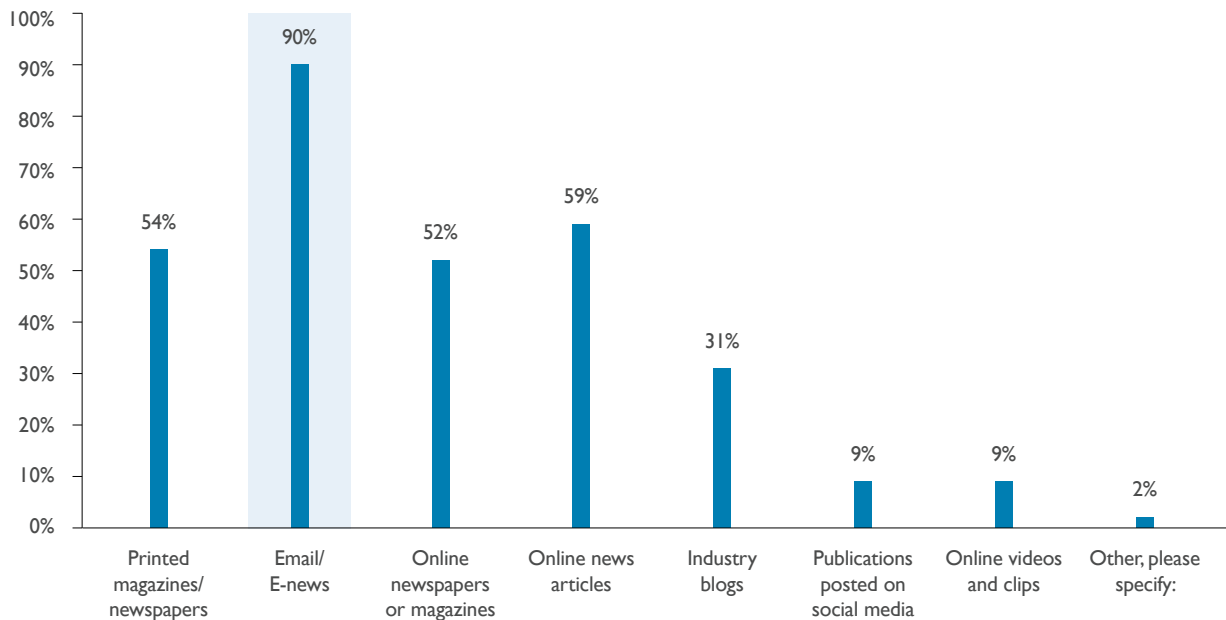
	2013					2014				
	Daily	Weekly	Monthly	Rarely	Do Not Use	Daily	Weekly	Monthly	Rarely	Do Not Use
AboutMe	0%	0%	<1%	1%	99%	<1%	0%	<1%	1%	99%
Facebook	10%	8%	6%	12%	65%	13%	9%	5%	15%	57%
Google+	9%	3%	3%	9%	76%	9%	6%	2%	13%	70%
LinkedIn	12%	37%	18%	15%	17%	16%	38%	18%	14%	14%
Twitter	5%	6%	4%	8%	78%	5%	6%	4%	11%	73%
	n = 988					n = 1,037				

AGE

- 23% age 40 and younger used Facebook daily, compared to just 8% age 56 and older.
- 21% age 45 and younger used LinkedIn daily, compared to just 9% age 56 and older.
- 83% age 56 and older had never used Twitter, compared to just 67% age 40 and younger.

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

CLOs indicated they prefer to learn about the latest advancements and news within law via email and/or e-news. However, over half of CLOs also prefer online news articles (59%), printed magazines/newspapers (54%), and/or online newspapers or magazines (52%). Interest in online newspapers/magazines is now 52%—up from last year’s 37%. Just 9% of CLOs indicated a preference for social media as a channel for accessing current information and news.



	2013	2014
Printed magazines/newspapers	52%	54%
Email/E-news	91%	90%
Online newspapers or magazines*	37%	52%
Online news articles	63%	59%
Industry blogs	31%	31%
Publications posted on social media	9%	9%
Online videos and clips	10%	9%
Other	4%	2%

*"Online newspapers" in 2013 survey

n = 995

n = 1,054

GENDER

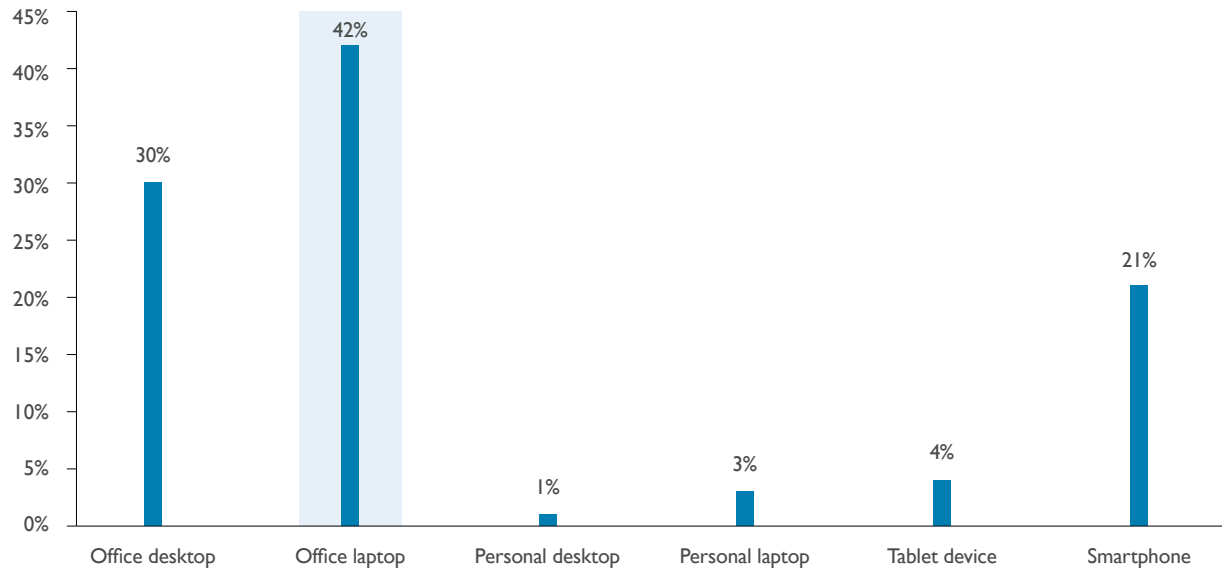
- 59% of males preferred printed magazines/newspapers, compared to just 44% of females.

OTHER, PLEASE SPECIFY (IN RANK ORDER):

- Seminars/webinars
- ACC (eblogs, etc.)
- CLE programs/conferences
- Networking/personal conversations
- Conferences
- Podcasts/social media

47. What device do you primarily use to check your email?

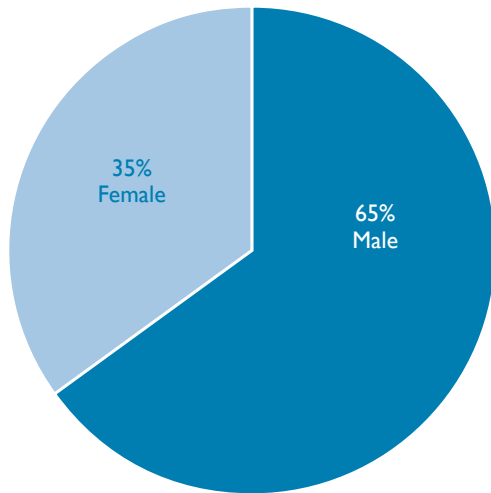
CLOs access their email accounts via their office laptops (42%), office desktops (30%) or Smartphones (21%). Use of tablets or personal computers as a primary tool to check email is negligible.



	2013	2014
Office desktop	28%	30%
Office laptop	44%	42%
Personal desktop	<1%	1%
Personal laptop	2%	3%
Tablet device	5%	4%
Smartphone	20%	21%
Online videos and clips	10%	9%
Other	4%	2%
	<i>n</i> = 992	<i>n</i> = 1,055

48. For statistical purposes, what is your gender?

Although the gender gap is shrinking, CLOs are predominantly male (65%).



COMPANY TYPE

- LLC: 31% female, Non-profit: 53% female, Privately-owned: 35% female, Publicly-owned: 29% female

LOCATION

- 45% from Canada are female, compared to 36% from the United States and 28% from other countries outside of North America.

AGE

- 46% age 40 and younger are females, compared to just 30% age 56 and older.

	2013	2014
Male	68%	65%
Female	32%	35%
	<i>n = 1,046</i>	<i>n = 1,039</i>

49. For statistical purposes, what year were you born?

The average age of survey respondents went down this year. The average age was 49, compared to an average age of 50 last year.

	2013	2014
Traditionalists (1929-1945)	2%	2%
Baby Boomers (1946-1964)	54%	49%
Generation X (1965-1982)	43%	49%
Generation Y (1983-1994)	1%	1%
Average Age	50	49
	<i>n = 1,033</i>	<i>n = 1,035</i>

PROJECT OVERVIEW & INTERPRETING THE DATA

Project Overview

The survey was launched online on October 1, 2013, and closed on November 18, 2013. An invitation to participate in the survey was successfully delivered via email to 9,599 individual email addresses. A total of 1,220 responses were received. Among the 1,220 surveys, 1,093 were from ACC members, and 127 were from non-members. This represents an overall response rate of 13 percent (16 percent response rate from ACC members and 4 percent response rate from non-members). The margin of error for the completed surveys calculates to ± 3 percent at the 95 percent confidence level. That is, we can be 95 percent certain the overall results are representative of the targeted population within 2 percent. *The industry standard for member research studies is to achieve a confidence interval of ± 5 percent at the 95 percent confidence level, so ACC's response level exceeded industry standards.*

**INSIGHT FROM MORE
THAN 1,200 CLOs
IN 41 COUNTRIES.**

Interpreting the Data

This report contains an executive summary, key findings, overall survey results and demographic profile. The key findings section does not address all findings from the survey, but rather areas with enough significant and relevant information to support an entire theme that emerged from the survey results. Additional statistically significant points and findings can be found throughout the overall survey results section. The overall survey results contain all of the questions from the survey and their respective answers. Each question will have a chart, graph and/or table representing the percentage of respondents that chose each answer. When present, statistically significant difference (by cross tabulation) are noted under each question.

Every study has some bias due to an overrepresentation by a certain segment of the target audience. It is important to understand the level of influence by an overrepresented segment and take it into consideration during the analysis. To identify differences within a group when compared to the overall findings, the results were cross-tabbed by several attributes. These attributes are as follows:

- Law Department Size
- Company Revenue
- Company Type (non-profit, public, private)
- Geographic Location
- Base Salary
- Title
- Gender
- Age

Please note: The 2014 survey results have been compared to the 2013 survey results, where applicable.

DEMOGRAPHIC OVERVIEW

Demographic Overview

The following demographic profile is fundamental to better understanding the key findings and overall results that emerged from this survey. Respondents self-reported data on professional characteristics, as well as personal demographics.

1. Eighty-two percent of respondents served as General Counsel (GC), 22% as Chief Legal Officer (CLO), 19% as Corporate Secretary, 16% as Vice President and 11% as Head of Legal. The remaining CLOs held positions of chief officer, senior counsel and managing director.

2. Similar to last year, 38% of respondents worked for a privately held company. Twenty-two percent of this year's respondents worked for a public company, 20% for a LLC, 11% worked in non-profit and 7% for a subsidiary of a foreign public corporation.

3. Respondents represented a variety of industries. The top five industries represented include Manufacturing (11%), Finance & Banking (9%), Information Technology/Software/Internet Related Services (9%), Health care/Social Assistance (5%) and Insurance (5%).

4. Over half (53%) of respondents worked in a law department with just two to nine employees, and one-fifth (20%) were the only employee in their law department. The data is skewed, however, as 7% of respondents worked in a law department with 100 or more employees. On average, respondents worked in a law department with 28 employees—down from an average of 37 employees last year.

5. The majority of survey respondents work in the United States (85%). Following the United States, Canada (6%) employed the next largest group of respondents, and the 9% were from other countries, including Brazil, Israel, the United Kingdom, France and Switzerland.

6. Just over half (53%) of respondents work for a company that realized an annual revenue of less than \$300 million. However, average annual company revenue among respondents stands at \$902 million—down from an average of \$1 billion last year.

7. Although the gender gap is shrinking, CLOs are predominantly male (65%).

8. The average age of CLO respondents was 49 in this year's survey, compared to an average age of 50 last year.

**THE AVERAGE AGE OF
THIS YEAR'S RESPONDENT
WAS 49, COMPARED TO
AN AVERAGE AGE OF
50 LAST YEAR.**

DEMOGRAPHIC
OVERVIEW

Job Title or Function	2013	2014
General Counsel	74%	82%
Chief Legal Officer	10%	22%
Corporate Secretary	<1%	19%
Vice President	2%	16%
Head of Legal	1%	11%
Compliance Officer	<1%	10%

Company/Organization	2013	2014
Private	38%	38%
Public	25%	22%
Limited Liability Company (LLC)	15%	20%
Non-profit	11%	11%
Subsidiary of foreign public corporation	7%	7%
Publicly held debt, privately held equity	2%	2%
Limited Liability Partnership (LLP)	1%	<1%
Partnership	1%	<1%

Primary Industry (Top 5)	2013	2014
Manufacturing	12%	11%
Finance & Banking	10%	9%
Information Technology/Software/ Internet Related Services	8%	9%
Healthcare/Social Assistance	7%	5%
Insurance	5%	5%

Size of Law Department	2013	2014
1 employee	19%	20%
2 to 9	51%	53%
10 to 24	12%	12%
25 to 49	5%	5%
50+	13%	10%

Office Location	2013	2014
United States	87%	85%
Canada	5%	6%
Brazil	1%	1%
Israel	1%	1%
United Kingdom	1%	1%
France	1%	1%
Switzerland	<1%	1%
Other	4%	5%

Annual Revenue	2013	2014
Less than \$25 million	14%	13%
\$25 million to \$49 million	9%	11%
\$50 million to \$99 million	11%	11%
\$100 million to \$299 million	18%	19%
\$300 million to \$499 million	10%	10%
\$500 million to \$999 million	10%	12%
\$1 billion to \$1.9 billion	11%	8%
\$2 billion to \$2.9 billion	4%	5%
\$3 billion to \$3.9 billion	3%	2%
\$4 billion or more	11%	9%

Gender	2013	2014
Male	68%	65%
Female	32%	35%

Age	2013	2014
Traditionalists (1929-1945)	2%	2%
Baby Boomers (1946-1964)	54%	49%
Generation X (1965-1982)	43%	49%
Generation Y (1983-1994)	1%	1%
Average age	50	49

Please note, percentages in the demographic overview and overall survey results have been rounded to the nearest whole number; therefore, they may not always total 100%.

ACC CHIEF LEGAL OFFICERS
2014 SURVEY

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1025 CONNECTICUT AVENUE, NW
SUITE 200, WASHINGTON, DC 20036 USA
TEL +1 202.293.4103

WWW.ACC.COM