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# **2006 Association of Corporate Counsel Chief Legal Officer Survey**

Following are the results from **ACC's Seventh Annual Chief Legal Officer Survey**. ACC received responses from 848 in-house counsel, who are the chief legal officer or general counsel for their client companies. The survey was conducted with the assistance of Huron Consulting.

**1. Within the next 12 months, do you plan to extend your in-house legal capabilities by hiring additional lawyers?**

| <b>Response</b>                | <b>Response %</b> | <b>Response Total</b> |
|--------------------------------|-------------------|-----------------------|
| Yes                            | 33.7%             | 284                   |
| <b>No</b>                      | <b>52.9%</b>      | <b>446</b>            |
| Not Sure                       | 13.4%             | 113                   |
| <b>Total Respondents</b>       |                   | <b>843</b>            |
| <b>(skipped this question)</b> |                   | <b>5</b>              |

**2. Within the next 12 months, do you plan to increase or decrease your use of outside counsel?**

| <b>Response</b>                | <b>Response %</b> | <b>Response Total</b> |
|--------------------------------|-------------------|-----------------------|
| Increase                       | 25.5%             | 215                   |
| Decrease                       | 15.4%             | 130                   |
| <b>No Change</b>               | <b>54.3%</b>      | <b>458</b>            |
| Not Sure                       | 4.9%              | 41                    |
| <b>Total Respondents</b>       |                   | <b>844</b>            |
| <b>(skipped this question)</b> |                   | <b>4</b>              |

**3. How many law firms do you currently work with on a regular basis?**

| <b>Response</b>                | <b>Response %</b> | <b>Response Total</b> |
|--------------------------------|-------------------|-----------------------|
| <b>Less than 5</b>             | <b>43.1%</b>      | <b>363</b>            |
| 6-15                           | 41.8%             | 352                   |
| 15-30                          | 9.6%              | 81                    |
| 31-100                         | 4.5%              | 38                    |
| 101-250                        | 0.6%              | 5                     |
| More than 250                  | 0.4%              | 3                     |
| <b>Total Respondents</b>       |                   | <b>842</b>            |
| <b>(skipped this question)</b> |                   | <b>6</b>              |

#### 4. Have you fired any of your law firms this year?

| Response                       | Response % | Response Total |
|--------------------------------|------------|----------------|
| Yes                            | 32%        | 268            |
| No                             | 68%        | 569            |
| <b>Total Respondents</b>       |            | <b>837</b>     |
| <b>(skipped this question)</b> |            | <b>11</b>      |

#### 4a. If yes, did any of the firms you fired qualify as a significant relationship?

| Response                       | Response %   | Response Total |
|--------------------------------|--------------|----------------|
| <b>Not applicable</b>          | <b>62.3%</b> | <b>467</b>     |
| Yes                            | 19.7%        | 148            |
| No                             | 18%          | 135            |
| <b>Total Respondents</b>       |              | <b>750</b>     |
| <b>(skipped this question)</b> |              | <b>98</b>      |

#### 4b. Please indicate the primary reason for firing this (or these) firm(s):

| Response  | Response % | Response Total |
|---|------------|----------------|
| Not applicable  | 62.6%      | 451            |
| Cost management<br>(fees/expenses)                              | 8%         | 58             |
| Mishandling one or more<br>critical matters                     | 7.8%       | 56             |
| Lack of responsiveness  | 7.2%       | 52             |
| Poor quality of work  | 6.5%       | 47             |
| Other (please specify)  | 4.4%       | 32             |
| Preferred counsel at the<br>firm no longer available            | 1.7%       | 12             |
| Firm could not provide<br>needed expertise                      | 1.2%       | 9              |
| Firm could not provide<br>service in necessary<br>jurisdictions | 0.3%       | 2              |
| Lack of diversity within<br>firm                                | 0.3%       | 2              |
| <b>Total Respondents</b>  |            | <b>721</b>     |
| <b>(skipped this question)</b>                                  |            | <b>127</b>     |

#### “Other” Answers:

Disagreement on strategy or lack of strategic input – 8

Consolidation of firms – 5

Personality conflicts – 4

Improper billing – 3

**5. Please describe any new or noteworthy initiatives implemented by your outside firms to improve the relationship with your law department:**

| <b>Initiative</b>   | <b>Response %</b> | <b>Response Total</b> |
|---|-------------------|-----------------------|
| Seminars / Training / CLE Sessions  | 20.8%             | 21                    |
| Improved Reporting / Status Updates / Communication                       | 12.9%             | 13                    |
| Alternative / Fixed Fees  | 11.9%             | 12                    |
| Client Relationship Manager/Team  | 7.9%              | 8                     |
| Invitations to Firm Events / Networking Opportunities / Contact Referrals | 7.9%              | 8                     |
| Desire to Understand Business   | 5.0%              | 5                     |
| Discounted Rates  | 5.0%              | 5                     |
| Updates on Developments in Applicable Areas of Law                        | 5.0%              | 5                     |
| Flexible Billing Structure  | 4.0%              | 4                     |
| Joint Initiatives   | 4.0%              | 4                     |
| On-site Visits  | 4.0%              | 4                     |
| Detailed Budgeting and Planning   | 3.0%              | 3                     |
| Online Database/Intranet/Extranet   | 3.0%              | 3                     |
| eBilling  | 2.0%              | 2                     |
| Non-billable Advice   | 2.0%              | 2                     |
| Post-Performance Reviews  | 2.0%              | 2                     |
| <b>Total Respondents</b>  |                   | <b>101</b>            |
| <b>(skipped this question)</b>  |                   | <b>747</b>            |

**6. Please identify any technology that you have implemented, which has created significant cost/time efficiencies for your department (select all that apply):**

| <b>Initiative</b>              | <b>Response %</b> | <b>Response Total</b> |
|--------------------------------|-------------------|-----------------------|
| Matter management              | 25.3%             | 100                   |
| eBilling                       | 12.7%             | 50                    |
| <b>Document management</b>     | <b>44.6%</b>      | <b>176</b>            |
| Contract management systems    | 37.7%             | 149                   |
| Extranets with law firms       | 9.9%              | 39                    |
| Client-facing intranets        | 14.7%             | 58                    |
| Other (please specify)         | 14.2%             | 56                    |
| <b>Total Respondents</b>       |                   | <b>395</b>            |
| <b>(skipped this question)</b> |                   | <b>453</b>            |

**“Other” Answers:**

- Document scanning tool – 5
- Content/Knowledge management system – 4
- IP management – 3
- Blackberry – 1
- Departmental e-tracker and e-rooms – 1
- Document assembly tool – 1
- EFT payments – 1
- Electronic law encyclopedias – 1
- Electronic signatures (EchoSign) – 1
- Ethics programs – 1
- Instant messaging – 1
- Online mock juries – 1
- Web forms for internal client requests – 1

**7. What is the single most positive outcome of Sarbanes-Oxley and/or other governance reforms of the past several years?**

| <b>Initiative</b>                     | <b>Response %</b> | <b>Response Total</b> |
|---------------------------------------|-------------------|-----------------------|
| <b>Board members are more engaged</b> | <b>36.3%</b>      | <b>289</b>            |
| Shareholder confidence is improved    | 2.9%              | 23                    |
| Decision-makers are more informed     | 14.3%             | 114                   |
| Markets are more transparent          | 3.8%              | 30                    |
| Shareholders are better served        | 1.9%              | 15                    |
| Boards are more effective             | 3%                | 24                    |
| Don't know/nothing                    | 28.9%             | 230                   |
| Other (please specify)                | 8.9%              | 71                    |
| <b>Total Respondents</b>              |                   | <b>395</b>            |
| <b>(skipped this question)</b>        |                   | <b>453</b>            |

**“Other” Answers:**

- Company increased focus on improving processes, controls, compliance, and risk – 11
- Legal department has more prominent role – 4

Organizational culture has more focus on more transparency and accountability – 4  
Processes documented – 2  
Whistleblowers have more support – 2  
Employees are better trained on processes and more aware of ethics – 1  
Information is more complete and reliable – 1  
Lawyers and accountants salaries have increased – 1

**8. In which areas do you expect to spend the greatest amount of your time in the next 12 to 18 months (list top three)?**

| <b>Response</b>                       | <b>Most Time</b> | <b>2<sup>nd</sup> Most</b> | <b>3<sup>rd</sup> Most</b> | <b>Response Average</b> |
|---------------------------------------|------------------|----------------------------|----------------------------|-------------------------|
| Transactional work                    | <b>66% (353)</b> | 23% (121)                  | 12% (62)                   | <b>1.46</b>             |
| Compliance                            | 34% (142)        | <b>37% (157)</b>           | 29% (123)                  | <b>1.95</b>             |
| Board relations                       | 22% (53)         | <b>39% (95)</b>            | 39% (93)                   | <b>2.17</b>             |
| Outside counsel management            | 17% (36)         | 39% (82)                   | <b>44% (93)</b>            | <b>2.27</b>             |
| Litigation                            | 31% (69)         | <b>35% (80)</b>            | 34% (77)                   | <b>2.04</b>             |
| Government affairs/External relations | 25% (24)         | 31% (29)                   | <b>44% (42)</b>            | <b>2.19</b>             |
| C-suite relations                     | <b>36% (35)</b>  | <b>36% (35)</b>            | 29% (28)                   | <b>1.93</b>             |
| Mergers & Acquisitions                | 31% (57)         | <b>36% (65)</b>            | 33% (59)                   | <b>2.01</b>             |
| Cost control                          | 10% (6)          | 41% (24)                   | <b>49% (29)</b>            | <b>2.39</b>             |
| Staff retention and development       | 12% (12)         | 39% (38)                   | <b>49% (48)</b>            | <b>2.37</b>             |
| Information technology and management | 5% (3)           | 35% (19)                   | <b>60% (33)</b>            | <b>2.55</b>             |
| Document/Records management           | 8% (13)          | 32% (54)                   | <b>60% (100)</b>           | <b>2.52</b>             |
| Other                                 | 33% (27)         | 32% (26)                   | <b>35% (28)</b>            | <b>2.01</b>             |
| <b>Total Respondents</b>              |                  |                            |                            | <b>831</b>              |
| <b>(skipped this question)</b>        |                  |                            |                            | <b>17</b>               |

**9. We know you are currently dealing with issues like compliance, governance, and eDiscovery. What is the next big issue you will face?**

| <b>Issues</b>   | <b>Response %</b> | <b>Response Total</b> |
|---|-------------------|-----------------------|
| International expansion/globalization issues (transactions, competitors, regulations) | 11.1%             | 45                    |
| Document/Records management/retention   | 10.1%             | 41                    |
| Executive compensation  | 4.2%              | 17                    |
| Changing/new government regulations   | 4.0%              | 16                    |
| Privacy/security/fraud  | 3.7%              | 15                    |
| Cost control  | 3.5%              | 14                    |
| Staff retention and development   | 3.5%              | 14                    |
| IP management   | 3.0%              | 12                    |
| Patent issues ("Trolls", frivolous class actions)                                     | 2.7%              | 11                    |
| Risk management   | 2.2%              | 9                     |
| eDiscovery  | 2.0%              | 8                     |
| Company growth w/o growth of legal department   | 1.7%              | 7                     |
| Litigation management   | 1.7%              | 7                     |
| M&A   | 1.7%              | 7                     |
| Succession planning   | 1.7%              | 7                     |
| Internet/technology issues  | 1.5%              | 6                     |
| Application of SOX to non-profits and private companies                               | 1.2%              | 5                     |
| Contract management   | 1.0%              | 4                     |
| Shareholder relations   | 0.7%              | 3                     |
| Changing perception of legal department   | 0.5%              | 2                     |
| Compliance programs   | 0.5%              | 2                     |
| Ethics  | 0.5%              | 2                     |
| Import/Export issues  | 0.5%              | 2                     |
| Legal department metrics  | 0.5%              | 2                     |
| Multi-state taxation  | 0.5%              | 2                     |
| Outside counsel costs   | 0.5%              | 2                     |
| Automation of legal department  | 0.2%              | 1                     |
| Changing dynamics with outside accounting firms (more conservative)                   | 0.2%              | 1                     |
| European Competition Law (Block Exemption Regulation)                                 | 0.2%              | 1                     |
| European Union records retention  | 0.2%              | 1                     |
| Executive compliance  | 0.2%              | 1                     |
| Immigration   | 0.2%              | 1                     |
| Labor/union issues  | 0.2%              | 1                     |
| Land use development restrictions   | 0.2%              | 1                     |
| Outsourcing   | 0.2%              | 1                     |
| Plagiarism  | 0.2%              | 1                     |
| Preparing for a monetizing event  | 0.2%              | 1                     |
| Public relations  | 0.2%              | 1                     |
| Six Sigma process improvements  | 0.2%              | 1                     |
| Updating master agreements  | 0.2%              | 1                     |
| <b>Nothing / Don't know</b>   | <b>31.7%</b>      | <b>128</b>            |
| <b>Total Respondents</b>  |                   | <b>404</b>            |
| <b>(skipped this question)</b>  |                   | <b>444</b>            |

**10. How would you characterize your relationship with outside auditors over the past few years?**

| <b>Response</b>                | <b>Response %</b> | <b>Response Total</b> |
|--------------------------------|-------------------|-----------------------|
| Improved                       | 12.9%             | 105                   |
| More difficult                 | 33.7%             | 275                   |
| <b>Stayed the same</b>         | <b>53.4%</b>      | <b>435</b>            |
| <b>Total Respondents</b>       |                   | <b>815</b>            |
| <b>(skipped this question)</b> |                   | <b>33</b>             |

**10a. If the relationship has become more difficult, please identify the primary reason for this change:**

| <b>Initiative</b>   | <b>Response %</b> | <b>Response Total</b> |
|---|-------------------|-----------------------|
| <b>Not applicable</b>   | <b>55.1%</b>      | <b>341</b>            |
| Non-negotiable terms  | 5%                | 31                    |
| Relationship more adversarial (less trusting) post Sarbanes-Oxley | 26.8%             | 166                   |
| Demands for disclosure of privileged information                  | 5.8%              | 36                    |
| Other (please specify)  | 7.3%              | 45                    |
| <b>Total Respondents</b>  |                   | <b>619</b>            |
| <b>(skipped this question)</b>                                    |                   | <b>229</b>            |

**“Other” Answers:**

Inflexible/formulaic/risk adverse reviews, instead of advising/consulting solutions – 6

Dislike auditor’s attitudes (arrogant, “we hold the keys”, greedy) – 4

Lack of business/industry knowledge – 4

Dislike auditor’s staff – 3

Poor performance/inefficient – 3

High costs – 2

Can’t meet technical demands/requirements – 1

Local inability to respond – 1

Poor billing structure – 1

Require public company’s level of scrutiny even though a private company – 1

**11. Which, if any, of the following issues are important to you as the leader of an in-house legal department (select all that apply)?**

| <b>Response</b>   | <b>Response %</b> | <b>Response Total</b> |
|---|-------------------|-----------------------|
| Participation in pro bono services                          | 18.4%             | 108                   |
| Diversity within department                                 | 43.4%             | 255                   |
| Diversity within outside firms                              | 24.8%             | 146                   |
| <b>Participation in company-wide public service efforts</b> | <b>60.4%</b>      | <b>355</b>            |
| <b>Total Respondents</b>                                    |                   | <b>588</b>            |
| <b>(skipped this question)</b>                              |                   | <b>260</b>            |

**11a. For each of the following issues please indicate if you have an established program in place to support:**

| <b>Response</b>                                      | <b>Yes</b> | <b>No</b> | <b>Response Average</b> |
|--|------------|-----------|-------------------------|
| Participation in pro bono service                    | 8% (58)    | 92% (667) | 1.92                    |
| Diversity within department                          | 23% (167)  | 77% (568) | 1.77                    |
| Diversity within outside counsel firms               | 11% (75)   | 89% (639) | 1.89                    |
| Participation in company-wide public service efforts | 36% (265)  | 64% (473) | 1.64                    |
| <b>Total Respondents</b>                             |            |           | <b>773</b>              |
| <b>(skipped this question)</b>                       |            |           | <b>75</b>               |

**DEMOGRAPHICS**

**12. How many in-house attorneys are in your department (in all locations):**

| <b>Response</b>                | <b>Response %</b> | <b>Response Total</b> |
|--------------------------------|-------------------|-----------------------|
| 1                              | 33.1%             | 263                   |
| <b>2-5</b>                     | <b>46.4%</b>      | <b>369</b>            |
| 6-10                           | 9.9%              | 79                    |
| 11-20                          | 5%                | 40                    |
| 21-30                          | 3.5%              | 28                    |
| 30 or more                     | 3.5%              | 28                    |
| <b>Total Respondents</b>       |                   | <b>795</b>            |
| <b>(skipped this question)</b> |                   | <b>53</b>             |

13. Please indicate the rough percentage of your in-house legal staff in the following regions:

| Response                       | Response %   | Response Total |
|--------------------------------|--------------|----------------|
| <b>United States</b>           | <b>96.2%</b> | <b>738</b>     |
| Canada                         | 7.8%         | 60             |
| Central/South America          | 5.3%         | 41             |
| Eastern Europe                 | 5.1%         | 39             |
| Western Europe                 | 13.8%        | 106            |
| Africa/Middle East             | 4.6%         | 35             |
| Asia/Pacific                   | 8.7%         | 67             |
| <b>Total Respondents</b>       |              | <b>767</b>     |
| <b>(skipped this question)</b> |              | <b>81</b>      |

14. What are your organization's annual revenues?

| Response                       | Response % | Response Total |
|--------------------------------|------------|----------------|
| <b>Under \$.5B</b>             | <b>58%</b> | <b>456</b>     |
| \$.5B to \$2B                  | 25.6%      | 201            |
| \$2B to \$10B                  | 11.7%      | 92             |
| \$10B or more                  | 4.7%       | 37             |
| <b>Total Respondents</b>       |            | <b>786</b>     |
| <b>(skipped this question)</b> |            | <b>62</b>      |

15. Is your organization:

| Response                       | Response % | Response Total |
|--------------------------------|------------|----------------|
| Public                         | 33.6%      | 268            |
| Private                        | 51.5%      | 411            |
| Non-profit                     | 8.8%       | 70             |
| Partnership                    | 0.6%       | 5              |
| Other (specify)                | 5.5%       | 44             |
| <b>Total Respondents</b>       |            | <b>798</b>     |
| <b>(skipped this question)</b> |            | <b>50</b>      |

16. What is the size of your 2006 law department budget in US dollars (indicate total, inside expense and outside counsel expense)?

| Item                   | Statistical Average |
|------------------------|---------------------|
| <b>Inside Expense</b>  | \$2,007,512         |
| <b>Outside Expense</b> | \$3,919,658         |
| <b>Total Budget</b>    | \$7,494,821         |

## About the Association of Corporate Counsel

The Association of Corporate Counsel (ACC) is the in-house bar association<sup>SM</sup>, serving the professional needs of attorneys who practice in the legal departments of corporations and other private sector organizations worldwide. 2007 marks the 25<sup>th</sup> anniversary of ACC. The association promotes the common interests of its members, contributes to their continuing education, seeks to improve understanding of the role of in-house attorneys, and encourages advancements in standards of corporate legal practice. Since its founding in 1982, the association has grown to 21,000 members in more than 55 countries who represent over 8,000 corporations. ACC has 47 chapters and 14 committees serving the membership. Its members represent all of the Fortune 100 companies. Internationally, its members represent 42 of the Global 50 and 74 of the Global 100 companies. For more information, go to [www.acc.com](http://www.acc.com).