

**Special Report:
The Role of the Chief Legal Officer**

2018
Chief Legal Officer Survey
An Altman Weil Flash Survey



The Role of the Chief Legal Officer

In October 2018, Chief Legal Officers (CLOs) reported spending 37% of their time advising their organizations' executives, 22% practicing law, 20% on other corporate responsibilities – *and just 18% of their time managing the law department*. In our work with law departments, we have observed that when CLOs don't have enough time to tend to all their duties it is often department management that suffers. However, despite the limited time allotted to the role, CLOs describe a growing expectation from CEOs that the law department will be run like a business unit.

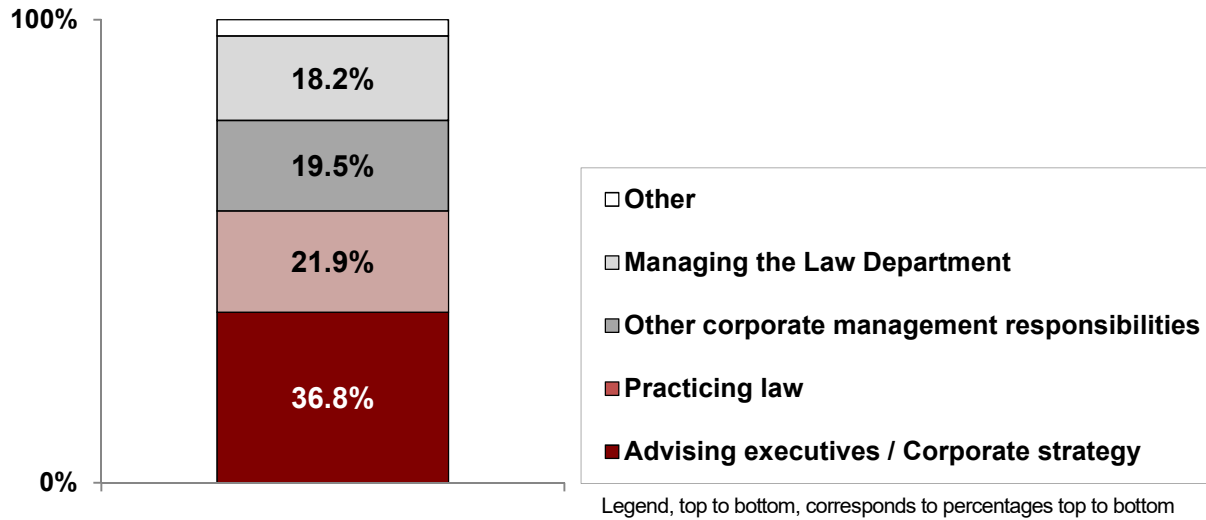
In commentary about the management role, Chief Legal Officers outlined some key changes they are instituting in their departments. They describe developing a more robust in-house capability, restructuring department resources, becoming more sophisticated about which matters to outsource and which to manage internally, pursuing greater efficiency and cost control, and using data analytics to measure performance. Many are employing operations professionals with specialized expertise to assist in managing increasingly complex departments.

The decisions CLOs are making about these issues and the progress they have achieved are the subject of Altman Weil's 2018 Chief Legal Officer survey.

A special excerpt from the survey on the role of the Chief Legal Officer follows. The full survey can be downloaded any time at www.altmanweil.com/CLO2018.

The Chief Legal Officer Position

Please estimate how your time was allocated over the last 12 months.
(Responses must equal 100%.)



Other corporate management responsibilities is defined for this question as: “Compliance, HR, Security, etc.”

OTHER (representative comments)

Board and governance work

Risk management

Managing other departments outside of the Law Department

Coordination with other business leaders on business initiatives

Managing regulatory affairs

Lobbying

Mentoring and leadership development

Diversity and inclusion issues

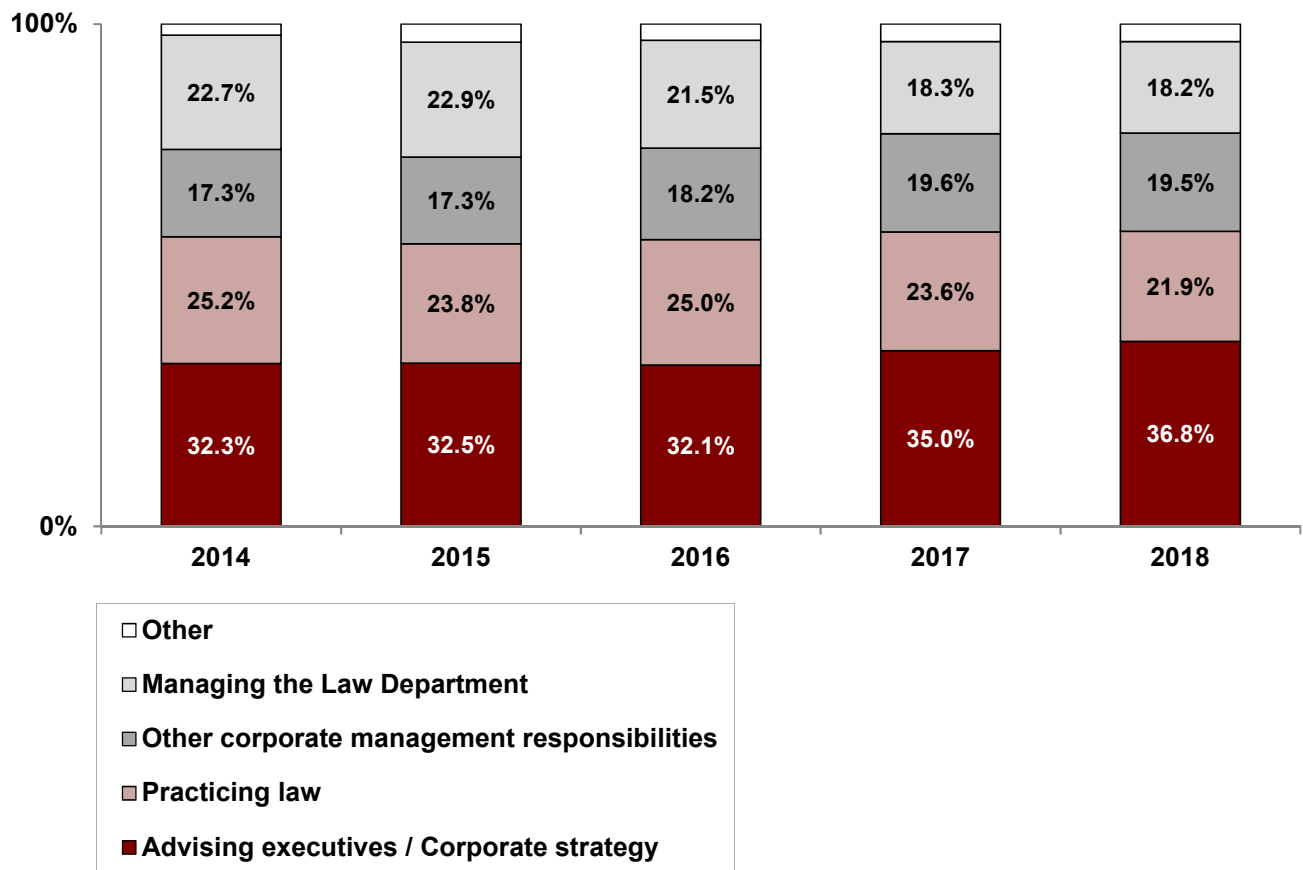
Community leadership; Professional and industry activities

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CLO TIME ALLOCATION - BY YEAR

CLO time allocation has remained stable over five years, with a slight uptick in time spent on the advisory role and a similar small decline in time spent managing the law department.

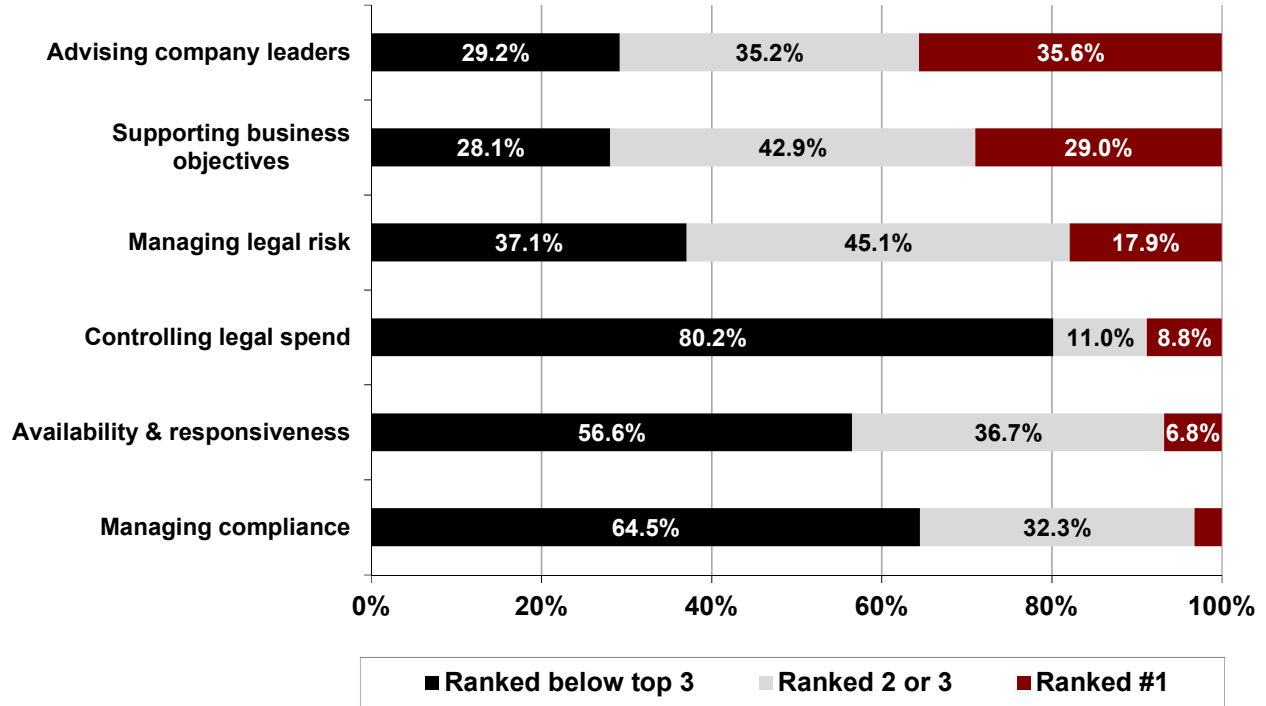


Legend, top to bottom, corresponds to percentages top to bottom

The Law Department's Greatest Value

Beyond effectively solving legal problems that arise, what does your CEO and/or Board of Directors value most in your Law Department's performance?

Rank the following activities from 1 to 6: 1= Most valuable to 6 = Least valuable.



OTHER (representative comments)

Connecting the dots between sometimes siloed corporate functions

Ethical leadership

Governance – Board, sustainability, shareholder engagement, etc.

Recovering money for the company from insurance and from cross-parties in litigation

Significant Changes in Legal Management

Thinking back over the last 3 or 4 years, what changes in legal management (in law departments or law firms) have you felt to be most significant? (Open-ended question)

We categorized free-text responses and have included a selection of comments

Role and Sophistication of the Law Department

Elevation of the in-house legal department role to high status in companies

Managing a law department like a business is a key expectation of CEOs

Restructuring and better resourcing the department, aligning the legal team with the business strategy

Developing a more robust in-house legal capability to allow more of our work to be performed in-house

More sophistication about which matters to outsource and which ones to insource

Professional legal operations managers that focus on the business of the law department

Quality of lawyers choosing to practice in house; Specialization of in-house lawyers

More law departments are asked to do more non-legal work like overseeing other business functions

Metrics / Data Analytics

The rise of data and analytics to understand how we are spending our money and where we can drive efficiencies

Increased use of data analytics to drive decision making and early case assessment

Increased emphasis on using metrics and data to measure performance

Increased use of technology and data to assess risks and manage costs

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Technology

Use of new technologies to drive greater efficiencies in managing cost and sharing knowledge

More use of technology and less use of administrative staff and legal staff in general

The increase in available technology, but also increasing constraints in available spend

Greater adoption of technology by inside counsel

Efficiency

Emphasis on driving efficiencies in a law department through technology, processes and operations management

Focus on operational efficiency and process in claims/litigation support

Increasing application of Lean Six Sigma tools to law departments

Efficient delivery of limited resources

Costs

Formalized and disciplined departmental budgeting and forecasting processes

Law departments requiring law firm accountability with costs

More firms willing to give fixed fee arrangements and offer discounts

Greater focus on value per dollar spent

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Alternative Legal Service Providers

Partnering with LPOs

Increased reliance on non-law-firm vendors for discovery

Increase in offshore options for outsourcing

Risk

Greater assessment of risk/benefit as driving legal spend and resource decisions

Focus on risk mitigation rather than work done

Compliance

The rise of compliance as a separate competency from practicing law

Increasing compliance burdens

Diversity and Inclusion

Addressing employee demand for an energizing and transparent work environment focused on career development and diversity and inclusion

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The Use of Law Firms

Willingness to use smaller, more cost-effective firms rather than dependence on the big law universe

Sourcing the best firm for the particular matter, which often includes mid to smaller firms

Shifting work to boutique firms: same level of expertise, better service, and much lower rates

Diversification of law firms used geographically

Consolidated work with fewer firms

Forging relationships with firms that recognize they work primarily to support in-house staff for overflow / expertise

Greater flexibility in rates and acceptance of staffing recommendations

Other

The most significant change is to the culture. We are shifting the strategy to run the corporate law department like a business wherein we continually strive to optimize the balance of cost, speed and quality of our legal work. As soon as we put pressure on cost and speed, the question of legal quality is raised: What is good enough? Who makes the determination of 'good enough' quality of legal work? Can our clients make this determination?

The rise of insourcing is a short-term, unsustainable response. It's just another form of labor arbitrage focused on who does the work as opposed to focusing on how the work is done. [We] need to shift to lawyers as process owners instead of process operators. [We] need to shift to 'why' the work is done and reduce demand for service through prevention as opposed to optimization of effort.

Regarding the shift towards having a COO for the law department: I want to practice law, manage material risks, be involved in complex transactions, not read spread sheets all day. I need [a COO] desperately, but my CEO does not yet see the value.

Altman Weil 2018 Chief Legal Officer Survey

The *Chief Legal Officer Survey* has been conducted and published annually by Altman Weil since 2000, most recently in September and October 2018. Two hundred and seventy-nine responses were received for the 2018 survey, 22% of the 1,261 law departments invited to participate. Demographic and budgetary data on responding law departments are included in the survey report.

The survey report is online at www.altmanweil.com/CLO2018.

About Altman Weil

Founded in 1970, Altman Weil, Inc. is dedicated exclusively to the legal profession. It provides management consulting services to law firms, law departments and legal vendors worldwide. The firm is independently owned by its professional consultants, who have backgrounds in law, industry, finance, marketing, administration and government.

More information on Altman Weil can be found at www.altmanweil.com.

