



## THE GC350

Benchmarking study for the in-house community: Wave 1

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MAY 2016

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## LEXISNEXIS

We are delighted to participate as exclusive sponsor to the inaugural GC350 Report published by the Law Society.

Working closely with the in-house community, LexisNexis have heard how valuable the sharing of best practice and insight is to support you in effective stakeholder management; to demonstrate your and your team's value to the business; in management of your legal department and procured services and importantly to accelerate your own professional development.

It is our commitment to the in-house community, to enable this sharing of knowledge to support you to thrive in your role as trusted in-house counsel. In addition to participating in this research to provide valuable benchmarking insight, our dedicated in-house team also facilitate networking and professional development initiatives to help you raise your profile both within your organisation and the wider in-house community and share market insight through interviews, discussion papers and opinion pieces with leading in-house counsel.

Listening and learning from you, the in-house community, forms the bedrock of our approach. It is fundamental to how we develop and continually improve products and services *specifically tailored to you as in-house counsel*. We support you to be at the centre of your business; successfully managing risk; helping to build a reputation for trusted and timely advice – and succeed both as a skilled lawyer and successful business person.

We look forward to continuing to support you and the in-house community grow from strength to strength.

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**Sophie Gould**  
Head of LexisNexis In-house

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## WELCOME

The role of general counsel is growing in influence and importance within FTSE350 companies and so we sought the views of solicitors in these organisations. At the Law Society we look for trends within the solicitor profession and work to support solicitors in an ever changing legal sector.

This is the first part of our GC350 benchmarking study. It identifies a profession with influence and credibility. Businesses are increasingly recognising the importance of general counsel to their success. The function is trusted and general counsel are increasing their influence, with two thirds of GCs having a seat on the board. Demands on the in-house legal function are increasing, due to the volume and complexity of both legal and business specific regulation. For multi-national businesses, international sanctions are an additional consideration for in-house teams.

The Law Society recognises this increasingly important part of our membership and have developed a tailored programme of support for those who are, or aspire to be, general counsel. We thank everyone who took part in this study and provided feedback, expertise and experiences. You can find out about our programme for GC350 members and wider in-house support on our website.



**Catherine Dixon**  
Law Society chief executive

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*Carried out by Acritas in partnership with the Law Society.*

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## APPENDIX

### Using the tables

Business classifications

Significant results

### GC350 Questions

What is the minimum number of years of post-qualification experience you typically ask for when recruiting new qualified solicitors to the legal team?

What proportion of your in-house work is low level legal process work, day-to-day legal work, high level strategic and specialist advice?

Which best describes how legal work is allocated to members of the legal team?

What proportion of your total legal budget is internal and what proportion is external?

For each of the following types of work please state whether it is mainly dealt with internally, outsourced or not undertaken by your organisation.

Approximately what proportion of the following types of work are outsourced?

What proportion of the volume of your external work do you outsource with each of the following?

For work in the UK, do you work with a formal panel of law firms, an informal or ad hoc panel or do you not have a panel?

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## EXECUTIVE SUMMARY

The 2015 GC350 study has revealed that overall, general counsel feel that their departments are high profile and influential. Over half of general counsel report to the CEO and a further 17% report to the CFO. More than two thirds sit on the board. This is considered key to being an effective general counsel (GC), in order to influence direction and decisions at the optimum time.

The tremendous pressures legal departments are under suggests an increasing need for legal departments to re-engineer the way they work. Workload is continuing to increase and become more complex as general counsel navigate changing regulations and market conditions which present serious business challenges. At the same time, resources are stretched as budgets come under increasing pressure and in-house productivity, from a retention and motivation perspective, is hindered by work pressure and private practice salaries. If these conflicting tensions continue to intensify, something will have to change before serious mistakes are made.

Most legal departments have a broad range of responsibilities and most general counsel feel there is an expectation to also be proactive in safeguarding the organisation as well as handling the day-to-day legal business. Responsibilities are more often than not multi-jurisdictional. **Half of general counsel are able to set the budget which is required in order to deliver on what is expected.** If the range of responsibilities cannot be reduced and clearly defined to match a lower budget, general counsel will have to be creative when it comes to driving more work from the budget they have.

Despite the fact most general counsel consider internal resource to be cheaper, on average 58% of budget is spent externally. How can legal departments drive more value from external providers?

- Two thirds of legal departments utilise panels, half formal and half informal, whilst the remaining third prefer to go out afresh for each piece of work. The former approach is considered to offer better cost control and result in stronger relationships where firms really understand the business. The latter approach is considered to keep firms more on their toes, more price competitive, as no work is guaranteed.
- Few general counsel are spending significant sums on the new alternatives to law firms, which account for just 5% of overall spend. There is a reluctance to take advice from a non-traditional firm structure. Lawyers are by nature risk averse and quite rightly value the training and controls the traditional law firm structure puts in place.
- General counsel generally pay their advisors discounted hourly rates. There is a reluctance to use fixed fees all the time for fear of law firms 'padding' to protect themselves. There is even less appetite for other types of pricing models. More rigour around analysing law firm pricing propositions and in-house procurement expertise is likely to secure leaner pricing options from suppliers.

From an internal perspective, there must be scope for driving more value. 57% have already restructured their department in the last year or plan to in the next year. 40% are rationalising or consolidating systems over the same time period.

- Internally, few departments are utilising non-legally qualified staff. Despite over half the work being low-level or day-to-day work, there is an emphasis on experienced, qualified, inevitably 'higher-cost' lawyers rather than paralegals

or other types of specialist such as contract managers or IT professionals. 50% don't employ any paralegals.

Perhaps, general counsel need to trial some of these new resources, breaking down the work that they have and assigning the lower risk work to these lower cost options.

The legal team of today plays a key role in identifying and mitigating risk, demonstrating budget efficiencies, adding commercial gain to contracts, intellectual property and deals and minimising both financial and reputational losses to the business. In short, it is adding significant value to the business. With the role of the legal team evolving from reactive providers of solutions to more integrated business partners, GCs are finding it difficult to develop the metrics that can truly capture and quantify the value that they are bringing to their organisation.

Most legal departments do not measure, or report, the value delivered to the business. However, while this value continues to be left uncaptured it is perhaps not surprising that the senior executives feel able to squeeze budgets without due concern for the impact on long term shareholder value. Some general counsel measure internal satisfaction with their department's services but few actually try to measure the value in terms of commercial benefits, mitigated risks or reduced exposures. It would be near impossible to quantify the full value added of the department, but steps can be taken to help lift the lid on the black box that is legal. Simply giving senior executives a report that states the quantities of work

undertaken, in terms of contracts processed, cases resolved or risks 'managed' would help, particularly if commercial value added or reduced exposures can be quantified in terms of value.

General counsel are most likely to communicate the work that they do through attending other teams' meetings or offering training.

This report measures current spend levels, approaches to resourcing and working practices within 100 FTSE 350 and equivalent sized organisations. It enables general counsel to benchmark their own model and will provide a baseline for change moving forwards.

If you have any comments or suggestions for how we can improve the survey in the future or want to express an interest in participating in the next wave, please get in touch at **[gcbenchmarking@lawsociety.org.uk](mailto:gcbenchmarking@lawsociety.org.uk)**



- Executive summary
- Methodology and demographics
- Profile and Influence of legal departments
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## METHODOLOGY AND DEMOGRAPHICS

A telephone survey was carried out between October and December 2015 with 100 senior decision makers with respect to their organisation's legal needs in FTSE350 or equivalent businesses.

This is the first of a series of waves in order to develop a baseline from which changes to a range of measures can be tracked in the future. Areas covered include: Legal budgets and distribution; the profile and influence of legal teams; distribution of work; the use of external providers and key challenges facing in-house teams.

To provide context to the results, follow-up interviews were carried out with a small number of general counsel to explore the findings and to add context in the reporting. This report explores the findings from Wave 1 of the study. A full breakdown of the results by industry, size of UK legal team, turnover and legal budget can be found in the appendix.

An overview of the profiles of the organisations and individuals who participated within Wave 1 of the GC350 study is shown below. Information gathered on the company profiles has been used to aid the analysis and interpretation of findings throughout the report.

To enable in-house teams to benchmark performance and business practices against similar organisations, a full breakdown of all results by profile groupings has been included in the appendix.

### Respondent profile

All of the respondents interviewed in the GC350 project are senior decision-makers with respect to their organisation's legal needs: 91% are the main decision-maker, the remainder having substantial influence. The job titles of those interviewed include General Counsel, Head of Legal, Company Secretary, Group Legal Director and similar.

The most common reporting line of these senior legal roles is to the CEO (56% of cases), followed by CFO/ Finance Director (17%). 5% report to the board as a whole and the remainder to a variety of different senior roles.



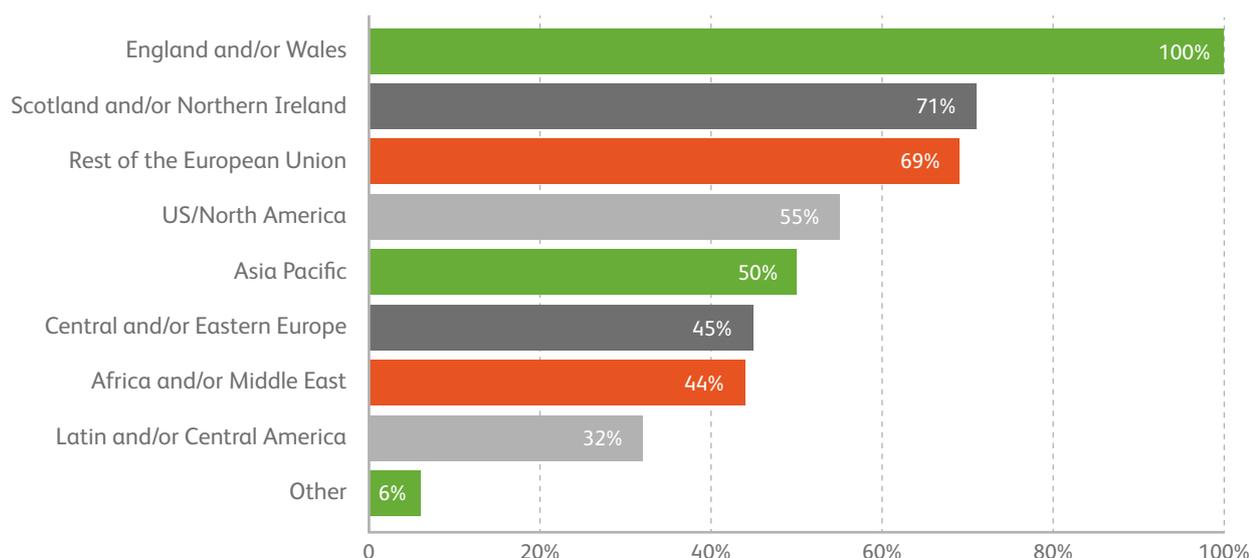
## Geography and employee numbers

Of the 100 companies included in the research, 91 are headquartered in the UK/Channel Islands, 5 in mainland Europe and 4 in the US.

## Company classifications

Results from the research have been analysed by company size (annual turnover), size of legal budget, geographic focus and industry sector. The groupings used are shown below; throughout this report significant differences in results between the categories are highlighted. One further breakdown used in analysis is by team size: more detail on this is available in Section 5 of the report.

### *In which of the following jurisdictions does the legal team provide / manage advice?*

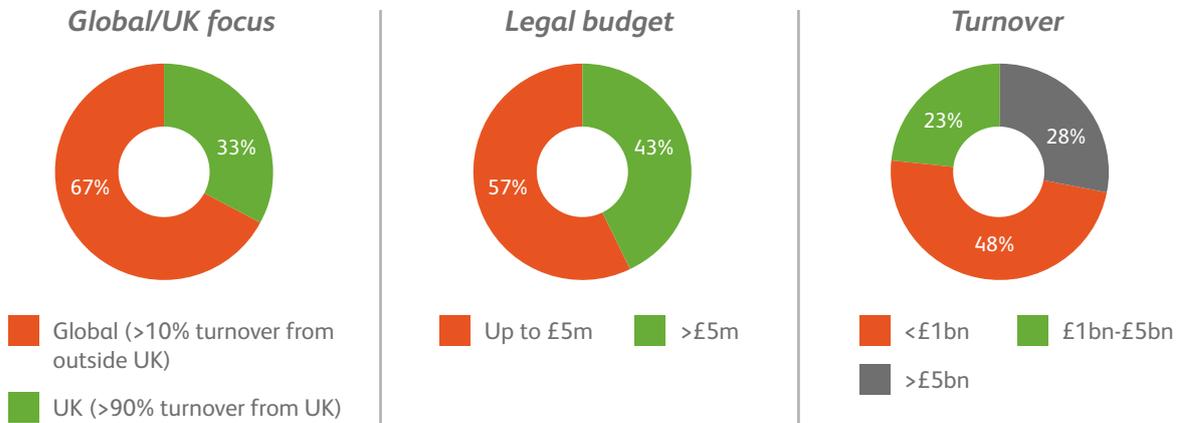


Base: (100)

### *Approximately, how many full time equivalent employees in total does the business have?*

Up to 1,000	1,001 to 5,000	5,001 to 20,000	20,001 to 50,000	50,000+
24%	26%	20%	14%	15%

Base: (98)

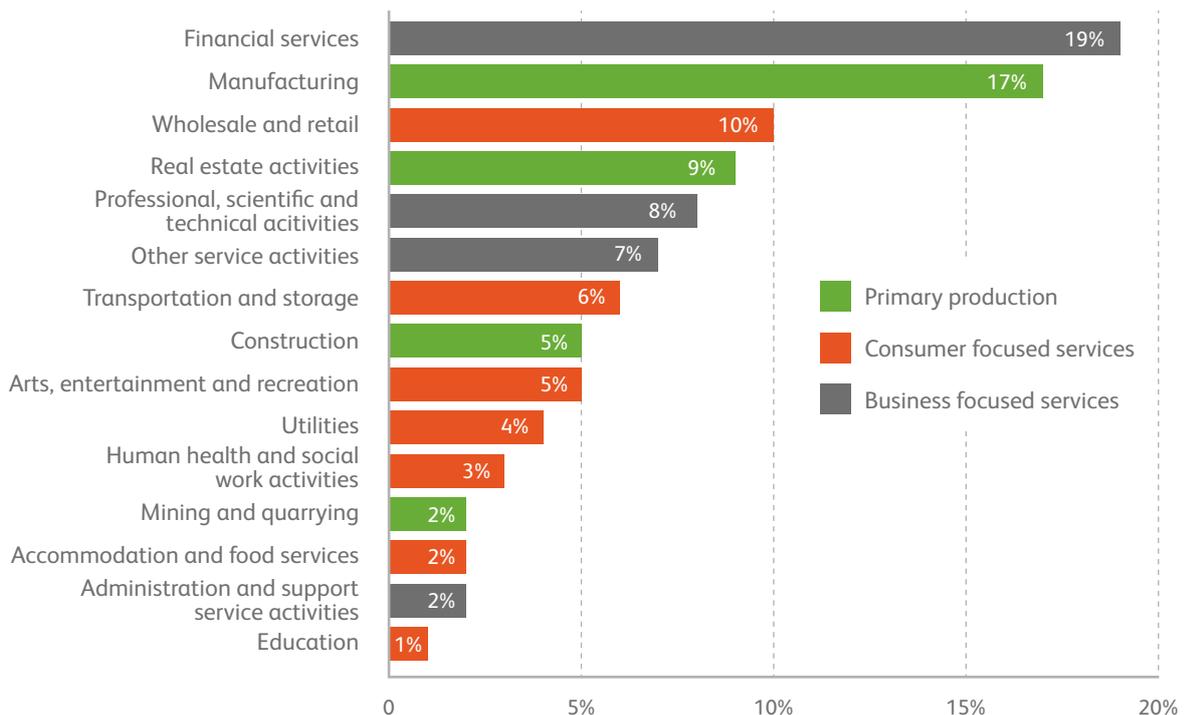


Base: Global vs UK focus (100); Legal Budget (72); Turnover (95)

## Industry classifications

Organisations participating in the study have been grouped into three broad categories: Primary production, Consumer focused services and Business focused services. The sub-industry classifications used within these categories are shown below.

### What is the main business of the company you work for?



Base: Overall (100); Primary production (33); Consumer focused services (31); Business focused services (36)

## SECTION 1: PROFILE AND INFLUENCE OF LEGAL DEPARTMENTS

Overall, general counsel feel that their departments are high profile and influential, with two thirds having a seat on the board. General counsel are expected to be proactive in protecting the organisation, however, most do not measure the value the department delivers.

### Board representation

In over two thirds (69%) of organisations researched, the head of the legal department has a seat on the board/executive board. This proportion does not vary significantly by organisation, by business activity, budgets or turnover, although the results suggest that general counsel with larger teams and larger budgets may be more likely to have a place on the board.

Through the conversations with general counsel, representation on executive teams and committees is a key factor in being able to integrate the presence of legal as a positive business partner:

*'I sit on the global executive team and all of the senior lawyers in market sit on their local leadership team so they are in the rooms*

*when the strategy is being discussed. That's really the time to influence and make sure you spend the time building relationships – so that when the conversations that might be difficult or tricky have to happen – you at least have an existing relationship that makes those conversations easier.'*

*Siobhan Moriarty – Diageo PLC*

### Being a proactive legal department

In three quarters of organisations, the head of legal feels that their department is expected to take a proactive approach to protecting the business. This rises to 87% amongst consumer-focused companies. Conversely, just under one in ten believes a reactive approach is preferred in their business.

Overall, do you feel that your business wants the legal department to take a **proactive** approach to protecting the organisation or a **reactive** approach to legal needs?



Base: Overall (99)

## What does being proactive mean?

Those general counsels we spoke to following the main survey felt that the key to being proactive in the role is about having a deep understanding of how the business operates and proactively anticipate future risks to the business model or operation:

*'Proactively we identify risks in terms of legislative changes, so data protections etc. Then we obviously identify the change in the law and then we will issue guidance to the division and in some cases to the solicitors that are instructed by the division on how we want things to be done.'*

*Primary production, FTSE250*

Creating time and space to anticipate risks can be a challenge within itself. Taking the time to future plan and actively integrate the legal function across different business divisions was another way some have adopted this proactive approach:

*'I think making sure they have the time to be proactive is a big thing, because it can be very easy to [have your] head buried in the detail. There is always lots of work to be done, but you have to make sure that you make the time to understand what may be coming down the tracks which allows you to be proactive. Sitting on the leadership team helps a lot because you are then having the debate at the same time as others, but if there is an innovation group, I would expect the IP lawyers in there working with them at those early stages as well so they can help them structure things rather than running around firefighting.'*

*Siobhan Moriarty – Diageo PLC*

*'I think that you have to be proactive [...]. I very much encourage lawyers to, one, spot it, and two, to get involved to help resolve it. It's not a matter of, 'well that's not a legal issue', or 'that's not my problem', if it's a business problem it's everybody's problem.'*

*Paul Mussenden – BTG*

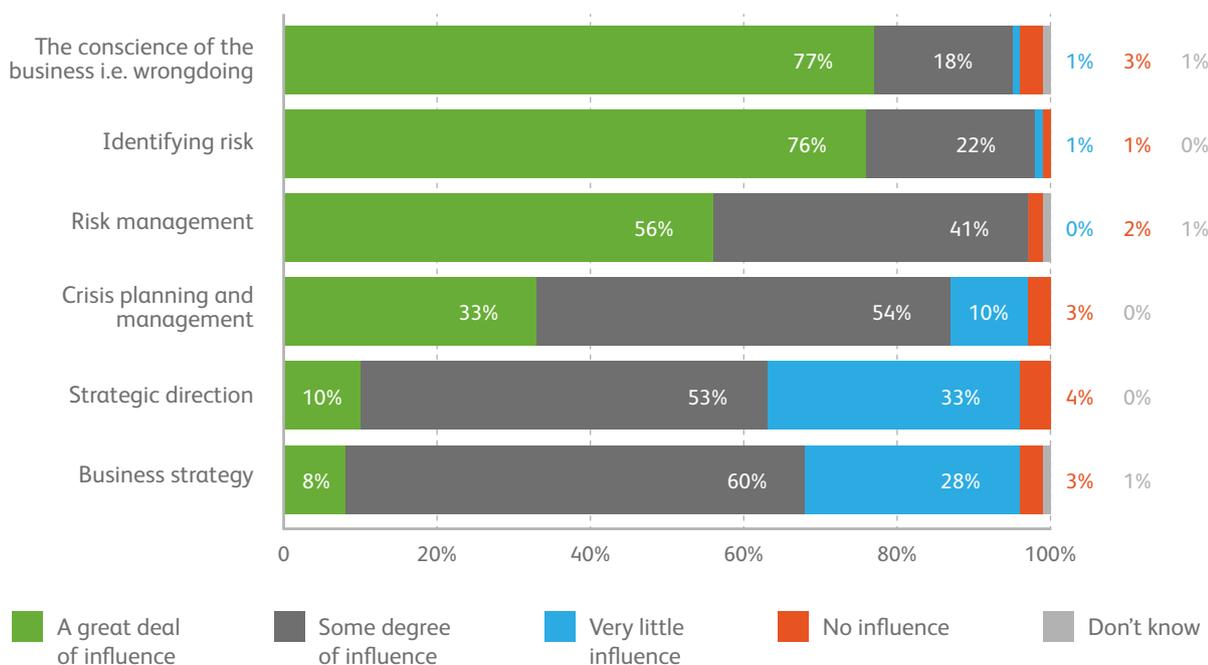
## Influence of the legal department across the business

The majority of legal teams have influence in identifying risk, the conscience of the business and risk management, with three-quarters of legal teams having a 'great deal' of influence in relation to the conscience of the business and identifying risk.

When it comes to risk management, although the majority of legal departments do have influence, this is only 'a great deal' in just over half of companies. In FTSE100 companies and those in primary production industries, around three quarters of legal departments have a 'great deal' of influence in relation to risk management.



**To what extent does your legal team play a role in influencing the following areas across the business?**



Base: Overall (100)

The extent to which teams feel they have a ‘great deal’ of influence falls when considering business strategy and the overall strategic direction of the firm – around a third of legal departments suggested that they have very little or no influence in each of these areas. The proportion who felt that they have a great deal of influence dropped to around one in ten.

This pattern is broadly similar across industries and company sizes and the general counsel we spoke to specifically on the subject have mixed views as to the extent of their responsibility to play a role in the strategic direction of the business.

While most we spoke to thought that the legal team could add value to overall strategic planning, many were unsure as to the level of influence that the legal team should have in influencing wider business strategy:

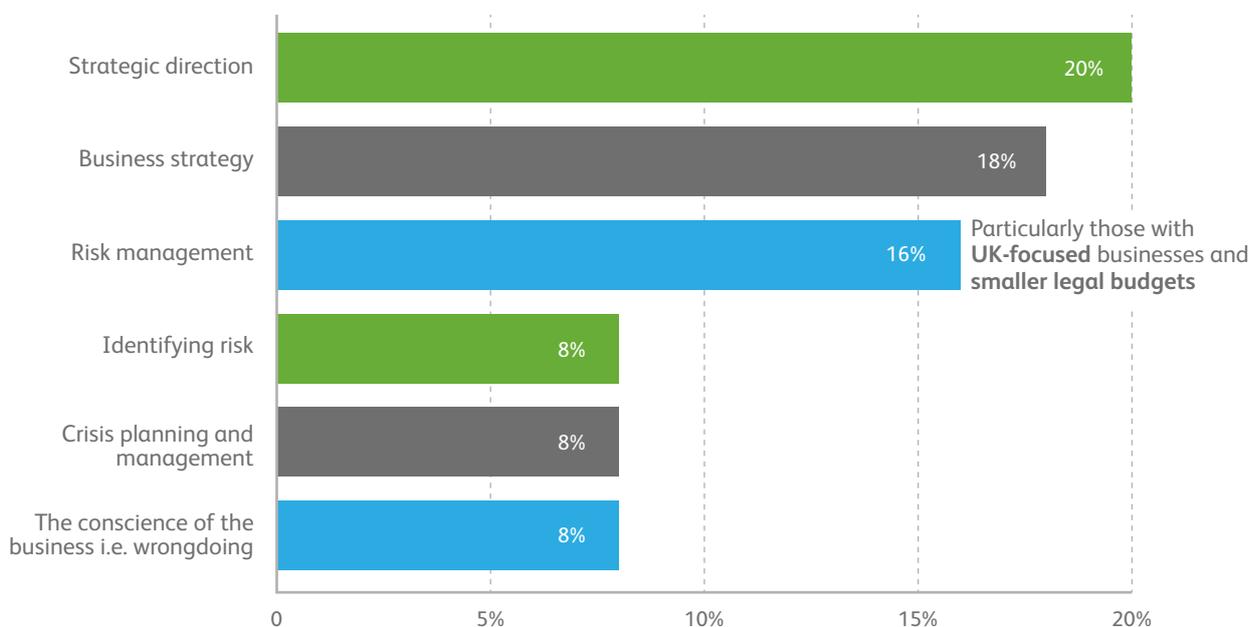
*‘I’ve got a little bit of mixed feelings about this really because we’re lawyers at the end of the day and our expertise is in advising on the law and legal implications of a decision to be taken, we’re not necessarily business strategists. So most lawyers have grown up as lawyers in private practice where we’ve advised clients in our particular area and it’s common in private practice to hear lawyers say once they’ve reached a certain level they then have to become marketers and strategists, which they’ve never had any training for. The same applies in-house but of course I think we can add value because we do have a lot of experience within the industry, but of course the other people on the board have that experience as well and I’m not sure that that necessarily sits well with our role.’*

Kevin Joyes – Bovis Homes Group

## Having more influence

The level of legal team influence in terms of identifying risk, crisis planning and the conscience of the business is felt to be about right; fewer than one in ten respondents believe it should be higher in each of these areas.

*Do you think your team should have **more influence** in any of these areas?*



Base: Overall (100)

The majority also feel they have sufficient influence with regards to strategic direction, business strategy and risk management. Nevertheless, a significant minority think their team should have more impact in each of these areas. In particular, respondents from organisations with a UK focus and those with smaller budgets are more likely to want increased influence in risk management.

## More influence over business strategy

Those who felt that the role of the legal function should have more influence over business strategy thought the central role the legal function plays in the business makes it ideally positioned to not just mitigate risk but to spot opportunity and risks beyond those that would be considered to be purely 'legal' issues:

*‘One thing about legal is we do touch the whole organisation, so we’re in a really good position to understand the organisation as a whole. It’s often thought that lawyers are trying to minimise risk – and it’s not often the case. Often we’re in the business of taking risk but doing it in an educated fashion, in a transparent fashion. We’re well placed actually as commercial minded leaders, as part of the executive team to think about risk and value and opportunity all in the round. I think lawyers are naturally thought of as good at mitigating risk. [...] I spend a lot of time talking to my legal team about how to think about the business objectives and contribute to them not just from a legal point of view but from a business point of view. [...] We should really be a counsel to the business in the widest sense really in terms of business and strategy not just legal requirements.’*

Paul Mussenden – BTG

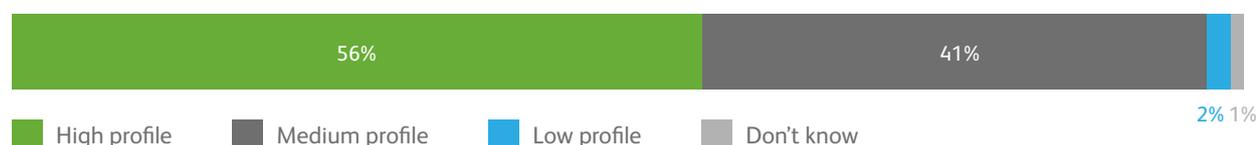
*‘Some of the thinking that needs to go into decision making and strategy is in the area of legal risks, so things that might create legal risks, or might crystallise into a legal risk, or reputational risks. In some ways I see the GC and indeed all of the lawyers around the world in playing a broader [role] than compliance [...] something may be strictly legal but it may not be the right thing to do from a reputational perspective.’*

Siobhan Moriarty – Diageo PLC

### Internal profile of the legal function

The legal function is generally perceived to have a high profile (56% of organisations) or medium profile (41%) company-wide. These proportions are similar across different company types, although responses suggest that smaller companies (<£1bn turnover) and those with smaller UK legal teams (<10 individuals) are somewhat less likely to have high profile legal departments.

**Within the whole organisation, how would you describe the *profile* of the legal function?**



Base: Overall (100)

## Communicating across the business

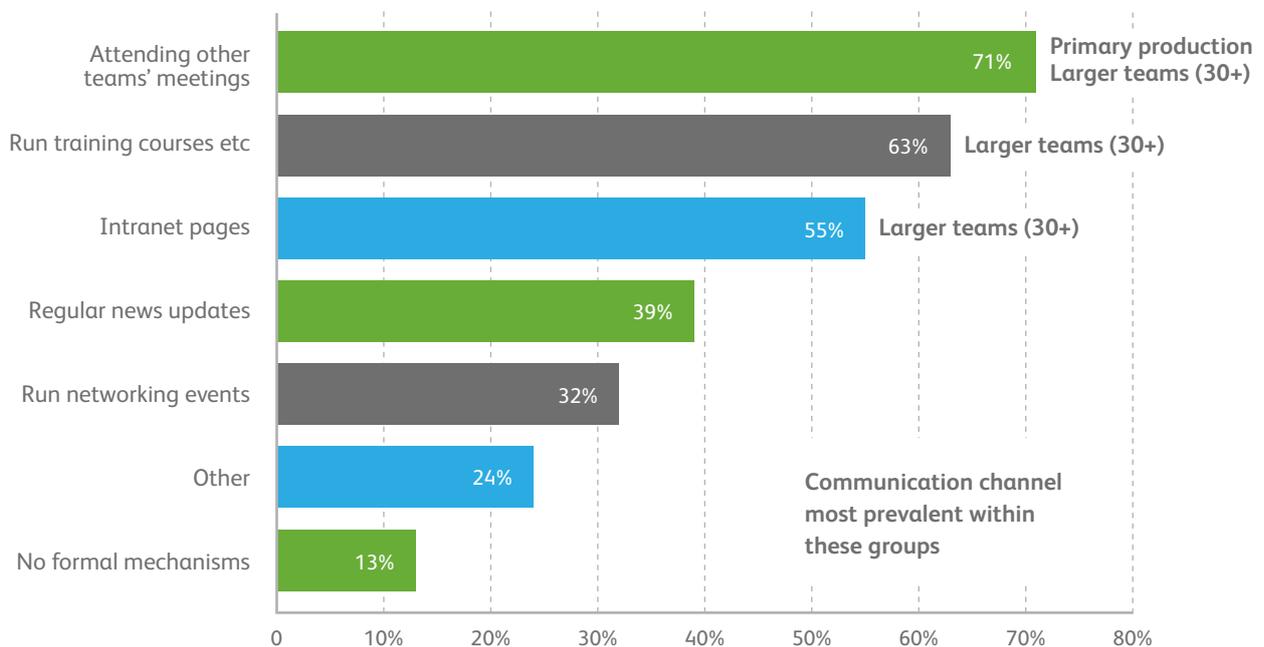
Attendance at other teams' meetings is the most common method for legal teams to communicate the work they are doing (particularly common within primary production companies). Providing internal training courses (most notably within larger UK legal teams) and intranet pages are also popular with over half of the respondents.

The largest UK legal teams (30+ members) and those legal teams who consider their profile within the wider organisation to be 'high' are more likely to use each of these mechanisms to communicate the work they are doing.

Other communication mechanisms used by legal teams to communicate the work that is taking place include a combination of formal and informal methods.

Formal or structured communication methods included regular reporting on progress to the board and/or senior management, and on occasions formal department reviews.

### In what ways does the legal team communicate the work that it is doing?



Base: Overall (100)

*'We have regular review meetings with business units and the various departments within the organisation. Formal quarterly reviews [where] we go over things which are important to them and how to get feedback on how the legal services are being provided.'*

*Consumer focused services, FTSE100*

*'We have a monthly report that goes through to the chief risk officer, I sit on the executive board, and we [...] also do quarterly risk management reports pointing out risk areas.'*

*Business focused services, FTSE100*

In addition to these formal reporting mechanisms, some general counsel reported using more informal communications, such as regular phone calls, emails, meetings, and generally participating in regular discussions with members of different business teams. Those who relied more on these methods saw some very distinct benefits to the way in which they integrate the work of legal with the rest of the business.

*'[we can] get involved in projects at an early stage; take a leading role in driving large projects forward.'*

*Consumer focused services, FTSE250*

Others felt this more informal but regular communication helps to break barriers between departments and build a culture of trust and respect that enables staff to approach the legal team with potential issues before they have the time to escalate.

*'It's a balance of getting their trust, but not to the point that when you ring they're like 'crikey it's group legal' and they're scared of you, so they don't come to you with their problems. If they don't come to you with those problems then the problems will become such a huge problem that it won't potentially be manageable and it will be dangerous to the business. When you get their trust they come to you and say I've got this issue and you can help them sort it and solve it before it gets too big and similarly you then know about those issues and those problems and you can then share it with the company as a whole and say look this issue came up and in future can you all do this, or you should do that or come to us and we'll sort it out for you.'*

*Primary production, FTSE250*

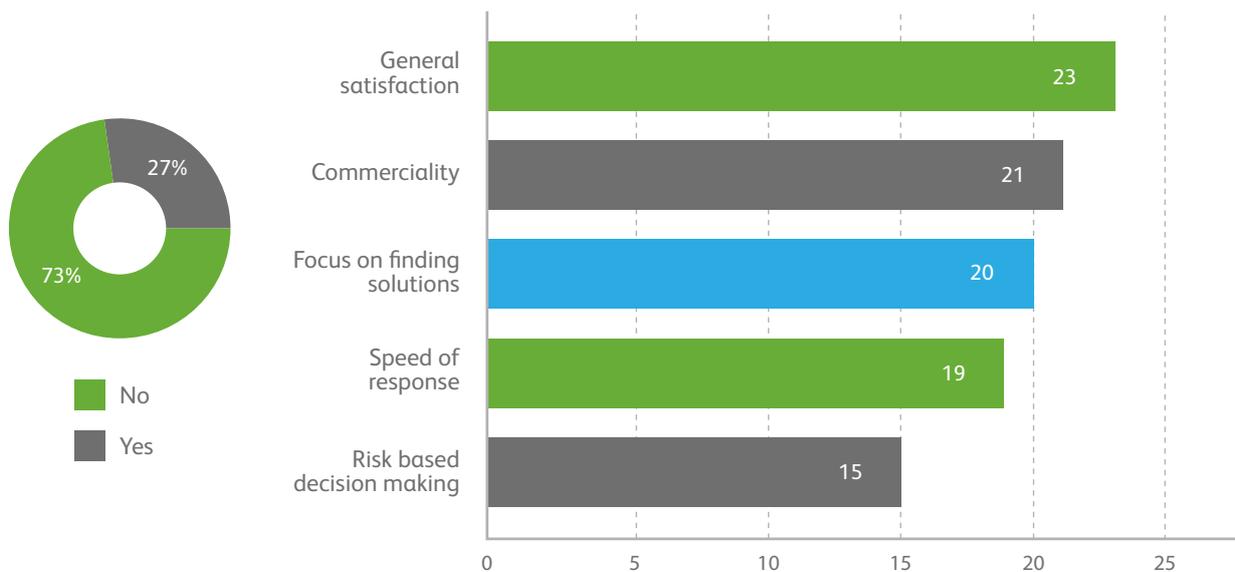
## Measuring value

Of all organisations researched, only just over a quarter currently measures the value delivered to the business by the legal department. However, the larger the team and the larger the budget the more likely this is, with some form of value measurement taking place at 45% and 44% of companies in these groups respectively.

Where formal feedback is sought from the business, general satisfaction is the most common metric. The extent of risk-based decision-making is less commonly quantified.

Do you measure the **value delivered** to the business by the legal department?

[If yes] Do you seek **formal feedback** on performance from the business in any of the following areas?



Base: Measure value (99); Seek feedback (27) Low base

## Difficulties in measuring value

Those general counsels, followed up with on this subject, largely feel that the ability to measure and articulate a quantitative value to the work of the team would be a positive thing. However, the inherent difficulties around measuring, in monetary terms, the value that they bring is putting teams off:

*'How would you measure the value of providing legal advice? The only physical value that we have is that it saves us having to appoint external solicitors. [...] That's a financial value that we add. In terms of other value it's very difficult to measure and therefore that's probably why we don't do it.'*

Kevin Joynes – Bovis Homes Group

*'I think people struggle to sometimes, it's hard to actually come up with a formula that produces a pound number. We've looked at it when we have done some deals where legal has led on litigation and settlements or something where there is a very clear financial positive outcome that we can point to, to say that X million was really value created by legal but sometimes when it's on the flipside and you've avoided downside risk it's hard to put that into numbers.'*

Paul Mussenden – BTG

Those who have attempted to measure value also recognise the difficulties in identifying suitable metrics. However, they felt that the process of identifying and recording metrics encouraged positive behaviours.

*'I think people struggled with a mechanism to be able to clearly articulate and value the legal contribution. It's hard to come up with actual KPIs.[...] At one point we were talking about numbers of business meetings lawyers attended. The idea of it wasn't to, strictly speaking, measure that, it's a bit of a ridiculous measure. The point was just to make sure that people thought we've tried to get into meetings and we're trying to get involved earlier up in the process so that we could add more value because we were there earlier in the discussions. It was sort of driving the right behaviours rather than number crunching [...].'*

*Business focused service*

However, those who do measure the value see it as an imperative part of running a successful business function:



*'I think if you don't go out and take standings from the business on what the perception of your team is, you're putting yourself in a very vulnerable position very quickly [...] If you sit there and just wait for stuff to come in then actually, you may be doing a great job, but there may be stuff you don't know. The easiest way to go out and do it is to talk to people. [...] In an organisation that's on the pulse you know pretty quickly if one of your team has cocked something up because you'll be told, and the whole world will be told probably in no uncertain terms. When somebody has done a good job, you may not know that. Actually talking to the business leaders of your clients is a bit like in private practice, it's no different. You have a dialogue on a regular basis [...] going out and getting [...] qualitative feedback and then things like having KPIs [on] how many customer complaints you've dealt with in the last week, how much money in terms of mortgages was released, all that stuff. There are ways in which you can have lagging measures to see how you're performing as a department, which is again useful when you go up to people and say our work never gets priority because people see it from their perspective. So I think a combination of hard data plus actually the soft stuff is probably the right approach.'*

*Primary production, FTSE100*

## SECTION 2: KEY CHALLENGES FOR THE COMMUNITY

Demands on the in-house legal function are growing due to complexity, volume of work and increasing regulation. Budget limitations means resources are generally strained, impacting on ability to recruit and motivate.

The key challenges cited by the in-house community fall into a relatively small number of discrete categories; addressing higher volumes of work with reducing resources; the volume and complexity of regulation; recruitment and retention challenges and a pressure to reduce cost. Overall these challenges come together to paint a picture of in-house teams being challenged to do more, with less.

### Limited resources and expanding workload

The theme of limited resource and high workloads is the most commonly cited challenge overall, however, for many this challenge is not seen in isolation. It is compounded by other factors, including increasingly complex work, pressure from the business to reduce internal and external legal spend and the increasingly arduous regulatory environment within which many are operating:

*'This probably has to be answered in the context of the industry that we're in, where overall revenues cut by 60% over the last 18-24 months, productivity stays the same, so it's the tension between pressure on budget and growing sophistication of business challenges in regulatory needs.'*

*Business focused services, FTSE250*

*'... delivering more for less. [...] more regulation, more and more legislation – against a backdrop of a growing business. And yet the function is typically the same size, so you've got the same number of qualified legal staff, a growing business and a more complex regulatory environment and more and more pressure to deliver high quality value for money legal services to a growing organisation against that backdrop, that's the biggest challenge'*

*Business focused services, FTSE250*

### Regulation

Regulation was cited as a key challenge by over a quarter of responding general counsel – with specific attention given to the speed at which the regulatory environment is changing, as well as the increasing complexity:

*'...the latest edition of the SRA [Solicitors Regulation Authority] [...] comes across as a money making process; they keep changing the rules so you have to keep buying another handbook [...] I think ever-changing regulation is probably the biggest [challenge].'*

*Business focused service*

*'Having the right number and level of lawyers within the team to meet the demands of the business, particularly taking into account the regulatory environment and almost constant flow of new legislation and regulations.'*

*Business focused service, FTSE250*

## Recruitment and retention

For some, the challenging environment in which their in-house teams are currently operating has a knock on effect on their ability to recruit, motivate and retain skilled team members – particularly in the face of competitive salaries in private practice:

*'The motivation of staff in times where promotions are few and where salaries are flat to down; and keeping good quality staff in that environment.'*

*Business focused service, FTSE 100*

*'...retention in the face of increasing salaries in private practice.'*

*Business focused service, FTSE 100*

*'Having sufficient resource to be able to do the work and to be able to attract – create us a career path where you can attract high-calibre talent.'*

*Consumer focused service*

## Cost pressure

With cost pressure a key consideration for a quarter of responding general counsel, the ability to demonstrate and justify the value that in-house teams can bring to a business – and to ultimately extend the influence of legal departments – becomes a key challenge in itself:

*'...the single biggest issue that in-house teams are faced with is business relevance [...] being seen as a force – [a] positive force to do business as opposed to a business inhibitor.'*

*Business focused service*

*'I think the biggest challenge is to actually be able to demonstrate the value that they are bringing to the business [...] to set the expectations of senior management about the cost benefit analysis of legal review and legal risk acceptance.'*

*Business focused service*

*'I would turn around and say it's demonstrating [the in-house team's] value for money for the business [...] the bottom line on our in-house team is that we are cheaper and more efficient than any of our external solicitors.'*

*Primary production, FTSE100*

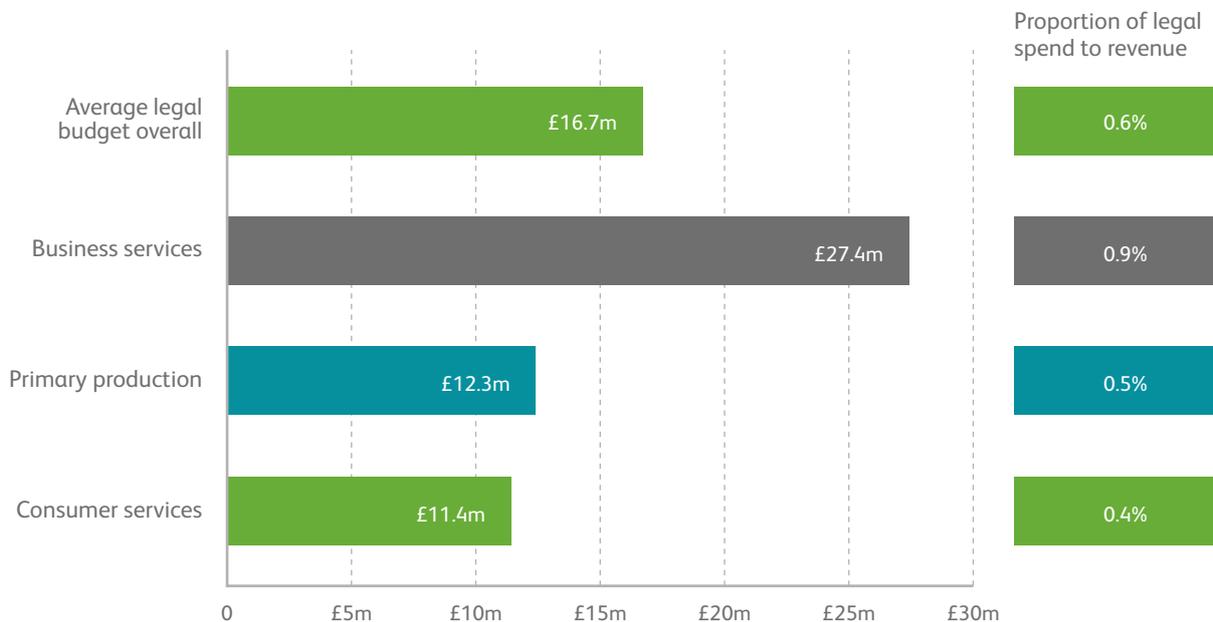


## SECTION 3: LEGAL BUDGETS

50% of general counsel are responsible for setting legal budgets, although two thirds determine how it is spent. Boards, CEOs and finance functions are responsible when the GC is not. Level of budget correlates with the size of the organisation.

Of the organisations researched, global legal budgets varied from £100k to as much as US\$600m (approximately £426m). The typical (median) figure is £4.5m; the average (mean) amount of £16.7m is skewed upwards by a small number of particularly large budgets.

Unsurprisingly, global businesses tend to have larger budgets than those with a UK focus, and larger organisations with larger teams also spend more. Of the different industry sectors, it is business-focused services which tend to spend more and have a higher proportion of legal spend to the organisation's overall revenue.



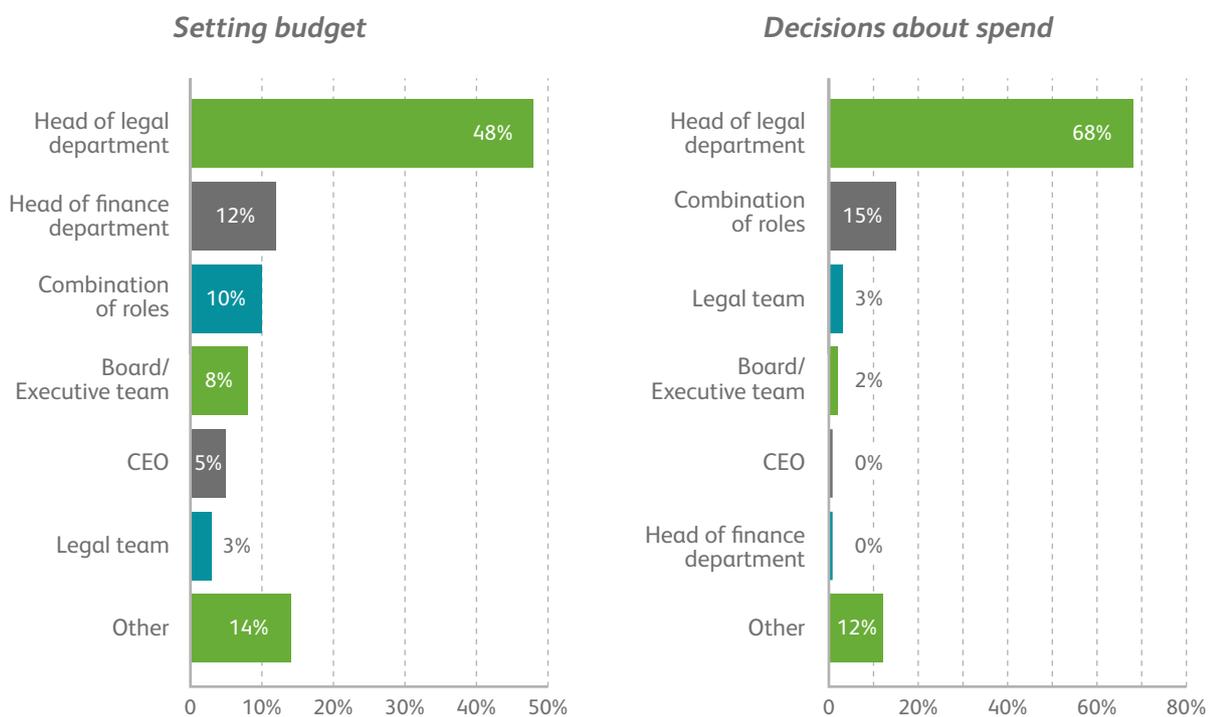
Base: Legal budget/spend to revenue ratio based on industry averages: Overall (73/64); Business services (36/21); Primary production (33/18); Consumer services (31/25)

## Responsibility for setting legal budget and decisions on spend

In almost half of businesses researched, it is the general counsel or equivalent who has responsibility for setting the legal budget. In just over a tenth of organisations, this responsibility is given to the head of finance; a slightly higher proportion set budgets at the CEO/board level.

When it comes to decisions about legal spend, responsibility is even more likely to fall to the head of the legal department, with over two thirds having this duty. Often, however, decision-making is carried out by a combination of people; this may include legal, finance, CEO and/or other roles.

*Which position in your business has responsibility for **setting the legal budget** and which has responsibility for **decisions about spend**?*



Base: Overall (100)

## SECTION 4: IN-HOUSE TEAMS

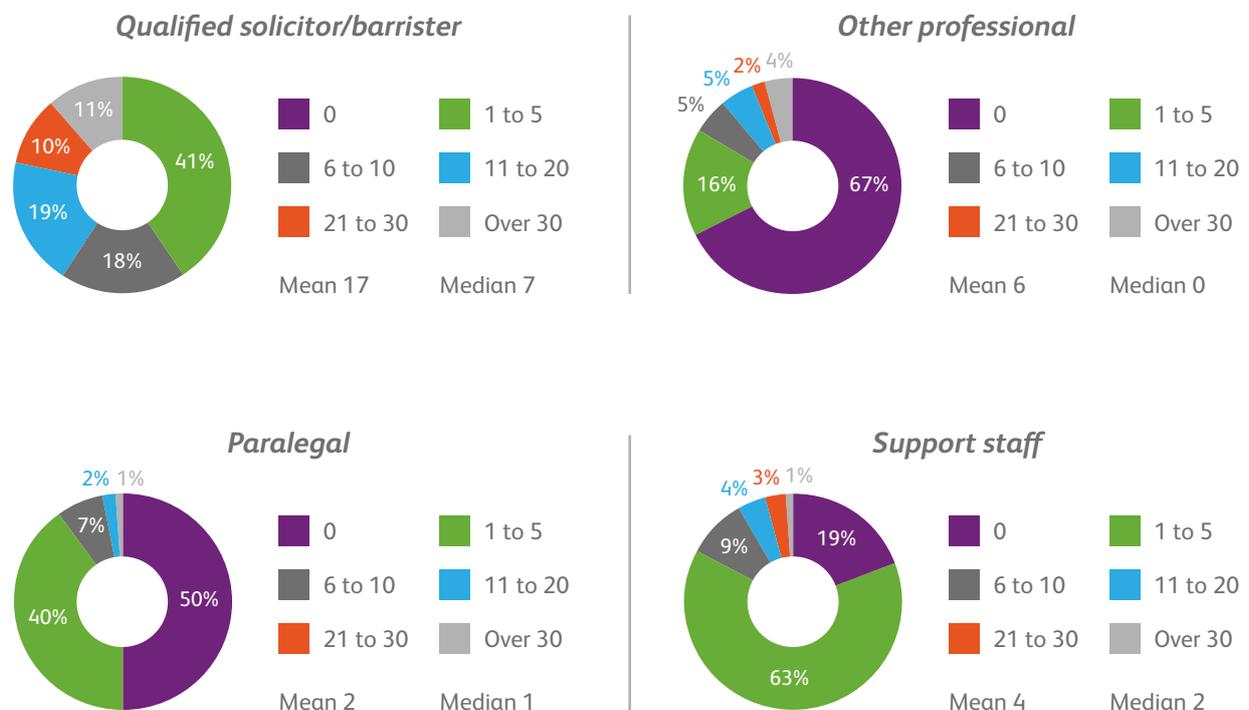
‘Day to day’ legal work represents the largest work type (39%) and yet most legal teams have a very small proportion of paralegals (if any). Next is ‘high-level’ strategic work (25%) and specialist advice (22%).

### Size and composition of team

All organisations researched have at least one qualified solicitor/barrister in their UK legal department. The average number of qualified lawyers within a team is seven but a fifth of UK teams has over twenty, up to as many as 260.

Usage of ‘other professionals’ (for example, project managers or procurement professionals) within UK legal teams varies significantly: the average is six across the whole respondent base, but two thirds of UK departments have none at all.

How many of the following **staff** are within the legal team in the UK and globally?



Base: Qualified solicitor/barrister (98); Paralegal (98); Other professional (98); Support staff (98)

Overall it would appear that in-house teams are reliant on qualified staff with only half of UK legal departments containing paralegals, usually between one and five. Business-focused service organisations appear to be more likely to be reliant on paralegals than primary production or consumer-focused businesses.

Four fifths of UK legal teams include support staff; between one and five is again the norm.

### Example breakdowns

#### ‘Small’ UK legal team (up to 9 team members in total):

Average three qualified solicitors/barristers and one or two other individuals – either a paralegal, other professional or support staff.

#### ‘Medium’ UK legal team (10-29 team members):

Average 11 qualified solicitors/barristers, one other professional, one or two paralegals and two or three support staff.

#### ‘Large’ UK legal team (30 or more):

Larger teams have an average of 76 individuals in the UK, although this does vary widely, from 30 up to 260. An average breakdown of this team size would be 41 qualified solicitors/barristers, 19 other professionals, six paralegals and 10 support staff.

The size of legal teams globally varies dramatically, dependent on the size and industry of the organisation. The financial services industry has the largest global legal teams, with many comprising of hundreds of individuals.

### New appointments

For almost a third of organisations, the minimum required post-qualification experience depends on the role being advertised. A further third require three or more years, whilst a fifth ask for one or two years. The remaining 14% do not have a minimum requirement.

In larger UK legal teams (over 30 individuals), the post-qualification requirement is less likely to depend on the role; these organisations were quite evenly split between requiring zero, one to two, and three or more years’ experience.

*What is the minimum number of years of post-qualification experience you typically ask for when recruiting new qualified solicitors to the legal team?*



Base: Overall (100)

## It depends...

From follow-up discussions with respondents, the main factors that they felt needed to be taken into account when making this decision was the **current size and capacity of the team** and the **nature of the particular role** that they were looking to fill at the time.

Size and capacity of the existing team was considered a key factor as general counsel want the comfort of knowing there is a level of experience and autonomy already within the function that would allow for the absorption of time required to train and develop new team members in the business.

*'I think it's rather dependent on the shape of the existing team. I think there's a prerequisite to have an effective team. You need some staff that has that level of experience to be able to operate more autonomously and make the business judgement that you need to do as an in-house attorney. I think although once the team does constitute a couple of more senior people or moderately experienced people, I think it can accommodate more junior people.'*

Paul Mussenden – BTG

*'Obviously the less experienced they are the more supervision they need. It's difficult to give them the freedom to advise without having proper support and supervision available, so I suppose it does create more of a burden for people like me who are responsible for overseeing their work.'*

Kevin Joynes – Bovis Homes Group

The role of senior team members in bringing that experience and ability to make strategic decisions was suggested by some to be absolutely crucial to the dynamic of how legal operates within the wider business.

*'You need those people who are going to be able to attend management meetings and operate on a level with their other senior peers. They are the ones who are the face of legal in a business group for example. They will be in regular contact with the head of that business group so they need the **gravitas** and **experience** and to be able to sift what's important from what's not important, and to know when to not raise a legal issue. If they hear something and think that's a legal issue, it's often not appropriate to raise it in that meeting because it's a business meeting so you would find a way to do it afterwards.'*

Business focused service

However, this came with an insistence that there needs to be balance and there is a need for solicitors of all levels within the team.



*‘What we then have is a challenge, people attend meetings where their role is quite strategic but then they have got to come back and draft agreements. We all do a bit of that but at some point you need somebody who can do the leg work in the background and that’s where I think you can take a punt on somebody who’s potentially newly qualified actually because as long as the right level of supervision is there they’ve got the right grade. I think if we’ve looked at people with intelligence who are curious, interested in business and with the right level of intelligence, then I don’t think it matters too much whether they are very experienced because the actual law doesn’t come into what we do that often.’*

*Business focused service*

The nature of the role was also a key factor for some:

*‘If they were highly specialised roles, for example if it was mergers and acquisitions or transactional roles or an antitrust role, I think you’d be skewing for people with more experience because they’d need to be pretty much self-starting. But for general contract or procurement roles or even junior IT roles, you wouldn’t necessarily need somebody with more than two years’ experience for some of those starter roles.’*

*Siobhan Moriarty – Diageo PLC*

However, there was also a view that even within the more specialist roles, due to the specific nature of the individual businesses and industry, having private practice experience in some of the more technical areas may not be an advantage due to often very specific requirements:

*‘I would say it totally depends because I think there is a need for both to be honest in our business, and probably the reason for that is that there is quite a lot of specialisation in our industry, and to be honest if we took on a five year qualified solicitor who may have done a lot of M&A work for example, they wouldn’t necessarily be familiar with the way that we would process M&A activities. [...] Because there is a certain in-house way of doing it, which even though they’ve got five years of technical skills for maybe acting for head of private equity houses or banks or whatever, that’s not the same skill set as what we would need in our transactions.’*

*Primary production, FTSE250*

## Happy to take on new recruits with less experience

Recruiting newly qualified solicitors into the team appealed to general counsels, due to lower costs and the ability to mould these individuals into rounded members of the business:

*'I think the cost can be prohibitive. I think one of the challenges we've had as we've grown as a business is we haven't been able to keep on adding more people in terms of overhead against the revenue growth, so I think trying to find ways to do more with the existing head count has been important. I think cost is definitely a consideration. I think it is, again as the team grows, also your ability to grow your own and develop your own people which I think has its advantages in terms of knowing the business.'*

Paul Mussenden – BTG

*'I like people who are perhaps less qualified because you can train them in the way you wish to and sort of mould them into the member of the team you want rather than having people who are more experienced and maybe set in their ways and more resistant to change.'*

Kevin Joynes – Bovis Homes Group

## Looking for experience

Those looking for more experience wanted members to be able to hit the ground running with minimum supervision and be able to make the commercial decisions that are required within the in-house team:

*'I think the confidence to make a commercial decision which I think a lot of lawyers, particularly at a junior level, struggle with because you're not trained to make decisions. You're trained to give advice.'*

Business focused service, FTSE250

While some commented that finding the right calibre of staff can also be an issue.

*'The lack of qualified personnel in the job market. So we are struggling to recruit people at the right level because of experience, particularly in what we do.'*

Primary production, FTSE250



## Key skills for in-house

Some of the skills that general counsel considered to be important for a newly qualified solicitor looking to come to an in-house role included:

<b>Internal relationship building and communication</b>	<p><i>‘An ability to develop relationships quickly and an ability to challenge constructively in a way that the business will accept.’</i></p> <p><i>Primary production, FTSE100</i></p>
<b>Commercial awareness</b>	<p><i>‘I think the confidence to make a commercial decision which I think a lot of lawyers, particularly at a junior level, struggle with because you’re not trained to make decisions. You’re trained to give advice. I think coming in-house that’s the major thing that a private practice lawyer has to pick up when they come in-house, particularly at sort of a business our size.’</i></p> <p><i>Business focused services, FTSE250</i></p>
<b>Flexibility</b>	<p><i>‘We need all-rounders, we need people who can pick up whatever comes in the door and get on with it. There is the difficulty of getting someone who is too specialist that they then find it difficult or feel uncomfortable about taking on other types of legal work.’</i></p> <p><i>Primary production, FTSE250</i></p>

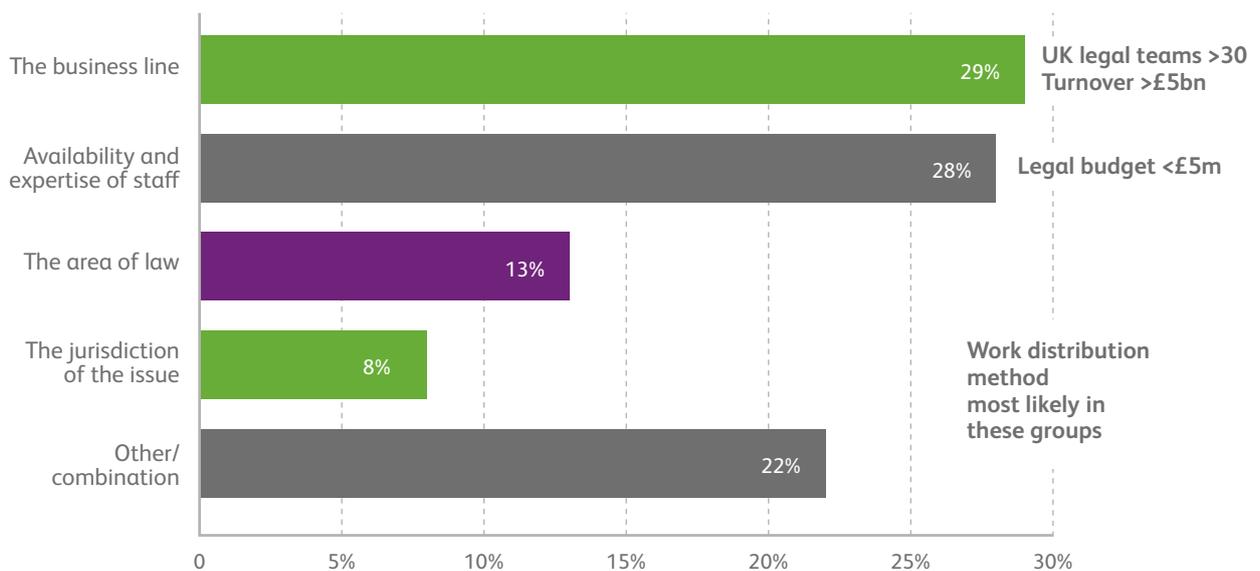
## Allocating work across the team

Legal work is typically allocated to members of the legal team either by business line or availability and expertise of staff, or using a combination of factors. Smaller organisations (<£1bn turnover) and those with smaller legal budgets (<£5m) are more likely to allocate work based on availability/expertise. While larger organisations (>£5bn turnover) and those with larger UK legal teams (30+) are more likely to allocate by business line.

## In-house work type

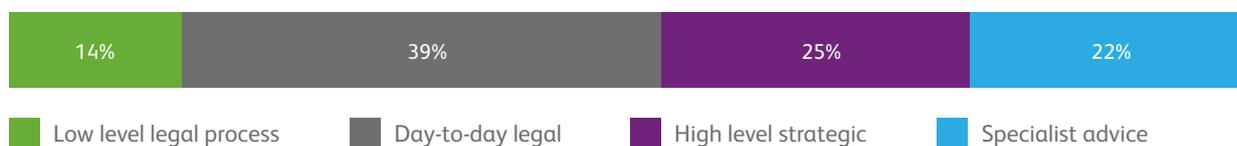
Around a quarter of legal department work is high-level strategic work and a similar proportion is specialist advice. Two fifths of the work is day-to-day legal and the remaining 14% is low-level legal process. These proportions are quite consistent across different industries and company sizes, although the proportion of time spent on low-level legal process does vary. Consumer-focused businesses spend a higher proportion of time (18%) on low-level legal process than do business-focused organisations (11%).

Which best describes how legal work is allocated to members of the legal team?



Base: Overall (100)

What proportion of your in-house work is low level legal process work, day-to-day legal work, high level strategic and specialist advice?



Base: Overall (81)

## SECTION 5: DISTRIBUTION OF WORK

More than half of budget is allocated externally. Low-level legal processes and day-to-day legal work are mostly carried out in-house, but a quarter of high level strategic and almost half of specialist advice is outsourced.

*What **proportion** of your total legal budget is **internal** and what proportion is **external**?*

On average, 42% of legal budget is spent internally, whilst 58% is external spend; these proportions are relatively consistent across different industries and company sizes. Those with larger UK legal teams (30+ individuals) tend to be spending a slightly higher proportion in-house (53% on average).

Conversely, those with higher legal budgets (>£5m) tend to be outsourcing a higher proportion of work (68% of budgets on average).

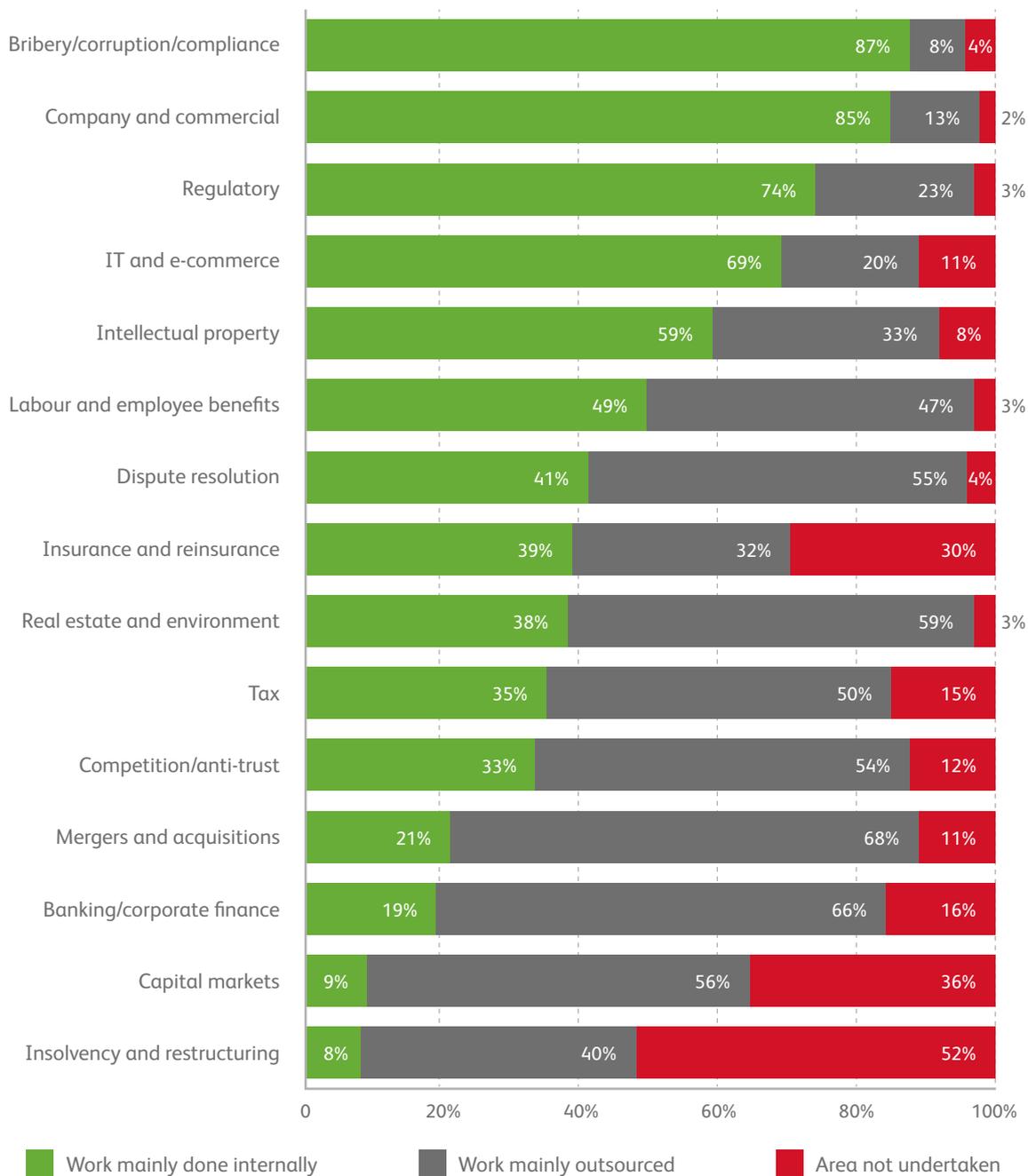
### Types of work carried out

Almost all organisations in this research have a need for each of company and commercial, regulatory, and bribery/corruption/compliance work; these work types tend to be mainly carried out internally. In contrast, three other widely needed areas of work are outsourced by around half of businesses: real estate and environmental, labour and employee benefits, and dispute resolution. Medium-sized legal teams (10-29 team members in the UK) are particularly likely to outsource their real estate and environmental work. For labour and employee benefits work there is also some variation, with consumer-focused businesses, those with larger (30+) UK legal teams and larger organisations turnovers all more likely to carry out the work in-house.

Around 85-90% of organisations have a need for each of intellectual property, IT and e-commerce work; these organisations are more likely to keep these in-house than to outsource. The larger the company (in terms of turnover), the more likely it is to keep IP in-house. Tax, property, competition/anti-trust, mergers and acquisitions, and banking/corporate finance are also required by a similar proportion of companies; these, however, are more likely to be outsourced. Medium-sized (£1bn-£5bn turnover) organisations and those within primary industries are particularly likely to outsource banking and finance work.

Insurance and reinsurance, capital markets, and insolvency and restructuring are the least commonly required work types; the latter two are most commonly outsourced whilst the former is evenly split between in-house and outsourcing.

For each of the following types of work please state whether it is mainly dealt with *internally*, *outsourced* or not *undertaken* by your organisation.

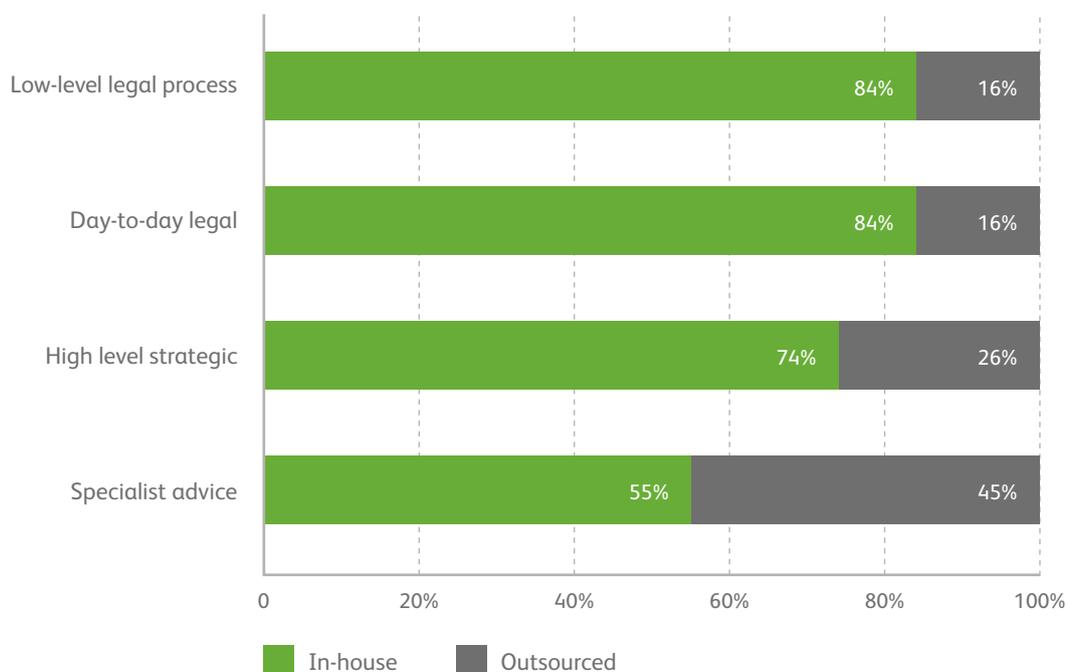


Base: Banking (90); Bribery (95); Capital Markets (93); Company (87); Competition (90); Dispute Resolution (80); Insolvency (97); Insurance (95); IP (87); IT and E-commerce (91); Labour (87); M&A (82); Real Estate (90); Regulatory (87); Tax (92)

## In-house versus outsourced

The vast majority of low-level legal process work is carried out by legal departments in-house. However, departments with larger budgets (>£5m) outsource three times as much of this type of work as those with smaller budgets. Responses also suggest that UK-focused businesses tend to outsource more.

For each of the following types of work please state whether it is mainly dealt with **internally**, **outsourced** or not undertaken by your organisation.



Base: Overall (80)

## Definitions

<b>Low-level legal process</b>	Work typically undertaken by support staff, management and execution of administrative processes
<b>Day-to-day legal</b>	Work typically undertaken by junior lawyers or paralegals (high volume document reviews, drafting of standardised and simple documents)
<b>High level strategic</b>	Legal strategy and policy
<b>Specialist advice</b>	Work typically undertaken by experienced lawyers (legal advice and guidance, bespoke and complex legal processes and legal drafting)

Day-to-day legal work also tends to be carried out in-house, particularly in the case of medium-sized (£1-£5bn turnover) organisations. However, there is little variation by size of legal department – larger departments carry out a similar proportion of day-to-day work as smaller departments.

Around a quarter of high level strategic work is outsourced, although larger organisations and those with larger legal teams tend to keep more in-house.

Just under half of specialist advice is outsourced, but this proportion does vary by legal department size and budget. Legal teams with fewer than 10 members in the UK and budgets under £5m typically outsource over half of this work, compared to only a third outsourced by those with legal teams of 30 or more (in the UK).



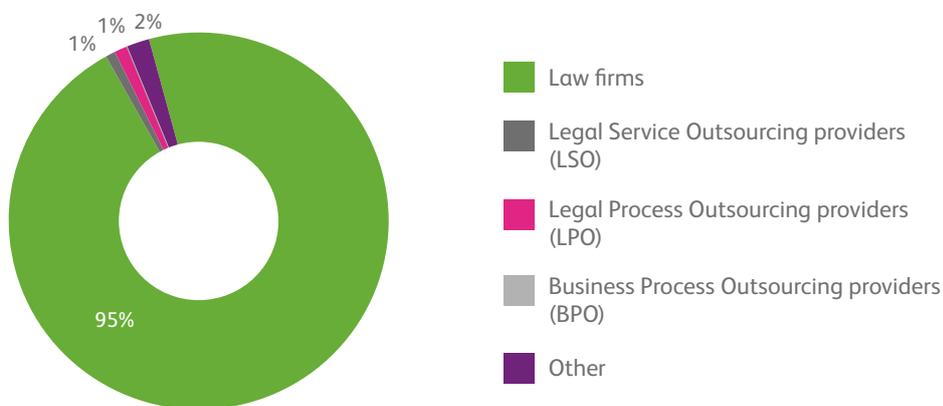
## SECTION 6: EXTERNAL PROVIDERS

Very few organisations are using alternative service providers for external work, general counsel stick with law firms for the quality, assurance and relationships. Most adopt panels, either informal or formal, appreciating the ability to grow relationships, control cost and foster a better understanding of the business.

Currently, a very small proportion of outsourced work is carried out by alternatives to law firms. Larger organisations (>£5bn turnover) and those with larger legal departments (30+ UK team) tend to use

alternatives more extensively, 10% of external work on average is spread between alternative service providers within these organisations.

What proportion of the volume of your external work do you **outsource** with each of the following?



Base: Overall (91)

Responses from follow-up conversations with general counsel suggested that main barriers to using alternative service providers are a lack of awareness and a lack of trust that they would not deliver the same value as a private practice firm:

*'I think in terms of alternate service providers, I personally don't know what's out there. But if you're a legal department providing legal services then I would expect those services to be provided by a lawyer.'*

*Primary production, FTSE250*

*'I've not had any personal experience if I'm honest of those types of providers. I mean the perception that I've picked up in the media and speaking to others is that they're often cheaper, and it's kind of a bulk process, but maybe the quality isn't easy to control but that's just you know, third party hearsay.'*

*Kevin Joynes – Bovis Homes Group*

*'I have considered using legal outsources for certain M&A work but frankly I wouldn't want to rely on someone who isn't a lawyer for legal work. I mean why would you? You're exposing yourself to too much risk. I suspect that the terms of any professional indemnity insurance are much much lower as well.'*

*Business focused services, FTSE250*

Some have considered using alternative providers but did not feel that the volume of work that they would use them for would justify the investment in building the new relationship:

*'For us, we looked at them a few years ago and really wanted to do it. [But] you've got to have quite a volume of fairly similar type of work to make it work [...] The idea would be that you would, with them, develop a playbook for an approach to certain types of contracts for example. That requires some investment of our time in working to get them to a point where they know our approach to certain types of contracts.'*

*Business focused service*

## Types of fee arrangements used

Hourly rates are the most often used fee arrangements and the majority of organisations interviewed appear to have been able to negotiate discounted rates from firms; four fifths 'often' use discounted rates:

*'I always, with any law firm, say look I don't accept your rates as they are, I expect a discount on that for a start.'*

*Business focused service*

*'We have discounted rates with our key relationship law firms and the discounts kick in at different levels depending on the value of the work, but we also do for a particular project significantly discounted rates but with a success fee if the transaction is concluded.'*

*Siobhan Moriarty – Diageo PLC*

Most businesses also use fixed fees by project however, for almost half, this type of fee arrangement is only utilised occasionally. Follow-up conversations with general counsel suggested that the fixed fee approach is very much a desired model but the reality of negotiating or agreeing on the terms can ultimately make them less attractive:

*‘The problem with that is they tend to pad it a bit, and you think wow that sounds a lot for that work and so obviously they are trying to cover themselves in case they end up undercharging.’*

*Business focused service*

*‘Yes and often the law firms are only prepared to give you a fixed quote on a very scripted set of criteria. The businesses of course like it because they latch on to it and*

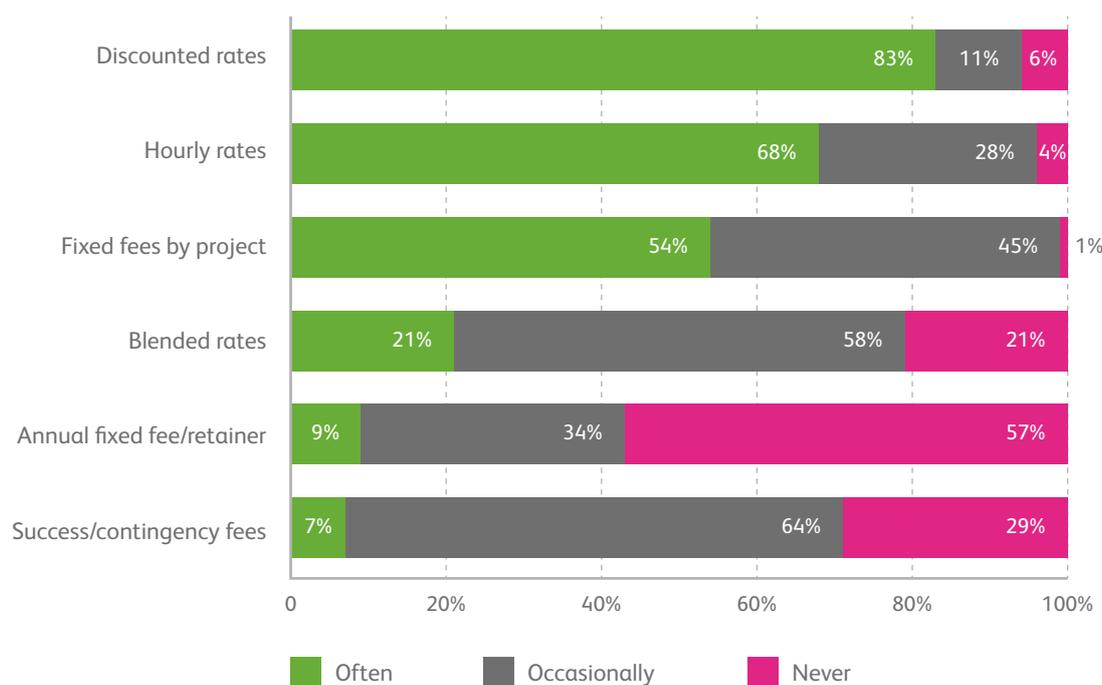
*then they’ve got a definite figure to play with as far as the finance people are concerned, but when it comes round to the actual final bills, there’s normally a bit of a discussion to be had about it.’*

*Primary production, FTSE250*

Blended rates are often used by a fifth, but a similar proportion never use these.

Success/contingency fees and annual fixed fees/ retainers are only often used by a small proportion of businesses: over half never enter into retainer agreements with law firms. Organisations with larger legal budgets (>£5m) are much more likely to use retainers: 60% have this type of arrangement often or occasionally, compared to only 23% of those with smaller budgets (<£5m).

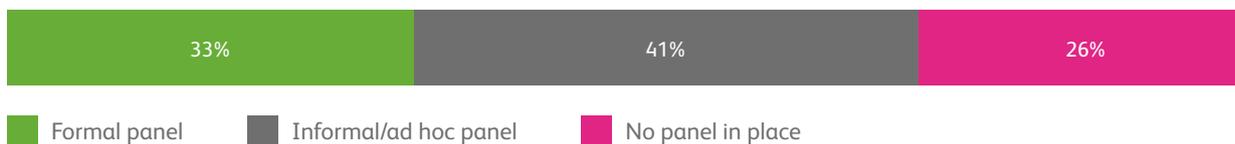
**How often do you use each of the following fee arrangements?**



## Panel preferences

Panel preferences tend to be quite varied across responding general counsel; whilst informal panels are the most preferred option on balance (41%), a third prefer a formal panel and a quarter have no panel in place at all.

*For work in the UK, do you work with a **formal** panel of law firms, an **informal** or ad hoc panel or do you not have a panel?*



*Base: Fixed fees (71); Annual fixed fee (70); Discounted rates (71); Hourly rates (71); Success fee (70); Blended rates (71)*

Company size plays a role here, with the largest organisations (over £5bn turnover) far more likely to have a formal panel in place compared to smaller organisations. UK-focused businesses also demonstrate a greater preference for formal panel arrangements at 46% compared to a global figure of 27%.

Larger budgets and larger teams also tend to correlate with increasing panel formality, with only

14% of general counsel with headcounts above 30 not having a panel in place, and nearly two thirds preferring a formal panel arrangement.

Panel preference would also appear to influence the proportion of legal spend to overall revenue with those organisations who have formal panels in place spending less on legal fees as a proportion of their revenue.

Panel preference	Proportion of legal spend to overall revenue
Formal panel	0.3%
Informal panel	0.6%
No panel in place	0.8%

## Formal Panel

For most, the existence of a formalised panel has two key advantages; **increasing control over costs** and **developing stronger relationships with key external counsel**, thus driving improved business understanding and promoting consistency of quality and service from external providers:

*‘Because I prefer to concentrate spend and access people that I would like to work with externally by formalising it through a panel process.’*

Primary production

*‘Optimal concentration of work on limited group of focused providers. Most efficient management of cost and performance.’*

Consumer focused activities

*‘You get a consistency of approach, no surprises, and control costs and service levels.’*

Primary production, FTSE100

*‘It makes a quicker and more efficient allocation of work and it means you can develop a relationship with the law firms.’*

Primary production, FTSE100

*‘When we’re dealing with those sorts of transactions it’s best in my view to have a fee scale dependent on the value of the transaction; so for example if we buy a piece of land for £5m we know the fee is going to be X, and if we buy a piece of land for £10m we know it’s going to be Y. We would like to work, and that’s the intention of putting this panel together, to have a very certain scale of fees so we know even before we’ve approached a firm on the panel exactly what it is going to cost to instruct them.’*

Kevin Joynes – Bovis Homes Group

## Informal/ad hoc panel

On balance, informal panels are the most popular option across responding general counsel, with the overwhelming emphasis placed on the flexibility of the arrangement. Informal panels are deemed to offer many of the benefits of the formalised panel, in terms of building relationships, controlling costs and promoting business understanding amongst external counsel, but offer a level of flexibility which the formal panel lacks.

This flexibility is perceived to come in a number of areas, from the freedom to approach specialists for niche work or work in a different jurisdiction, to being able to instruct firms at a lower price point for more commoditised work:

*‘I can select who I want when I want them, pick individuals and have no feeling of ‘obligation’ to formal panel firms.’*

Consumer focused service, FTSE250

*'It's in order to have flexibility and to be able to move to other law firms where necessary: Potentially for jurisdictional reasons or to work with a particular specialist.'*

*Primary production, FTSE100*

*'Because the panel is really for my corporate advisors [...] sometimes small work that I want to outsource, I just outsource and uncomplicated small tasks I will outsource to lower cost providers.'*

*Primary production, FTSE250*

## No panel in place

The theme of increased flexibility continues for general counsel who lack any kind of panel arrangement, with many simply wanting the flexibility to appoint the most appropriate lawyer for the task at hand. For many of these departments, a relatively low volume of work does not justify the creation of a panel arrangement, though some do refer to existing relationships with firms without describing the setup as an informal panel:

*'More flexibility; we have preferred firms so depending on the project we use the firm that is best suited for the particular type of project at hand.'*

*Primary production, FTSE100*



*'It would depend what matters come in, I suppose it's flexibility more than anything, [...] we have lawyers that we would use quite regularly, and who might be familiar with our company, but we wouldn't necessarily have to use them for everything, or go back to them.'*

*Primary production, FTSE250*

*'Level of UK work does not justify a panel arrangement.'*

*Primary production, FTSE250*

Adopting the key argument many cite for having a formal panel, a few feel the lack of a panel enables them to better drive cost savings by promoting competition amongst external counsel:

*'Because we like to have law firms compete for each and every piece of work...'*

*Consumer focused service*

*'It keeps the firms competitive in terms of pricing and service and we outsource on an ad-hoc basis where we cannot guarantee any volume of work in a particular area.'*

*Consumer focused service, FTSE250*



## Procurement of legal services from outside of the legal team

In two fifths of organisations, other business teams do procure legal services, whilst in a further third they do so but only rarely. However, this is less likely to be the case in companies with larger UK legal teams (30+), almost half of which procure all legal services via the legal department.

### Do other business teams procure legal services?



Base: Overall (100)

Findings suggest that there may be a link between the profile of the legal team within the organisation and the extent to which other departments procure legal services, with around one-third of general counsel with a high profile team reporting that other teams never procured legal services compared to around one-fifth of those with medium profiles.

Follow-up conversations have suggested that it is common for Tax, HR and Finance functions to engage directly with external counsel. There was little indication of this being problematic for in-house teams but on occasions general counsel could have added value to the process:

*‘I wouldn’t say problems. I would say it may have been managed better because we’ve done it and we know exactly what questions to ask and when to challenge experts. Whereas a lot of people when they engage a lawyer, if they haven’t got a*

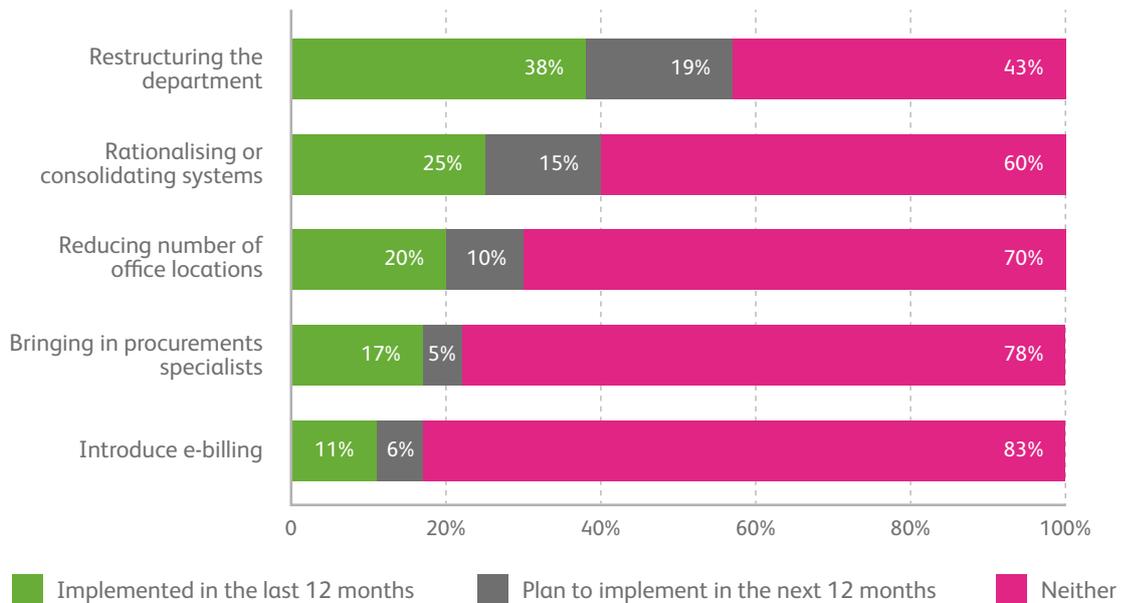
*legal background they just accept what’s been given to them and take that as read. Whereas I think one of the key skills to have as an in-house lawyer is knowing when to challenge the advice that you’re given rather than just take everything as read.’*

*Business focused service, FTSE350*

## Future plans

Over half of legal teams researched have either restructured their department in the last 12 months or plan to do so in the coming year; other departmental changes are less common. Each of the initiatives below tends to be more prevalent amongst larger companies and those with larger UK legal teams.

Which of the following have you **implemented** in the last 12 months or plan to implement in the next 12 months?



Base: Restructuring (97); Rationalising systems (99); Reducing locations (97); Procurement (97); E-billing (97)

### Departmental restructures

Follow-up conversations with general counsel indicated that the high proportion of departments either restructuring or planning to restructure was down to wider business or industry factors rather than the changing nature of the role of the in-house legal team:

*‘Certainly from the perspective of this industry, obviously because of the change in oil price, there is a significant change within our organisation. We’re going through a massive process of restructuring and all sorts of changes within all of the group functions so we would certainly put ourselves into that category.’*

*Primary production, FTSE250*

One respondent commented on the dilemma of whether the legal team should be centralised or **dispersed** through the business:

*‘One of the things people struggle with in terms of structuring legal teams is, do you keep it centralised with business units coming into the centre for support or do you devolve legal into the business units? I think there’s value in it being devolved, so you’ve got a lawyer within the business unit. Having said that, I still have everyone report up to me and ultimately I think legal has to be independent of the business as a corporation. Having people who are placed into a business to be part of it is helpful but they can still report centrally. The dilemma is between devolving it into the business or centralising it, and likewise do you just divide yourselves up by business unit or by geography. I’ve seen organisations that keep restructuring legal to decentralise but, when something goes wrong, they put it back into the centre, or as they grow they move from a business unit based legal team support model to a geographic one. I think people flip in between those so I think it’s probably ultimately often a blend of those when trying to find the right model.’*

Paul Mussenden – BTG



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### APPENDIX

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### GC350 Questions

What is the minimum number of years of post-qualification experience you typically ask for when recruiting new qualified solicitors to the legal team?

What proportion of your in-house work is low level legal process work, day-to-day legal work, high level strategic and specialist advice?

Which best describes how legal work is allocated to members of the legal team?

What proportion of your total legal budget is internal and what proportion is external?

For each of the following types of work please state whether it is mainly dealt with internally, outsourced or not undertaken by your organisation.

Approximately what proportion of the following types of work are outsourced?

What proportion of the volume of your external work do you outsource with each of the following?

For work in the UK, do you work with a formal panel of law firms, an informal or ad hoc panel or do you not have a panel?

45	How often do you use each of the following fee arrangements?	57
45	Do general counsel sit on the board/ executive board?	58
46	Which position in your business has responsibility for setting the legal budget and which has responsibility for decisions about spend?	59
47	To what extent does your legal team play a role in influencing the following areas across the business?	60
48	Do you think your team should have more influence in any of these areas?	62
49	Overall, do you feel that your business wants the legal department to take a proactive approach to protecting the organisation or a reactive approach to legal needs?	63
50	Do other business teams procure legal services?	64
51	Within the whole organisation, how would you describe the profile of the legal function?	65
54	In what ways does the legal team communicate the work that it is doing?	66
55	Do you measure the value delivered to the business by the legal department?	67
55	Do you seek formal feedback on performance, from the business in any of the following areas?	68
56	Which of the following have you implemented in the last 12 months or plan to implement in the next 12 months?	69

## APPENDIX

### Using the tables

#### Business classifications

The tables in the appendix set out the full results of the study split by a series of classifications to aid comparisons with similar types of organisation. A summary of how each of the categories is constructed is provided below:

**UK businesses:** Those businesses who derive more than 90% of their global revenue through their UK business

**Global businesses:** Businesses who derive less than 90% of their global revenue through their UK Business

**Primary production:** Business classifications: real estate activities; construction; manufacturing and engineering; mining and quarrying

**Consumer services:** Business classifications: wholesale and retail; accommodation and food services; arts, entertainment and recreation; human health and social work activities; transportation and storage; utilities

**Business services:** Business classifications: administration and support service activities; other service activities; financial services; professional, scientific and technical activities

**In-house team size:** This category is the size of the UK in-house team and includes qualified staff (solicitors and barristers), paralegals, support staff and other professionals (for example, project managers and procurement specialists).

### Significant results

Throughout these tables data points marked in purple represent a significant difference from the overall findings. So for example in the table below, the proportion of organisations with a budget of over £5m and legal teams with over 30 members in the team are statistically significantly more likely to measure the value of the legal department than the overall population in the survey (total row).

#### EXAMPLE:

Do you measure the value delivered to the business by the legal department?

	Base	No	Yes
<b>Total</b>	<b>99</b>	73%	27%
<b>Global vs UK focus</b>			
Global	<b>66</b>	77%	23%
UK	<b>33</b>	64%	36%
<b>Industry</b>			
Primary production	<b>32</b>	75%	25%
Consumer services	<b>31</b>	71%	29%
Business services	<b>36</b>	72%	28%
<b>Company size (by turnover)</b>			
<1bn	<b>41</b>	78%	22%
£1bn - £5bn	<b>27</b>	63%	37%
>£5bn	<b>26</b>	69%	31%
<b>Legal budget</b>			
Up to £5m	<b>40</b>	83%	18%
Over £5m	<b>32</b>	56%	44%
<b>In-house team size</b>			
From 1 to 9	<b>36</b>	83%	17%
From 10 to 29	<b>32</b>	78%	22%
>30	<b>29</b>	55%	45%

## What is the minimum number of years of post-qualification experience you typically ask for when recruiting new qualified solicitors to the legal team?

	Base	0 - No minimum number	1	2	3	4	5	6+ years	Depends on the role	Don't know
<b>Total</b>	<b>100</b>	14%	3%	17%	12%	12%	7%	1%	30%	4%
<b>Global vs UK focus</b>										
<b>Global</b>	<b>67</b>	13%	5%	13%	15%	15%	6%	2%	28%	3%
<b>UK</b>	<b>33</b>	15%	0%	24%	6%	6%	9%	0%	33%	6%
<b>Industry</b>										
<b>Primary production</b>	<b>33</b>	9%	0%	18%	3%	15%	12%	0%	36%	6%
<b>Consumer services</b>	<b>31</b>	19%	0%	23%	10%	13%	10%	3%	19%	3%
<b>Business services</b>	<b>36</b>	14%	8%	11%	22%	8%	0%	0%	33%	3%
<b>Company size (by turnover)</b>										
<b>&lt;1bn</b>	<b>46</b>	11%	4%	15%	11%	11%	7%	0%	37%	4%
<b>£1bn - £5bn</b>	<b>22</b>	5%	5%	23%	18%	9%	9%	0%	32%	0%
<b>&gt;£5bn</b>	<b>27</b>	30%	0%	15%	11%	15%	7%	4%	11%	7%
<b>Legal budget</b>										
<b>Up to £5m</b>	<b>41</b>	7%	0%	24%	10%	7%	7%	0%	39%	5%
<b>Over £5m</b>	<b>31</b>	23%	3%	10%	13%	19%	7%	3%	16%	7%
<b>In-house team size</b>										
<b>From 1 to 9</b>	<b>37</b>	8%	5%	14%	8%	16%	5%	0%	38%	5%
<b>From 10 to 29</b>	<b>32</b>	9%	0%	9%	13%	9%	16%	0%	41%	3%
<b>&gt;30</b>	<b>29</b>	28%	3%	28%	14%	10%	0%	3%	10%	3%

What proportion of your in-house work is low level legal process work, day-to-day legal work, high level strategic and specialist advice?

	Base	Low level Mean	Day-to-day legal Mean	High level strategic Mean	Specialist advice Mean
<b>Total</b>	<b>81</b>	14%	39%	25%	22%
<b>Global vs UK focus</b>					
Global	54	12%	37%	26%	24%
UK	27	18%	43%	22%	17%
<b>Industry</b>					
Primary production	30	15%	34%	27%	24%
Consumer services	22	18%	40%	23%	19%
Business services	29	11%	43%	24%	22%
<b>Company size (by turnover)</b>					
<1bn	40	13%	38%	26%	23%
£1bn - £5bn	20	14%	38%	27%	22%
>£5bn	18	18%	39%	23%	21%
<b>Legal budget</b>					
Up to £5m	35	13%	41%	27%	18%
Over £5m	25	18%	37%	25%	21%
<b>In-house team size</b>					
From 1 to 9	32	15%	37%	27%	22%
From 10 to 29	26	11%	38%	27%	25%
>30	22	14%	45%	22%	20%

## Which best describes how legal work is allocated to members of the legal team?

	Base	The business line	Availability/ expertise of staff	Other, please specify below	The area of law	The jurisdiction of the issue
<b>Total</b>	<b>100</b>	29%	28%	22%	13%	8%
<b>Global vs UK focus</b>						
Global	67	28%	24%	28%	8%	12%
UK	33	30%	36%	9%	24%	0%
<b>Industry</b>						
Primary production	33	27%	21%	33%	6%	12%
Consumer services	31	23%	26%	23%	26%	3%
Business services	36	36%	36%	11%	8%	8%
<b>Company size (by turnover)</b>						
<1bn	46	20%	39%	20%	9%	13%
£1bn - £5bn	22	14%	27%	23%	27%	9%
>£5bn	27	56%	15%	22%	7%	0%
<b>Legal budget</b>						
Up to £5m	41	17%	39%	20%	17%	7%
Over £5m	31	39%	19%	16%	16%	10%
<b>In-house team size</b>						
From 1 to 9	37	11%	32%	24%	14%	19%
From 10 to 29	32	25%	28%	28%	19%	0%
>30	29	55%	21%	14%	7%	3%

### What proportion of your total legal budget is internal and what proportion is external?

	Base	Internal Mean	External Mean
<b>Total</b>	<b>74</b>	<b>42</b>	<b>58</b>
<b>Global vs UK focus</b>			
Global	45	43	57
UK	29	40	60
<b>Industry</b>			
Primary production	24	42	58
Consumer services	26	35	65
Business services	24	50	50
<b>Company size (by turnover)</b>			
<1bn	28	39	61
£1bn - £5bn	21	48	52
>£5bn	21	41	59
<b>Legal budget</b>			
Up to £5m	35	48	52
Over £5m	29	32	68
<b>In-house team size</b>			
From 1 to 9	26	38	62
From 10 to 29	26	38	62
>30	21	53	47

For each of the following types of work please state whether it is mainly dealt with internally, outsourced or not undertaken by your organisation.

	Banking/ Corporate Finance				Bribery/ Corruption/ Compliance				Capital Markets				Competition/ Anti-Trust				Dispute Resolution			
	Base	Area not undertaken	Work mainly done internally	Work mainly outsourced	Base	Area not undertaken	Work mainly done internally	Work mainly outsourced	Base	Area not undertaken	Work mainly done internally	Work mainly outsourced	Base	Area not undertaken	Work mainly done internally	Work mainly outsourced	Base	Area not undertaken	Work mainly done internally	Work mainly outsourced
<b>Total</b>	90	16%	19%	66%	95	4%	87%	8%	93	36%	9%	56%	90	12%	33%	54%	80	4%	41%	55%
<b>Global vs UK focus</b>																				
<b>Global</b>	59	14%	20%	66%	63	2%	91%	8%	61	31%	12%	57%	59	7%	37%	56%	55	2%	38%	60%
<b>UK</b>	31	19%	16%	65%	32	9%	81%	9%	32	44%	3%	53%	31	23%	26%	52%	25	8%	48%	44%
<b>Industry</b>																				
<b>Primary production</b>	30	10%	13%	77%	31	3%	87%	10%	31	26%	13%	61%	29	14%	31%	55%	27	0%	44%	56%
<b>Consumer services</b>	29	14%	17%	69%	30	3%	97%	0%	28	39%	4%	57%	27	4%	37%	59%	24	0%	38%	63%
<b>Business services</b>	31	23%	26%	52%	34	6%	79%	15%	34	41%	9%	50%	34	18%	32%	50%	29	10%	41%	48%
<b>Company size (by turnover)</b>																				
<b>&lt;1bn</b>	42	21%	21%	57%	44	9%	82%	9%	45	47%	13%	40%	43	26%	28%	47%	38	5%	45%	50%
<b>£1bn - £5bn</b>	19	11%	11%	79%	20	0%	95%	5%	19	16%	0%	84%	19	0%	32%	68%	15	0%	40%	60%
<b>&gt;£5bn</b>	24	8%	21%	71%	26	0%	89%	12%	24	25%	8%	67%	23	0%	44%	57%	23	4%	39%	57%
<b>Legal budget</b>																				
<b>Up to £5m</b>	40	20%	20%	60%	40	8%	88%	5%	40	53%	5%	43%	38	24%	24%	53%	36	6%	44%	50%
<b>Over £5m</b>	29	10%	17%	72%	31	0%	87%	13%	30	20%	10%	70%	29	0%	31%	69%	26	4%	27%	69%
<b>In-house team size</b>																				
<b>From 1 to 9</b>	33	6%	21%	73%	34	3%	88%	9%	35	40%	9%	51%	34	18%	35%	47%	29	3%	41%	55%
<b>From 10 to 29</b>	30	17%	13%	70%	32	0%	94%	6%	31	32%	3%	65%	28	4%	32%	64%	24	0%	33%	67%
<b>&gt;30</b>	26	27%	23%	50%	28	11%	82%	7%	26	35%	15%	50%	27	15%	33%	52%	26	8%	50%	42%

Continued overleaf

For each of the following types of work please state whether it is mainly dealt with internally, outsourced or not undertaken by your organisation.

	Insolvency and Restructuring				Insurance and Reinsurance				Intellectual Property				IT and E-commerce				Labour and Employee Benefits			
	Base	Area not undertaken	Work mainly done internally	Work mainly outsourced	Base	Area not undertaken	Work mainly done internally	Work mainly outsourced	Base	Area not undertaken	Work mainly done internally	Work mainly outsourced	Base	Area not undertaken	Work mainly done internally	Work mainly outsourced	Base	Area not undertaken	Work mainly done internally	Work mainly outsourced
<b>Total</b>	97	52%	8%	40%	95	30%	39%	32%	87	8%	59%	33%	91	11%	69%	20%	87	3%	49%	47%
<b>Global vs UK focus</b>																				
<b>Global</b>	64	55%	9%	36%	63	25%	43%	32%	55	6%	64%	31%	61	8%	72%	20%	57	2%	51%	47%
<b>UK</b>	33	46%	6%	49%	32	38%	31%	31%	32	13%	50%	38%	30	17%	63%	20%	30	7%	47%	47%
<b>Industry</b>																				
<b>Primary production</b>	31	45%	16%	39%	30	20%	47%	33%	28	14%	54%	32%	30	20%	60%	20%	29	3%	41%	55%
<b>Consumer services</b>	31	55%	0%	45%	31	32%	36%	32%	27	0%	67%	33%	28	4%	79%	18%	27	0%	63%	37%
<b>Business services</b>	35	54%	9%	37%	34	35%	35%	29%	32	9%	56%	34%	33	9%	70%	21%	31	7%	45%	48%
<b>Company size (by turnover)</b>																				
<b>&lt;1bn</b>	40	53%	10%	38%	40	33%	43%	25%	38	11%	42%	47%	38	13%	58%	29%	37	5%	43%	51%
<b>£1bn - £5bn</b>	27	48%	7%	44%	25	24%	36%	40%	23	9%	61%	30%	25	12%	76%	12%	25	0%	52%	48%
<b>&gt;£5bn</b>	25	52%	8%	40%	25	28%	36%	36%	22	5%	77%	18%	23	9%	78%	13%	20	5%	65%	30%
<b>Legal budget</b>																				
<b>Up to £5m</b>	40	63%	5%	33%	38	34%	40%	26%	37	8%	49%	43%	39	13%	64%	23%	38	3%	47%	50%
<b>Over £5m</b>	31	45%	10%	45%	31	29%	36%	36%	29	10%	66%	24%	29	14%	69%	17%	29	3%	52%	45%
<b>In-house team size</b>																				
<b>From 1 to 9</b>	35	60%	11%	29%	34	35%	38%	27%	31	7%	45%	48%	33	12%	73%	15%	32	0%	47%	53%
<b>From 10 to 29</b>	32	50%	3%	47%	32	28%	38%	34%	28	4%	68%	29%	30	7%	77%	17%	28	0%	36%	64%
<b>&gt;30</b>	29	45%	10%	45%	28	25%	43%	32%	27	15%	67%	19%	27	15%	59%	26%	26	12%	69%	19%

Continued

For each of the following types of work please state whether it is mainly dealt with internally, outsourced or not undertaken by your organisation.

	Mergers and Acquisitions				Real Estate and Environmental				Regulatory				Tax			
	Base	Area not undertaken	Work mainly done internally	Work mainly outsourced	Base	Area not undertaken	Work mainly done internally	Work mainly outsourced	Base	Area not undertaken	Work mainly done internally	Work mainly outsourced	Base	Area not undertaken	Work mainly done internally	Work mainly outsourced
<b>Total</b>	82	11%	21%	68%	90	3%	38%	59%	87	3%	74%	23%	92	15%	35%	50%
<b>Global vs UK focus</b>																
<b>Global</b>	51	6%	26%	69%	60	3%	33%	63%	56	2%	79%	20%	59	10%	42%	48%
<b>UK</b>	31	19%	13%	68%	30	3%	47%	50%	31	7%	65%	29%	33	24%	21%	55%
<b>Industry</b>																
<b>Primary production</b>	27	7%	26%	67%	30	0%	40%	60%	29	3%	66%	31%	32	6%	41%	53%
<b>Consumer services</b>	27	11%	19%	70%	27	0%	52%	48%	27	4%	78%	19%	27	15%	30%	56%
<b>Business services</b>	28	14%	18%	68%	33	9%	24%	67%	31	3%	77%	19%	33	24%	33%	42%
<b>Company size (by turnover)</b>																
<b>&lt;1bn</b>	37	22%	11%	68%	42	7%	33%	60%	42	5%	71%	24%	46	26%	33%	41%
<b>£1bn - £5bn</b>	18	0%	39%	61%	19	0%	42%	58%	19	0%	68%	32%	19	0%	42%	58%
<b>&gt;£5bn</b>	23	0%	26%	74%	24	0%	38%	63%	21	5%	76%	19%	22	9%	32%	59%
<b>Legal budget</b>																
<b>Up to £5m</b>	38	18%	13%	68%	40	3%	45%	53%	39	5%	72%	23%	41	22%	27%	51%
<b>Over £5m</b>	29	0%	21%	79%	28	4%	32%	64%	30	3%	67%	30%	30	7%	43%	50%
<b>In-house team size</b>																
<b>From 1 to 9</b>	30	13%	17%	70%	33	0%	42%	58%	34	3%	71%	27%	35	14%	37%	49%
<b>From 10 to 29</b>	26	4%	27%	69%	31	3%	23%	74%	25	0%	72%	28%	30	17%	33%	50%
<b>&gt;30</b>	25	16%	20%	64%	25	8%	48%	44%	27	7%	82%	11%	26	15%	35%	50%

Approximately what proportion of the following types of work are outsourced?

	Low level legal process		Day-to-day legal		High level strategic		Specialist advice	
	Base	Mean	Base	Mean	Base	Mean	Base	Mean
<b>Total</b>	<b>79</b>	16	<b>78</b>	16	<b>79</b>	26	<b>80</b>	45
<b>Global vs UK focus</b>								
Global	50	10	50	13	50	25	51	44
UK	29	28	28	21	29	28	29	48
<b>Industry</b>								
Primary production	29	19	28	15	28	28	26	44
Consumer services	22	20	21	20	21	23	24	48
Business services	28	11	29	13	30	25	30	44
<b>Company size (by turnover)</b>								
<1bn	35	17	37	20	39	28	38	49
£1bn - £5bn	22	4	17	7	16	30	16	46
>£5bn	17	30	19	18	19	18	21	37
<b>Legal budget</b>								
Up to £5m	36	9	36	15	36	25	37	55
Over £5m	24	32	25	19	24	29	25	39
<b>In-house team size</b>								
From 1 to 9	29	15	28	18	28	27	27	58
From 10 to 29	27	16	27	14	27	30	28	46
>30	22	17	22	16	23	18	24	33

## What proportion of the volume of your external work do you outsource with each of the following?

	Base	Law Firms Mean	LSO Mean	LPO Mean	BPO Mean	Other Mean
<b>Total</b>	<b>91</b>	95%	1%	1%	0%	2%
<b>Global vs UK focus</b>						
<b>Global</b>	<b>59</b>	96%	1%	1%	0%	2%
<b>UK</b>	<b>32</b>	94%	1%	1%	0%	3%
<b>Industry</b>						
<b>Primary production</b>	<b>31</b>	98%	2%	0%	0%	1%
<b>Consumer services</b>	<b>27</b>	92%	3%	1%	0%	4%
<b>Business services</b>	<b>33</b>	96%	0%	2%	0%	2%
<b>Company size (by turnover)</b>						
<b>&lt;1bn</b>	<b>38</b>	98%	1%	1%	0%	0%
<b>£1bn - £5bn</b>	<b>27</b>	94%	1%	0%	1%	5%
<b>&gt;£5bn</b>	<b>21</b>	90%	3%	3%	0%	5%
<b>Legal budget</b>						
<b>Up to £5m</b>	<b>37</b>	97%	1%	0%	0%	2%
<b>Over £5m</b>	<b>31</b>	91%	3%	3%	0%	4%
<b>In-house team size</b>						
<b>From 1 to 9</b>	<b>33</b>	99%	0%	0%	0%	0%
<b>From 10 to 29</b>	<b>32</b>	95%	1%	0%	0%	5%
<b>&gt;30</b>	<b>25</b>	90%	4%	4%	0%	2%

For work in the UK, do you work with a formal panel of law firms, an informal or ad hoc panel or do you not have a panel?

	Base	Informal/ ad hoc panel	Formal panel	No panel in place
<b>Total</b>	<b>100</b>	41%	33%	26%
<b>Global vs UK focus</b>				
Global	67	43%	27%	30%
UK	33	36%	46%	18%
<b>Industry</b>				
Primary production	33	46%	24%	30%
Consumer services	31	39%	39%	23%
Business services	36	39%	36%	25%
<b>Company size (by turnover)</b>				
<1bn	46	44%	26%	30%
£1bn - £5bn	22	55%	14%	32%
>£5bn	27	26%	59%	15%
<b>Legal budget</b>				
Up to £5m	41	46%	24%	29%
Over £5m	31	36%	42%	23%
<b>In-house team size</b>				
From 1 to 9	37	49%	14%	38%
From 10 to 29	32	50%	28%	22%
>30	29	24%	62%	14%

### How often do you use each of the following fee arrangements?

	Hourly rates				Fixed fees by project				Annual fixed fee/retainer				Discounted rates				Success/contingency fee				Blended rates			
	Base	Often	Occasionally	Never	Base	Often	Occasionally	Never	Base	Often	Occasionally	Never	Base	Often	Occasionally	Never	Base	Often	Occasionally	Never	Base	Often	Occasionally	Never
<b>Total</b>	71	68%	28%	4%	71	54%	45%	1%	70	9%	34%	57%	71	83%	11%	6%	70	7%	64%	29%	71	21%	58%	21%
<b>Global vs UK focus</b>																								
<b>Global</b>	42	69%	29%	2%	42	55%	45%	0%	41	10%	42%	49%	42	91%	7%	2%	41	7%	66%	27%	42	24%	55%	21%
<b>UK</b>	29	66%	28%	7%	29	52%	45%	3%	29	7%	24%	69%	29	72%	17%	10%	29	7%	62%	31%	29	17%	62%	21%
<b>Industry</b>																								
<b>Primary production</b>	24	58%	42%	0%	24	58%	42%	0%	23	9%	30%	61%	24	83%	13%	4%	23	9%	52%	39%	24	29%	50%	21%
<b>Consumer services</b>	24	75%	25%	0%	24	50%	50%	0%	24	13%	38%	50%	24	92%	4%	4%	24	4%	67%	29%	24	21%	67%	13%
<b>Business services</b>	23	70%	17%	13%	23	52%	44%	4%	23	4%	35%	61%	23	74%	17%	9%	23	9%	74%	17%	23	13%	57%	30%
<b>Company size (by turnover)</b>																								
<b>&lt;1bn</b>	31	74%	26%	0%	31	52%	48%	0%	31	3%	29%	68%	31	90%	10%	0%	31	3%	74%	23%	31	10%	68%	23%
<b>£1bn - £5bn</b>	16	63%	25%	13%	16	44%	56%	0%	16	13%	44%	44%	16	69%	19%	13%	16	6%	63%	31%	16	19%	50%	31%
<b>&gt;£5bn</b>	20	55%	40%	5%	20	75%	20%	5%	19	16%	42%	42%	20	85%	5%	10%	19	11%	53%	37%	20	35%	55%	10%
<b>Legal Budget</b>																								
<b>Up to £5m</b>	36	72%	22%	6%	36	39%	58%	3%	36	3%	22%	75%	36	78%	17%	6%	36	6%	69%	25%	36	14%	53%	33%
<b>Over £5m</b>	26	54%	42%	4%	26	69%	31%	0%	26	19%	39%	42%	26	85%	8%	8%	26	12%	62%	27%	26	35%	54%	12%
<b>In-house team size</b>																								
<b>From 1 to 9</b>	26	58%	42%	0%	26	50%	50%	0%	25	8%	28%	64%	26	85%	12%	4%	25	0%	76%	24%	26	12%	65%	23%
<b>From 10 to 29</b>	26	81%	12%	8%	26	54%	46%	0%	26	12%	39%	50%	26	89%	8%	4%	26	15%	62%	23%	26	15%	58%	27%
<b>&gt;30</b>	18	67%	28%	6%	18	56%	39%	6%	18	6%	39%	56%	18	78%	17%	6%	18	6%	56%	39%	18	44%	44%	11%

## Do general counsel sit on the board/executive board?

	Base	Yes	No
<b>Total</b>	<b>100</b>	69%	31%
<b>Global vs UK focus</b>			
Global	67	70%	30%
UK	33	67%	33%
<b>Industry</b>			
Primary production	33	76%	24%
Consumer services	31	65%	36%
Business services	36	67%	33%
<b>Company size (by turnover)</b>			
<1bn	46	59%	41%
£1bn - £5bn	22	86%	14%
>£5bn	27	74%	26%
<b>Legal budget</b>			
Up to £5m	41	61%	39%
Over £5m	31	77%	23%
<b>In-house team size</b>			
From 1 to 9	37	57%	43%
From 10 to 29	32	72%	28%
>30	29	79%	21%

## Which position in your business has responsibility for setting the legal budget and which has responsibility for decisions about spend?

	Setting budget					Decisions about spend				
	Base	General Counsel	Other (specified)	Chief Financial Officer	Chief Executive Officer	Base	General Counsel	Other (specified)	Chief Financial Officer	Chief Executive Officer
<b>Total</b>	<b>100</b>	45%	39%	11%	5%	<b>100</b>	65%	35%	0%	0%
<b>Global vs UK focus</b>										
Global	67	45%	39%	12%	5%	67	66%	34%	0%	0%
UK	33	46%	39%	9%	6%	33	64%	36%	0%	0%
<b>Industry</b>										
Primary production	33	42%	39%	6%	12%	33	64%	36%	0%	0%
Consumer services	31	36%	48%	13%	3%	31	52%	48%	0%	0%
Business services	36	56%	31%	14%	0%	36	78%	22%	0%	0%
<b>Company size (by turnover)</b>										
<1bn	46	39%	48%	7%	7%	46	57%	44%	0%	0%
£1bn - £5bn	22	50%	32%	18%	0%	22	77%	23%	0%	0%
>£5bn	27	52%	33%	11%	4%	27	67%	33%	0%	0%
<b>Legal budget</b>										
Up to £5m	41	49%	34%	10%	7%	41	68%	32%	0%	0%
Over £5m	31	52%	29%	16%	3%	31	71%	29%	0%	0%
<b>In-house team size</b>										
From 1 to 9	37	43%	43%	11%	3%	37	60%	41%	0%	0%
From 10 to 29	32	34%	34%	19%	13%	32	72%	28%	0%	0%
>30	29	59%	38%	3%	0%	29	66%	35%	0%	0%

To what extent does your legal team play a role in influencing the following areas across the business?

	The conscience of the business i.e. wrongdoing						Identifying risk						Risk management					
	Base	No influence	Very little influence	Some degree of influence	A great deal of influence	Don't know	Base	No influence	Very little influence	Some degree of influence	A great deal of influence	Don't know	Base	No influence	Very little influence	Some degree of influence	A great deal of influence	Don't know
<b>Total</b>	100	3%	1%	18%	77%	1%	100	1%	1%	22%	76%	0%	100	2%	0%	41%	56%	1%
<b>Global vs UK focus</b>																		
Global	67	2%	2%	15%	81%	2%	67	0%	0%	18%	82%	0%	67	2%	0%	36%	63%	0%
UK	33	6%	0%	24%	70%	0%	33	3%	3%	30%	64%	0%	33	3%	0%	52%	42%	3%
<b>Industry</b>																		
Primary production	33	9%	0%	12%	79%	0%	33	3%	0%	12%	85%	0%	33	3%	0%	21%	76%	0%
Consumer services	31	0%	0%	23%	77%	0%	31	0%	3%	29%	68%	0%	31	3%	0%	42%	52%	3%
Business services	36	0%	3%	19%	75%	3%	36	0%	0%	25%	75%	0%	36	0%	0%	58%	42%	0%
<b>Company size (by turnover)</b>																		
<1bn	46	4%	2%	22%	70%	2%	46	0%	0%	22%	78%	0%	46	0%	0%	46%	54%	0%
£1bn - £5bn	22	0%	0%	18%	82%	0%	22	0%	0%	27%	73%	0%	22	0%	0%	41%	59%	0%
>£5bn	27	4%	0%	7%	89%	0%	27	4%	4%	11%	82%	0%	27	7%	0%	26%	67%	0%
<b>Legal budget</b>																		
Up to £5m	41	5%	0%	24%	71%	0%	41	0%	0%	22%	78%	0%	41	0%	0%	44%	54%	2%
Over £5m	31	3%	0%	19%	77%	0%	31	3%	3%	23%	71%	0%	31	3%	0%	45%	52%	0%
<b>In-house team size</b>																		
From 1 to 9	37	0%	0%	24%	76%	0%	37	0%	0%	22%	78%	0%	37	0%	0%	41%	60%	0%
From 10 to 29	32	3%	0%	13%	81%	3%	32	0%	3%	19%	78%	0%	32	0%	0%	38%	59%	3%
>30	29	3%	3%	17%	76%	0%	29	0%	0%	28%	72%	0%	29	3%	0%	48%	48%	0%

Continued

To what extent does your legal team play a role in influencing the following areas across the business?

	Crisis planning and management						Business strategy					Strategic direction							
	Base	No influence	Very little influence	Some degree of influence	A great deal of influence	Don't know	Base	No influence	Very little influence	Some degree of influence	A great deal of influence	Don't know	Base	No influence	Very little influence	Some degree of influence	A great deal of influence	Don't know	
<b>Total</b>	100	3%	10%	54%	33%	0%	100	3%	28%	60%	8%	1%	100	4%	33%	53%	10%	0%	
<b>Global vs UK focus</b>																			
Global	67	2%	8%	60%	31%	0%	67	2%	24%	63%	10%	2%	67	2%	31%	55%	12%	0%	
UK	33	6%	15%	42%	36%	0%	33	6%	36%	55%	3%	0%	33	9%	36%	49%	6%	0%	
<b>Industry</b>																			
Primary production	33	9%	12%	39%	39%	0%	33	9%	24%	61%	6%	0%	33	9%	30%	49%	12%	0%	
Consumer services	31	0%	10%	58%	32%	0%	31	0%	26%	65%	10%	0%	31	3%	36%	48%	13%	0%	
Business services	36	0%	8%	64%	28%	0%	36	0%	33%	56%	8%	3%	36	0%	33%	61%	6%	0%	
<b>Company size (by turnover)</b>																			
<1bn	46	2%	11%	52%	35%	0%	46	4%	26%	61%	7%	2%	46	4%	30%	54%	11%	0%	
£1bn - £5bn	22	0%	9%	55%	36%	0%	22	0%	27%	68%	5%	0%	22	0%	27%	64%	9%	0%	
>£5bn	27	7%	7%	52%	33%	0%	27	4%	26%	56%	15%	0%	27	7%	33%	48%	11%	0%	
<b>Legal budget</b>																			
Up to £5m	41	5%	15%	54%	27%	0%	41	5%	34%	54%	7%	0%	41	5%	39%	49%	7%	0%	
Over £5m	31	3%	10%	55%	32%	0%	31	3%	26%	65%	7%	0%	31	7%	32%	48%	13%	0%	
<b>In-house team size</b>																			
From 1 to 9	37	0%	8%	57%	35%	0%	37	0%	32%	62%	5%	0%	37	0%	41%	49%	11%	0%	
From 10 to 29	32	3%	9%	63%	25%	0%	32	3%	31%	56%	6%	3%	32	6%	38%	50%	6%	0%	
>30	29	3%	14%	45%	38%	0%	29	3%	21%	66%	10%	0%	29	3%	21%	66%	10%	0%	

Do you think your team should have more influence in any of these areas?  
Select all that apply.

	Base	Not answered	Strategic direction	Business strategy	Risk management	Identifying risk	Crisis planning/ management	Conscience of the business
<b>Total</b>	<b>100</b>	61%	20%	18%	16%	8%	8%	8%
<b>Global vs UK focus</b>								
Global	67	66%	19%	18%	10%	8%	6%	6%
UK	33	52%	21%	18%	27%	9%	12%	12%
<b>Industry</b>								
Primary production	33	73%	18%	12%	9%	3%	9%	6%
Consumer services	31	61%	19%	13%	16%	10%	7%	3%
Business services	36	50%	22%	28%	22%	11%	8%	14%
<b>Company size (by turnover)</b>								
<1bn	46	59%	22%	13%	20%	9%	13%	9%
£1bn - £5bn	22	64%	14%	27%	14%	5%	5%	5%
>£5bn	27	70%	19%	15%	7%	7%	4%	7%
<b>Legal budget</b>								
Up to £5m	41	54%	24%	17%	27%	5%	10%	10%
Over £5m	31	61%	19%	19%	7%	7%	7%	10%
<b>In-house team size</b>								
From 1 to 9	37	54%	19%	14%	24%	8%	11%	8%
From 10 to 29	32	59%	19%	28%	6%	9%	13%	6%
>30	29	69%	24%	14%	17%	7%	0%	10%

Overall, do you feel that your business wants the legal department to take a proactive approach to protecting the organisation or a reactive approach to legal needs?

	Base	Proactive	Depends	Reactive
<b>Total</b>	<b>99</b>	<b>77%</b>	<b>15%</b>	<b>8%</b>
<b>Global vs UK focus</b>				
Global	66	77%	14%	9%
UK	33	76%	18%	6%
<b>Industry</b>				
Primary production	33	76%	18%	6%
Consumer services	30	87%	10%	3%
Business services	36	69%	17%	14%
<b>Company size (by turnover)</b>				
<1bn	45	76%	18%	7%
£1bn - £5bn	22	77%	14%	9%
>£5bn	27	82%	11%	7%
<b>Legal budget</b>				
Up to £5m	40	73%	18%	10%
Over £5m	31	81%	13%	7%
<b>In-house team size</b>				
From 1 to 9	36	78%	19%	3%
From 10 to 29	32	78%	13%	9%
>30	29	79%	7%	14%

## Do other business teams procure legal services?

	Base	Yes	Yes, but rarely	No, never	Don't know
<b>Total</b>	<b>100</b>	41%	31%	28%	0%
<b>Global vs UK focus</b>					
Global	67	37%	33%	30%	0%
UK	33	49%	27%	24%	0%
<b>Industry</b>					
Primary production	33	55%	21%	24%	0%
Consumer services	31	42%	32%	26%	0%
Business services	36	28%	39%	33%	0%
<b>Company size (by turnover)</b>					
<1bn	46	48%	26%	26%	0%
£1bn - £5bn	22	32%	46%	23%	0%
>£5bn	27	37%	30%	33%	0%
<b>Legal budget</b>					
Up to £5m	41	44%	27%	29%	0%
Over £5m	31	45%	26%	29%	0%
<b>In-house team size</b>					
From 1 to 9	37	49%	32%	19%	0%
From 10 to 29	32	41%	38%	22%	0%
>30	29	31%	21%	48%	0%

### Within the whole organisation, how would you describe the profile of the legal function?

	Base	High profile	Medium profile	Low profile	Don't know
<b>Total</b>	<b>100</b>	56%	41%	2%	1%
<b>Global vs UK focus</b>					
Global	67	55%	42%	2%	2%
UK	33	58%	39%	3%	0%
<b>Industry</b>					
Primary production	33	55%	39%	3%	3%
Consumer services	31	65%	36%	0%	0%
Business services	36	50%	47%	3%	0%
<b>Company size (by turnover)</b>					
<1bn	46	46%	54%	0%	0%
£1bn - £5bn	22	73%	14%	9%	5%
>£5bn	27	59%	41%	0%	0%
<b>Legal budget</b>					
Up to £5m	41	51%	49%	0%	0%
Over £5m	31	52%	45%	3%	0%
<b>In-house team size</b>					
From 1 to 9	37	46%	51%	0%	3%
From 10 to 29	32	59%	34%	6%	0%
>30	29	62%	38%	0%	0%

## In what ways does the legal team communicate the work that it is doing?

	Base	Attend other team's meetings	Run training courses etc	Intranet pages	Regular news updates	Run networking events	Other	No formal mechanisms
<b>Total</b>	<b>100</b>	71%	63%	55%	39%	32%	24%	13%
<b>Global vs UK focus</b>								
Global	67	73%	67%	61%	45%	31%	21%	12%
UK	33	67%	55%	42%	27%	33%	30%	15%
<b>Industry</b>								
Primary production	33	88%	67%	58%	36%	27%	24%	3%
Consumer services	31	61%	55%	52%	36%	36%	36%	16%
Business services	36	64%	67%	56%	44%	33%	14%	19%
<b>Company size (by turnover)</b>								
<1bn	46	72%	59%	63%	37%	33%	24%	9%
£1bn - £5bn	22	77%	73%	55%	36%	32%	14%	18%
>£5bn	27	63%	63%	48%	48%	30%	26%	19%
<b>Legal budget</b>								
Up to £5m	41	68%	54%	54%	29%	29%	27%	12%
Over £5m	31	68%	71%	52%	32%	36%	29%	13%
<b>In-house team size</b>								
From 1 to 9	37	62%	46%	46%	38%	22%	22%	16%
From 10 to 29	32	69%	69%	50%	25%	31%	31%	16%
>30	29	86%	79%	72%	55%	45%	17%	7%

## Do you measure the value delivered to the business by the legal department?

	Base	No	Yes
<b>Total</b>	<b>99</b>	73%	27%
<b>Global vs UK focus</b>			
Global	66	77%	23%
UK	33	64%	36%
<b>Industry</b>			
Primary production	32	75%	25%
Consumer services	31	71%	29%
Business services	36	72%	28%
<b>Company size (by turnover)</b>			
<1bn	46	76%	24%
£1bn - £5bn	22	73%	27%
>£5bn	26	62%	39%
<b>Legal budget</b>			
Up to £5m	41	83%	17%
Over £5m	31	55%	45%
<b>In-house team size</b>			
From 1 to 9	36	83%	17%
From 10 to 29	32	78%	22%
>30	29	55%	45%

**Do you seek formal feedback on performance, from the business in any of the following areas?**

	Speed of response				Risk based decision making				Focus on finding solutions				Commerciality				General satisfaction			
	Base	Yes	No	Don't know	Base	Yes	No	Don't know	Base	Yes	No	Don't know	Base	Yes	No	Don't know	Base	Yes	No	Don't know
<b>Total</b>	27	70%	26%	4%	27	56%	37%	7%	27	74%	15%	11%	27	78%	19%	4%	27	85%	7%	7%
<b>Global vs UK focus</b>																				
<b>Global</b>	15	60%	33%	7%	15	53%	33%	13%	15	73%	13%	13%	15	80%	13%	7%	15	87%	0%	13%
<b>UK</b>	12	83%	17%	0%	12	58%	42%	0%	12	75%	17%	8%	12	75%	25%	0%	12	83%	17%	0%
<b>Industry</b>																				
<b>Primary production</b>	8	75%	25%	0%	8	63%	38%	0%	8	75%	25%	0%	8	75%	25%	0%	8	75%	13%	13%
<b>Consumer services</b>	9	56%	33%	11%	9	44%	44%	11%	9	67%	11%	22%	9	78%	11%	11%	9	78%	11%	11%
<b>Business services</b>	10	80%	20%	0%	10	60%	30%	10%	10	80%	10%	10%	10	80%	20%	0%	10	100%	0%	0%
<b>Company size (by turnover)</b>																				
<b>&lt;1bn</b>	11	82%	18%	0%	11	46%	46%	9%	11	82%	9%	9%	11	82%	18%	0%	11	100%	0%	0%
<b>£1bn - £5bn</b>	6	67%	17%	17%	6	67%	17%	17%	6	83%	0%	17%	6	83%	0%	17%	6	83%	0%	17%
<b>&gt;£5bn</b>	10	60%	40%	0%	10	60%	40%	0%	10	60%	30%	10%	10	70%	30%	0%	10	70%	20%	10%
<b>Legal budget</b>																				
<b>Up to £5m</b>	7	57%	43%	0%	7	43%	57%	0%	7	86%	14%	0%	7	71%	29%	0%	7	86%	0%	14%
<b>Over £5m</b>	14	71%	29%	0%	14	57%	43%	0%	14	71%	21%	7%	14	79%	21%	0%	14	86%	14%	0%
<b>In-house team size</b>																				
<b>From 1 to 9</b>	6	33%	50%	17%	6	33%	50%	17%	6	67%	17%	17%	6	67%	17%	17%	6	83%	0%	17%
<b>From 10 to 29</b>	7	57%	43%	0%	7	71%	29%	0%	7	71%	14%	14%	7	86%	14%	0%	7	71%	14%	14%
<b>&gt;30</b>	13	92%	8%	0%	13	62%	31%	8%	13	85%	8%	8%	13	85%	15%	0%	13	100%	0%	0%

Which of the following have you implemented in the last 12 months or plan to implement in the next 12 months?

	Rationalising or consolidating co-existing business systems				Restructuring the department				Bringing in procurement specialists				Reducing number of office locations				Introduce e-billing			
	Base	Last 12 months	Next 12 months	Neither	Base	Last 12 months	Next 12 months	Neither	Base	Last 12 months	Next 12 months	Neither	Base	Last 12 months	Next 12 months	Neither	Base	Last 12 months	Next 12 months	Neither
<b>Total</b>	99	25%	15%	60%	97	38%	19%	43%	97	17%	5%	78%	97	20%	10%	70%	97	11%	6%	83%
<b>Global vs UK focus</b>																				
<b>Global</b>	66	21%	18%	61%	64	39%	23%	38%	64	19%	8%	73%	64	20%	14%	66%	64	17%	6%	77%
<b>UK</b>	33	33%	9%	58%	33	36%	9%	55%	33	12%	0%	88%	33	18%	3%	79%	33	0%	6%	94%
<b>Industry</b>																				
<b>Primary production</b>	32	31%	16%	53%	32	25%	25%	50%	32	16%	3%	81%	32	16%	9%	75%	33	12%	0%	88%
<b>Consumer services</b>	31	16%	19%	65%	31	45%	13%	42%	30	20%	3%	77%	31	10%	16%	74%	30	13%	10%	77%
<b>Business services</b>	36	28%	11%	61%	34	44%	18%	38%	35	14%	9%	77%	34	32%	6%	62%	34	9%	9%	82%
<b>Company size (by turnover)</b>																				
<b>&lt;1bn</b>	46	26%	15%	59%	45	33%	20%	47%	44	18%	7%	75%	45	18%	9%	73%	45	0%	4%	96%
<b>£1bn - £5bn</b>	21	19%	10%	71%	21	33%	14%	52%	21	14%	0%	86%	21	19%	14%	67%	21	24%	10%	67%
<b>&gt;£5bn</b>	27	22%	22%	56%	26	39%	23%	39%	27	15%	7%	78%	27	22%	11%	67%	26	23%	8%	69%
<b>Legal budget</b>																				
<b>Up to £5m</b>	41	32%	12%	56%	41	34%	15%	51%	39	8%	5%	87%	40	10%	13%	78%	41	2%	2%	95%
<b>Over £5m</b>	31	23%	23%	55%	31	36%	29%	36%	31	29%	10%	61%	31	32%	13%	55%	31	16%	10%	74%
<b>In-house team size</b>																				
<b>From 1 to 9</b>	36	17%	19%	64%	36	22%	17%	61%	36	11%	6%	83%	37	11%	14%	76%	37	8%	0%	92%
<b>From 10 to 29</b>	32	19%	13%	69%	31	32%	26%	42%	31	19%	3%	77%	30	17%	7%	77%	30	10%	10%	80%
<b>&gt;30</b>	29	45%	10%	45%	28	64%	14%	21%	28	21%	7%	71%	28	36%	11%	54%	28	14%	11%	75%

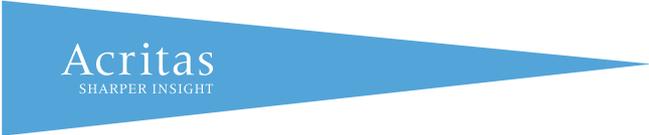


## ACRITAS

**Acritas has been at the forefront of legal market research since 2001. Our portfolio of services is broad, and ranges from brand tracking and client feedback to merger intelligence and analysis of emerging markets and trends.**

We have been interviewing in-house counsel across the world for over 10 years as part of our Sharplegal study of the global legal market. Developing an understanding of the perceptions, preferences and challenges of in-house teams, makes us the perfect partner to work with the Law Society on the GC350 project.

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