

Corporate Legal Department Staffing:

Trends For “The Era of the Chief Legal Officer”

The rise of corporate law departments (and those who run them) has been a catalyst for transformation in America’s legal landscape. So much so, that the Association of Corporate Counsel (ACC) ^[1] recently declared that 2018 ushers in “The Era of the Chief Legal Officer.”

With growth in their stature, responsibilities, and budgetary resources, corporate law departments have evolved into agile legal organizations. Along the way, in-house legal chiefs have cultivated new leadership capabilities, making them increasingly purposeful and strategic in staffing matters.

A Review of 2018 Legal Staffing Trends: Our Methodology

To understand this evolving legal hiring landscape, Special Counsel recently (2017) fielded 500 interviews from corporate law departments. The responses came from 37 cities across the country.

In addition to our proprietary research (which focused mainly on small-to-medium sized law departments), we also studied the broader findings of scholars, professional groups, bloggers, staffing experts, and legal thought leaders. Especially useful were resources from the Association of Corporate Counsel (ACC), a legal association connecting more than 40,000 in-house

lawyers employed by more than 10,000 organizations across 85 countries. The ACC Law Department Management Report is a global study of corporate law departments and their operations. Although the ACC’s surveys here are international, we drew upon the trend data to inform what we (and others) have seen here in the United States.

Presented here are the “big picture” trends we’re seeing on hiring and staffing solutions for America’s corporate legal departments.



Our Findings: The Highlights

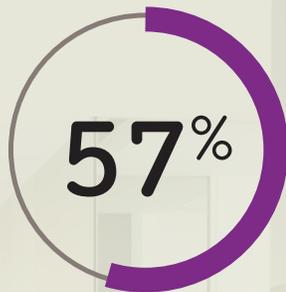
Before looking at the specific trends, we are presenting the main findings from the Special Counsel survey. Taken together, these provide a compelling, logical “linkage” that argues for first-rate support in talent-acquisition.

1) Corporate legal departments prefer to bring talent in-house.

The basic equation is simple enough: Faced with growing responsibilities (and correspondingly higher work loads), corporate legal departments must either hire new staff or increase their spend with outside counsel. In the Special Counsel survey, approximately two-thirds of survey respondents preferred the in-house option.

2) Most legal departments are considering additional staff hires within a year.

The preference for dedicated employees (as expressed above) isn't just idle speculation:



of respondents either plan to hire or are considering hiring in the next 12 months.

3) Quality legal talent is open to corporate law department positions.

Among the Special Counsel survey respondents, 50 percent joined their current company within the past four years. Corporate legal departments now exhibit innovations in personnel, policies, technologies, and law-firm relations that could hardly have been believed only ten years ago.

But...

4) Corporate legal department leaders lack confidence in their HR/Talent Acquisition team's ability to staff quality attorneys.

Our survey exposes this widely expressed concern:



of respondents expressed confidence that their current HR/Talent Acquisition Department **knows how to staff attorney positions.**



In-House Staffing Trends in 2018: Our Report

Corporate Law Departments as the New Career Destination

As the top corporate law jobs continue to grow in power, stature, and compensation, in-house positions have become increasingly desirable career options.

Legal professionals value the idea of a balanced career, with room to grow. When asked about the major attraction of working at their current company, the highest percentage of corporate law respondent votes were cast for “Flexible Work Arrangements” and “Opportunity for Growth”—each of which received 23 percent of the survey vote.

“In-house legal departments in the United States now ... rival large law firms as a destination of choice for talented lawyers,” said Harvard Law School Professor David Wilkins.^[2] Noting the growing influence of in-house attorneys, Prof. Wilkins described a “profound” restructuring of career mobility patterns and status hierarchies in the legal profession.

Striking a Strategic Balance Between Internal and External Resources

For CLOs in 2018, ACC data indicate that:



~33 percent will **increase** the work they send to outside counsel.



47 percent expect the amount of work sent to firms will **remain unchanged**



17 percent expect to **decrease** their spend with outside counsel

Not surprisingly, litigation continues to be heavily delegated to outside lawyers. As the ACC survey found, “Complex litigation remains the most common type of work outsourced, with 90 percent of CLOs outsourcing it. While still a strong majority, this is a decrease from last year, when 97 percent reported outsourcing complex litigation.” There are instances, however, of corporate law departments taking on discrete litigation projects. For example, approximately two-thirds of respondents prefer to bring more legal talent in-house, rather than relying on outside counsel.

CLOs also are actively outsourcing patent services and e-discovery matters to law firms. But for the most part, CLOs prefer to hire staff for general corporate work, intellectual property, and commercial contracts.

And corporate law departments are devoting more budget resources internally. In its Law Department Management Report^[3], ACC reported these responses to the question:

“What percentage of corporate law department budget is spent internally?”



Nearly **60 percent** in **smaller companies** (those with less than \$100 million in gross revenue)



56 percent in **large companies** (\$3 billion or more in gross revenue)

Recognizing CLO Value on Corporate and Social Culture Issues

At the core of the CLO/CC role is an ability to make decisions that are legally correct, strategically sound, and ethically “in tune” with corporate values and social norms. ACC described how the 2007-08 financial crisis brought new appreciation for the role of chief financial officers. In like manner, the ACC’s 2018 staffing report described how today’s business ecosystem provides opportunity for legal advisors:

“...2018 marks the urgency for all organizations to re-examine the role of the CLO and its positioning within the organizational structure to add value and serve as an ally to the C-suite and the board of directors regarding corporate culture and more.”

Innovation in the Promotion of Diversity Measures

Despite America’s changing social demographics, corporate law departments have lagged in building diverse and representative staffs. As corporate executives, boards, and stakeholders themselves become more diverse, their in-house legal staffs also must become more inclusive. In-house counsel are increasingly more likely to insist on diversity in the law firms they hire.

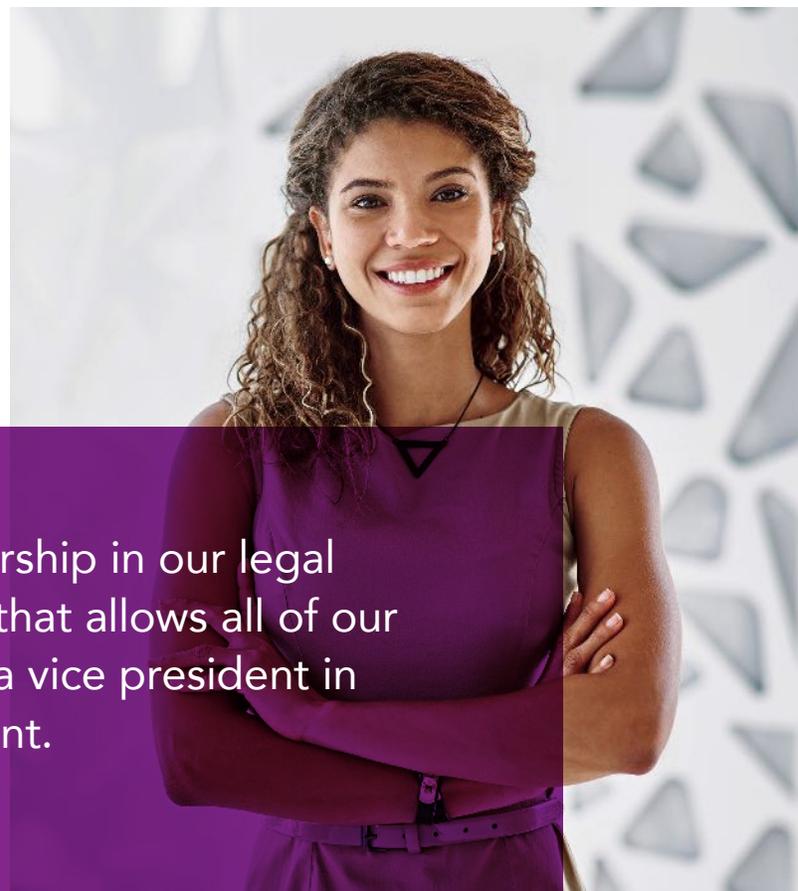
In April, 2018, The Minority Corporate Counsel Association (MCCA) announced a joint, data-driven initiative designed to help legal-service providers cultivate a more diverse leadership presence. In partnership with Microsoft Corp., MCCA will launch The Inclusion Index—an online survey to collect data on best practices to cultivate the “engagement, retention and development of diverse attorneys.”

Continued Gender-Gap Disparity in Compensation

Throughout our research, we found that gender continues to have a significant impact on in-house corporate law compensation. For example, with an average annual base salary of \$180,290, female survey respondents earned 20.3% less than their male counterparts, whose average base pay was \$220,950. And gender-based disparity in average overall compensation was even more pronounced: Where women’s earnings were \$249,423, men’s compensation was \$344,932— 32.1% higher. It’s important to note that because there were less female survey respondents (as compared to the response rate of their male counterparts), getting an accurate picture of the gender pay disparity proves challenging.

When Special Counsel survey respondents were asked about the biggest draw of working at their current company, nothing scored higher (23 percent) than “Flexible Work Arrangements.” Historically, family-friendly accommodations (i.e. flexible work arrangements, daycare onsite) are perceived as a perk for women – but these results (especially considering the low amount of female survey respondents) suggest that they should be viewed as a perk for all workers.

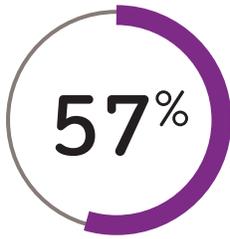
“Ensuring we have inclusive leadership in our legal department helps drive a culture that allows all of our employees to thrive.” -Lisa Tanzi, a vice president in Microsoft’s legal affairs department.



Steady Staffing Growth for Next 12 Months

Today's corporate legal departments already reflect the influx of new in-house talent. Among the Special Counsel survey respondents, 50 percent had come to their current company within the past four years.

To support this trend, ACC data^[4] projects a steady growth in corporate law department staffing. For CLOs, they found that:



of respondents either plan to hire or are considering **hiring in the next 12 months.**



will add **legal operations professionals**



plan to add **paralegals**



Conclusion

The rise of budgets, talent, and influence won't happen in the same way—at the same time—for every corporate law department. But one thing is certain:

Those departments that do not—or cannot—adapt their staffing practices to find (and attract) top legal talent will find themselves at a significant competitive disadvantage. They will have smaller budget resources, diminished capabilities, less bargaining power with outside firms, and limited influence in the C-suite.

As your corporate legal department enters “The Era of the CLO,” what staffing choices are right for you?

Need help staffing your in-house legal team?

Contact your [local Special Counsel office](#) today.



Sources:

- [1] ACC is a global bar association
- [2] Wikins, David B. “The In-House Counsel Movement.” *The Practice*; Harvard Law School. Volume 2, Issue 4
<https://thepractice.law.harvard.edu/article/in-house-counsel-movement/>
- [3] Published by the Association of Corporate Counsel (ACC), a legal association connecting more than 40,000 in-house lawyers employed by more than 10,000 organizations across 85 countries, the ACC Law Department Management Report is a global study of corporate law departments and their operations.
- [4] Remember, these data are global—not drawn entirely from U.S. Chief Legal Officers
- [5] Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Outlook Handbook*, Lawyers
<https://www.bls.gov/ooh/legal/lawyers.htm> (visited March 23, 2018).
<https://www.bls.gov/ooh/legal/lawyers.htm#tab-6>