



Legal Department Survey

Europe, Middle East & Africa

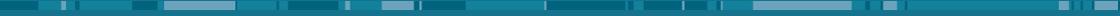
2012

In association with:

ACC EUROPE
Association of Corporate Counsel

 **Laurence Simons**
International Legal & Compliance Recruitment

ACC Association of
Corporate Counsel



Thank You

To all who contributed this year, we hope you find this document useful. As always we are very interested to hear your feedback and suggestions for future editions.

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Introduction & Profile of Respondents

In spring 2012, Laurence Simons and the Association of Corporate Counsel (ACC) invited law departments to complete a benchmarking survey about their teams in Europe, the Middle East and Africa (EMEA).

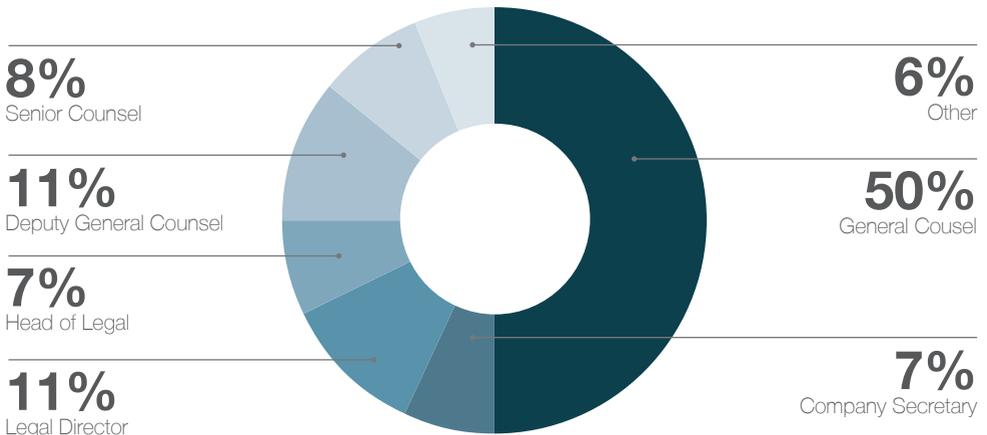
At the end of the research process, 114 legal departments had responded to the survey, with top-level contributions from General Counsel (accounting for 50% of respondents), Deputy General Counsel, Heads of Legal, Legal Directors and Company Secretaries.

* References to the 2008 results are to the EMEA Legal Department Survey produced by Laurence Simons and Rees Morrison.

The companies represented were headquartered in 17 countries, with US (42%), UK (12%), and French businesses (11%) comprising almost two-thirds of respondent organisations. The largest number of individual respondents were UK-based (24%), followed by France (14%) and Switzerland (11%).

The respondents were drawn from a wide range of industry sectors. Of those represented, the most prominent were Manufacturing and Engineering (13%), Life Sciences (11%), IT/Software and Services (9%) and IT/Electronics (9%).

Job Title



Company's EMEA Headquarters



31% UK

14% France

1% Russia

2% Nordics

9% Belgium

13% Switzerland

2% Ireland

8% Germany

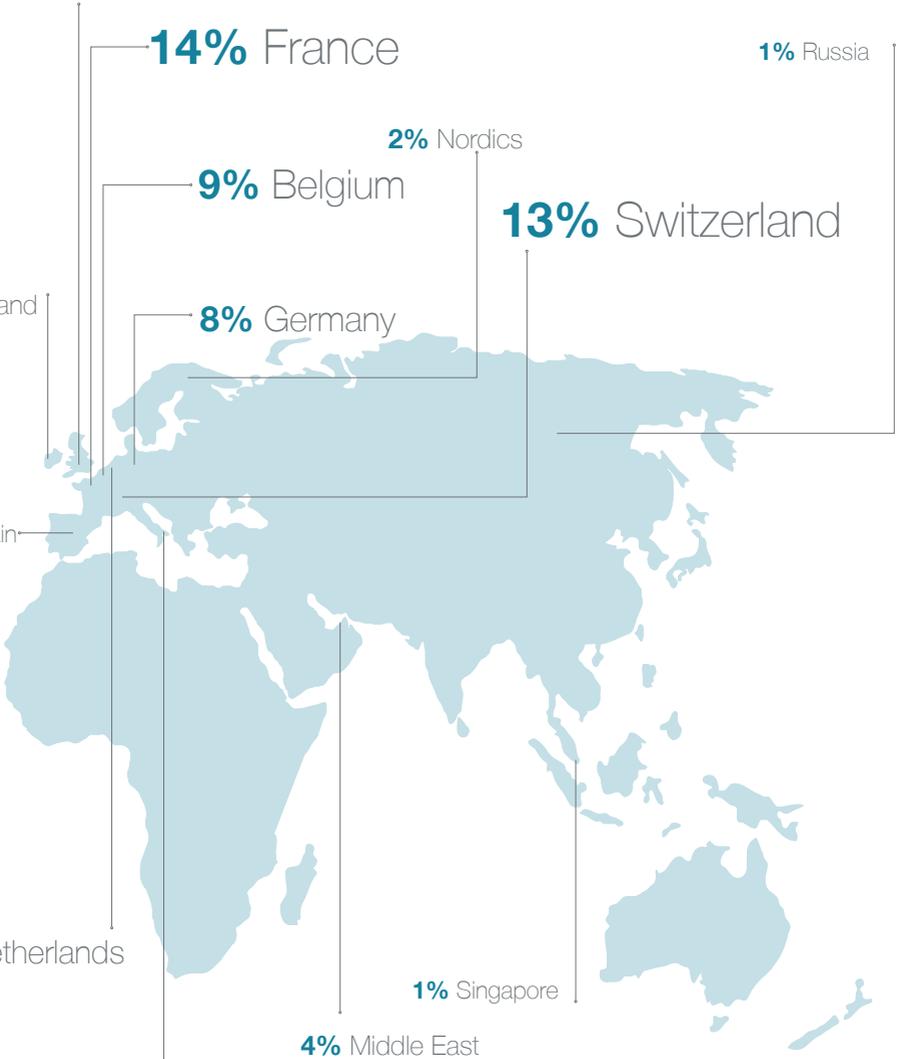
1% Spain

7% Netherlands

1% Singapore

4% Middle East

5% Italy



Company's Global Headquarters

42% North America



1% Brazil

12% UK

11% France

1% Russia

4% Nordics

3% Belgium

4% Switzerland

2% Northern Ireland

3% Germany

3% Japan

3% Australia

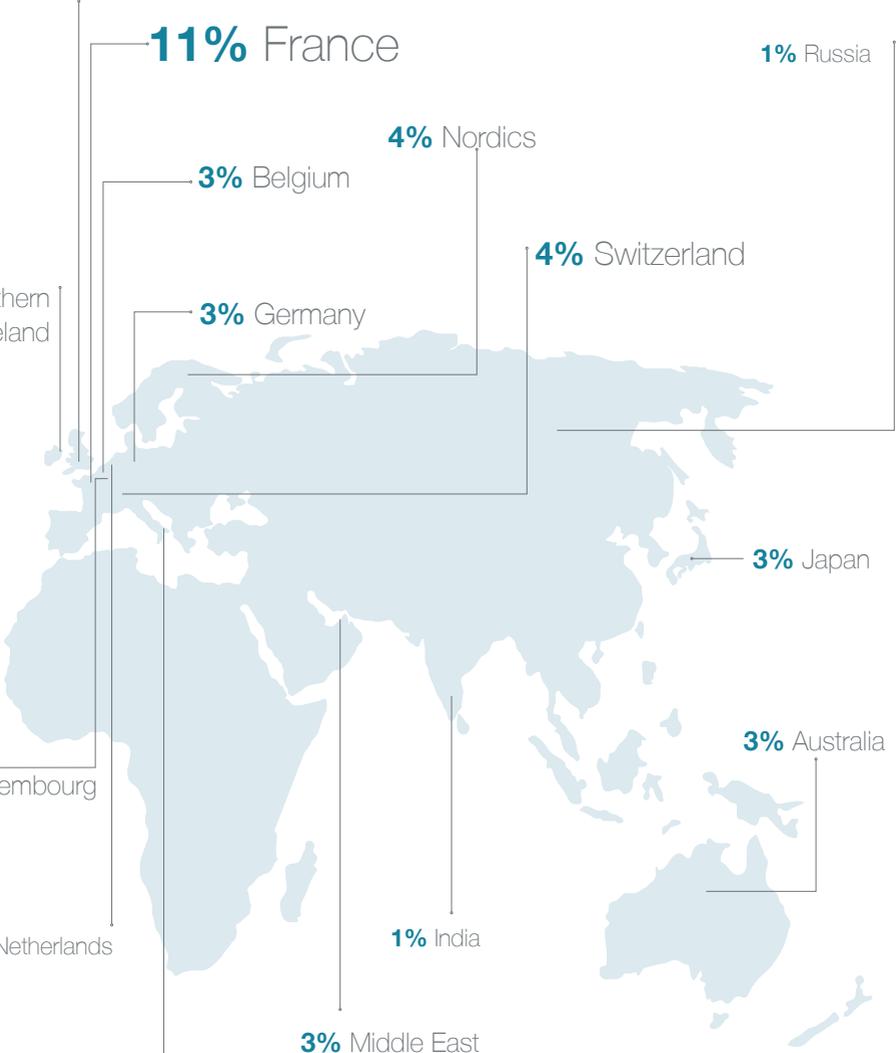
3% Luxembourg

1% Netherlands

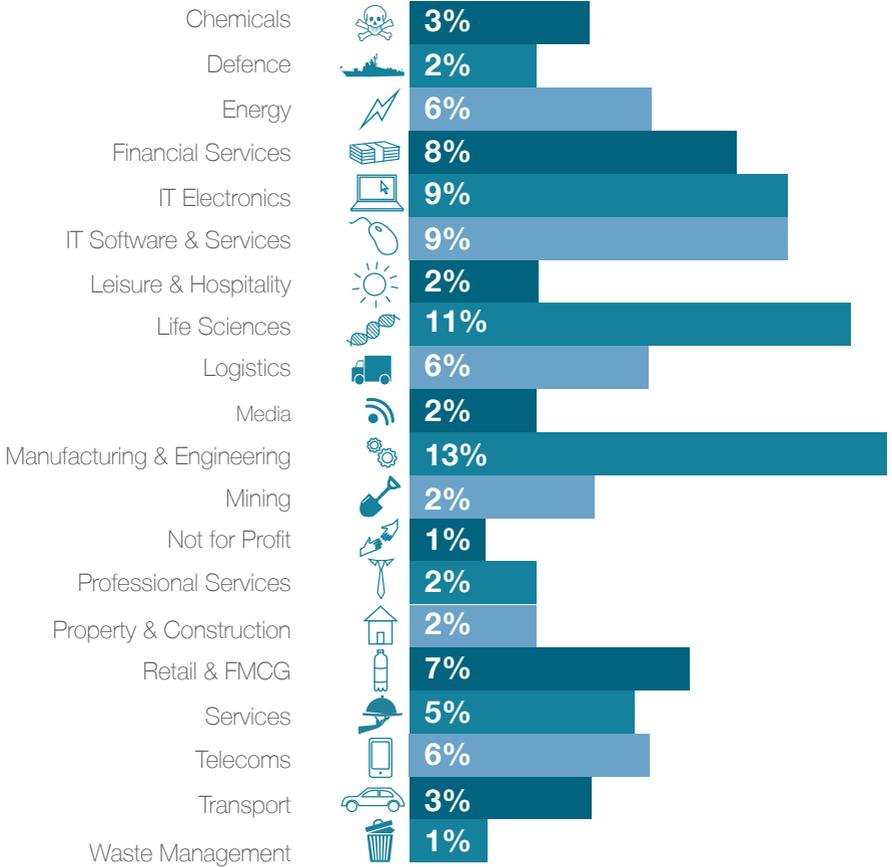
1% India

3% Middle East

3% Italy



Company's Industry Sector



Revenues & Legal Spend

The average EMEA revenue of respondents was €2.28bn (with a high of €12bn) and average global revenue was €8.41bn (with a high of €61bn).

With regards to total internal legal spend, the average for all respondents was €3.8m, albeit the highest recorded internal spend was €30m.

The average total external legal spend (including law firms, vendors and expert witnesses) for all respondents was €5.8m, with the highest recorded spend being €45m.

This gives an average total (internal plus external spend) legal spend of €9.6m for all respondents.

Based on previous surveys, revenue per lawyer across the EMEA region seems to be decreasing, down to €217.1m from an

average €244.3m in 2008. This may partly be due to reduced business revenues, but is more likely a result of a relative increase in departmental size; General Counsel and Heads of Legal look to reduce their external legal expenditure and legal risks by bringing more work in-house.

However regarding worldwide revenue per lawyer the trend seems to be going the other way. Average revenue per lawyer is up to €215.6m from €146.9m in 2008. This may be a measure of increasing efficiency on a global level but reflecting the more challenging business and legal environments notably across Europe since the onset of the financial crisis and economic downturn, demanding close management at the local level and as companies have looked to reduce total external spend in the face of increased budgetary pressures (and revenue uncertainty).

Revenue per lawyer	
Average EMEA revenue	€2,280,000,000
Average EMEA department size (practising lawyers)	10.5
Average EMEA revenue per lawyer	€217,142,857
Average worldwide revenue	€8,410,000,000
Average worldwide department size (practising lawyers)	39
Average worldwide revenue per lawyer	€215,641,025

Team Size & Reporting Lines

In terms of reporting lines, the vast majority of the most senior legal officers at respondent companies (76%) reported directly to the Chief Executive Officer. The EMEA General Counsel overwhelmingly reported to the Group General Counsel. A minority of respondents reported to the Chief Financial Officer.

The average size of EMEA legal teams reporting directly or indirectly to the Head of Legal for EMEA is 10.5, albeit with a range of responses varying between one and 120.

This is in contrast to an average of 39 practising lawyers in respondent organisations' legal departments worldwide, with a range of responses from one to 212.

Paralegals and contract managers (including legal assistants – other than secretaries and administrative assistants – who directly support lawyers) are now an almost universal feature of EMEA legal departments. The average number reported by respondents was 4.5, with a range running from zero to 30.

The average number of other staff supporting EMEA lawyers is 3.3, but with a higher proportion of respondents (29%) citing that they do not employ any further non-lawyers in their departments.

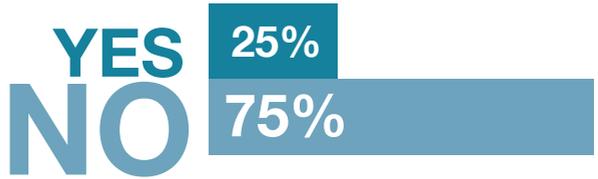
Since 2008 the average number of support staff per lawyer has fallen from 2.8 to 2.3. This may reflect a growing complexity of legal issues departments are seeing that require more highly qualified personnel. However this may also be due to budgetary pressures, as departmental Heads have sought to concentrate their resources more towards practising lawyers than paralegals. Respondents also commented that the use of technology is continuing to have a negative impact on the number of non-lawyer roles.

4.5
2.3

Average number of paralegals across EMEA

Average number of support staff per lawyer

Did you have any secondees from law firms or legal staffing agencies during 2011?



25% of respondents report that they routinely utilise secondees from law firms or contract lawyers from dedicated staffing agencies over the past year.

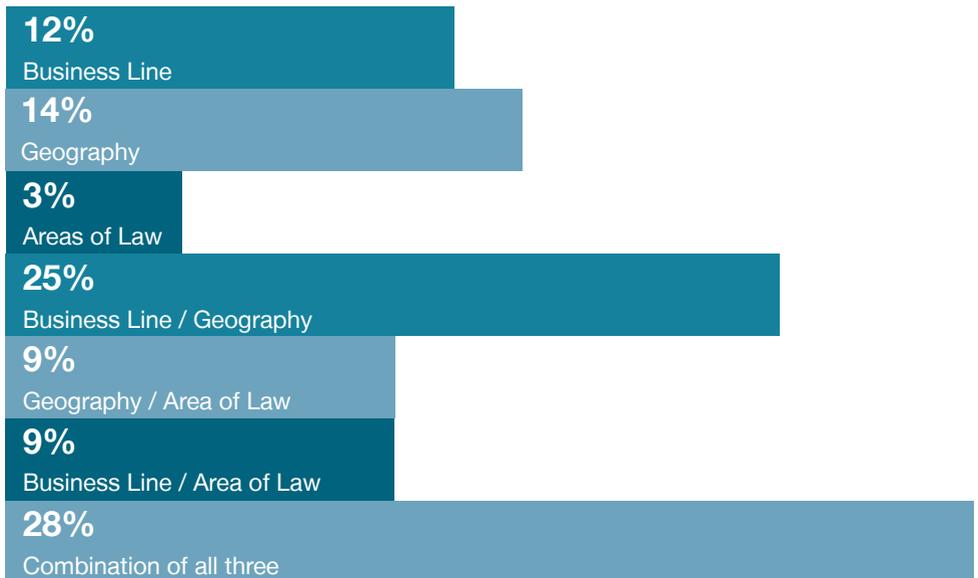
Among those legal departments that reported using external short-term assistance, the most common reason was as cover for an existing full-time team member being on family leave. However, respondents also cited cost savings and avoiding adding another headcount as reasons for resourcing in this manner.

Department Structures & Responsibility

As to how EMEA legal departments are most routinely structured, respondents report a variety of methods used. Only a minority (3%) organise their lawyers by area of law, while around 12% prefer to delineate responsibility by business line and slightly more (14%) preferring geography.

A significantly larger number utilise a combination of factors, with a quarter (25%) organising themselves by business line and geography. Less than one in ten (9%) of respondents utilise a mix of geography and area of law or business line and area of law. The largest numbers of respondents however prefer to adopt a combination of all three options; area of law, business line and geography (28%).

How is your legal team structured?



As to where legal departments locate their lawyers within the EMEA region, respondents have lawyers located on average in six territories, albeit some have lawyers across up to 40 different territories. The most common locations include the UK (36% of respondents), Germany (29%), France (24%), Spain (12%), Belgium, Switzerland and UAE (all 11%), followed by Italy and The Netherlands (both 9%).

Many respondents report that they continue to have significant business in territories within the EMEA region, but not on-the-ground in-house legal expertise. In some cases companies reported being active across the region with 50+ in-house legal professionals on the ground in only a few jurisdictions. A number of respondents did report having contract negotiators in some of these countries. Respondents were also more likely to have lawyers based in a country if the business had a branch there rather than just a subsidiary.

“As to where legal departments locate their lawyers within the EMEA region, respondents have lawyers located on average in six territories.”

As to how companies provide legal cover in these countries or regions, over four-fifths (84%) retain local external counsel, 14% have a member of the in-house team qualified in the jurisdiction but not based there, while over two-thirds (69%) have a member of the in-house team who is not qualified in the relevant jurisdiction but has responsibility for matters there.

How do you provide legal cover in countries or regions where you have no internal legal presence on the ground?



Languages Spoken

Broad geographic responsibility inevitably means that legal managers and individual lawyers have to adapt to different legal needs, systems and local idiosyncrasies. Included amongst these is the need to simply communicate, with more departments comprising of more lawyers speaking a wider range of languages.

It is rare for a legal department to only operate in one language, however in such cases the language is English. Of the languages spoken, English, French, German and Spanish feature most frequently.

Languages in which can communicate with business people	
Minimum	1
Lower Quartile	3
Median	4
Upper Quartile	6
Maximum	17

Languages in which can draft documents	
Minimum	1
Lower Quartile	2
Median	3
Upper Quartile	5
Maximum	15

Internal & External Work Split

As to the areas of law covered by internal legal teams, the vast majority of respondents (94%) cover company and commercial issues, with a significant number also reporting that key issues such as bribery and corruption (72%) are areas of emphasis. These areas are ahead of competition and IP (both 66%), labour and employee benefits (63%) and IT and e-commerce (60%).

Just over half of all respondents manage disputes internally (55%), while around a third (32%) look after all real estate and environmental or sector specific regulatory issues (31%).

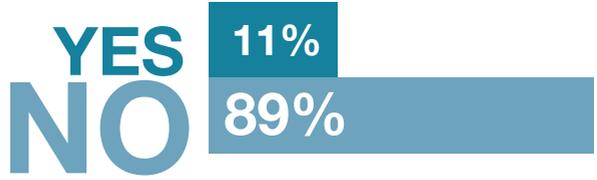
A clear minority of departments manage banking or finance (14%), insurance or reinsurance (14%), insolvency and restructuring (11%) or capital

markets (5%) matters. The most commonly cited additional areas of responsibility were data protection and export control.

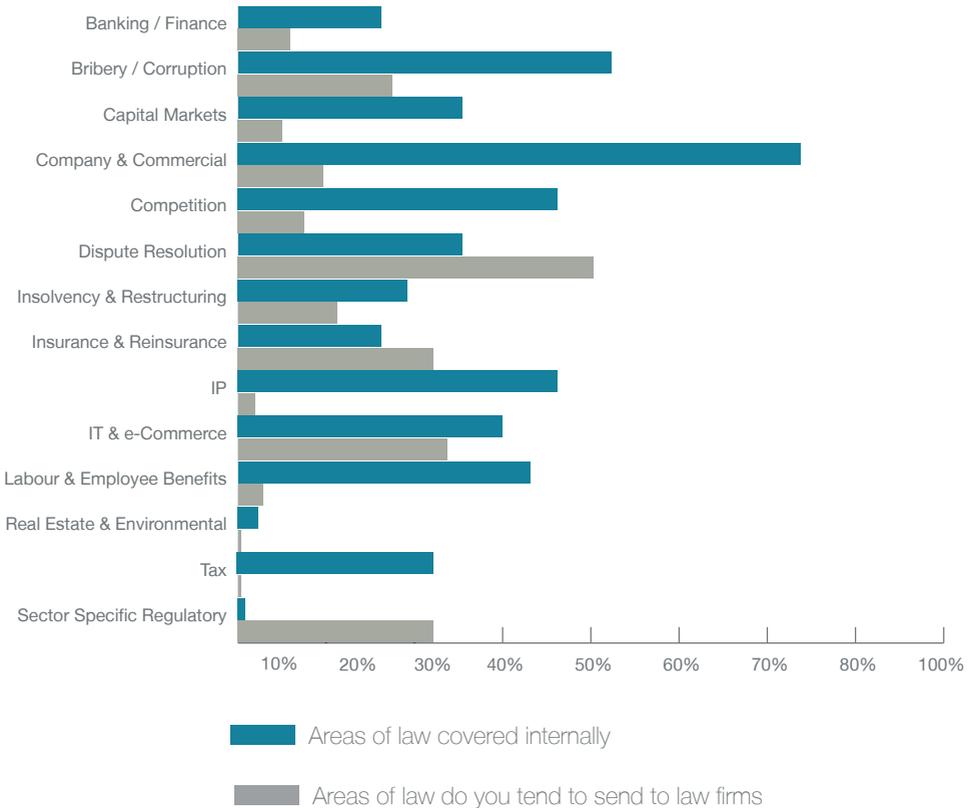
As to those areas of work most routinely outsourced to law firms, dispute resolution (70%) is the stand out area, followed by issue specific competition (37%) and banking and finance (36%) matters. These are just ahead of labour and employee benefits (33%), IP (28%), real estate and environmental and tax (both 30%).

Most respondents still send the vast majority of their external legal work to law firms, with only 11% stating that they use Legal Process Outsourcing (LPO) firms or other alternative providers.

Do you use any Legal Process Outsourcing firms or other alternative providers?



Which areas of law do you mainly cover internally and which do you tend to send to law firms?



Internal legal spend per EMEA lawyer

Minimum internal spend	€153,000
Maximum internal spend	€30,000,000
Average total EMEA internal legal spend	€3,87m
Average EMEA department size (practising) lawyers	10.5
Average EMEA internal legal spend per (practising) lawyer	€368,587

Despite the considerable variation in internal spend among respondents, the average EMEA legal spend per lawyer again remains relatively

constant at €368,587. This is only down slightly compared to the average previous figure of €373,541 in 2008.

External legal spend per EMEA lawyer

Minimum external spend	€70,000
Maximum external spend	€45,000,000
Average total EMEA external legal spend	€5,07m
Average EMEA department size (practising) lawyers	10.5
Average EMEA external legal spend per (practising) lawyer	€482,680

A clear trend to come out of the data this year has been a reduction in external legal spend by EMEA departments based on previous findings, down from an average of €553,582 in 2008 to €482,680

– a drop in total external spend of around 13%. This reflects tighter legal budgets, tougher price negotiations with external providers and perhaps a desire to bring more work in-house.

EMEA total legal spend per lawyer

Average total EMEA legal spend	€9.6m (internal + external)
Average EMEA department size (practising) lawyers	10.5
Average EMEA legal spend per (practising) lawyer	€914,285

Despite the evident fluctuations in internal and external legal spend and department size by practising lawyer count, the average EMEA legal spend per EMEA lawyer nonetheless

remains relatively constant across departments when compared to previous surveys, at €914,285 against €915,827 in 2008.

Percentage of internal spend as a % of total legal spend

Average total EMEA legal spend	€9.6m (average internal + external spend)
Average Internal EMEA legal spend	€3.87m
Average internal EMEA legal spend as a % of total legal spend	40.3%

Relative to total legal spend, departments seem to be reducing their internal legal spend. Internal spend made up an average of 40.3% of total spend compared to 52.5% in 2008.

Fully Loaded Cost Per Lawyer

Methodology	
Average EMEA department size by practising lawyer	10.5
Multiply by an assumed	1800 hours
Average internal legal spend	€3.87m
Average fully-loaded cost per hour per lawyer	€204

Percentage of total legal spend as a % of total revenue	
Average total EMEA legal spend	€9.6m (average internal + external spend)
Average EMEA revenue	€2.28bn
Average total EMEA legal spend as a % of total EMEA revenue	0.42%

By multiplying the number of lawyers in the EMEA region by a presumed 1800 hours this produces a presumed cost per hour per lawyer. The results this year reflect a remarkable turnaround in cost per hour based on previous findings, even allowing for currency variations and changing respondent profiles.

The average fully-loaded cost per hour per lawyer in 2012 comes out at €204, significantly up from €178 in 2008, but exactly matching that found in 2004.

Relative to total EMEA revenue, legal budgets also seem to have been reduced – reflecting wider budgetary pressures across businesses as a whole since the onset of the economic downturn. Total legal spend on average equates to 0.42% of total EMEA revenue, down from 0.56% in 2008.

Mission Critical

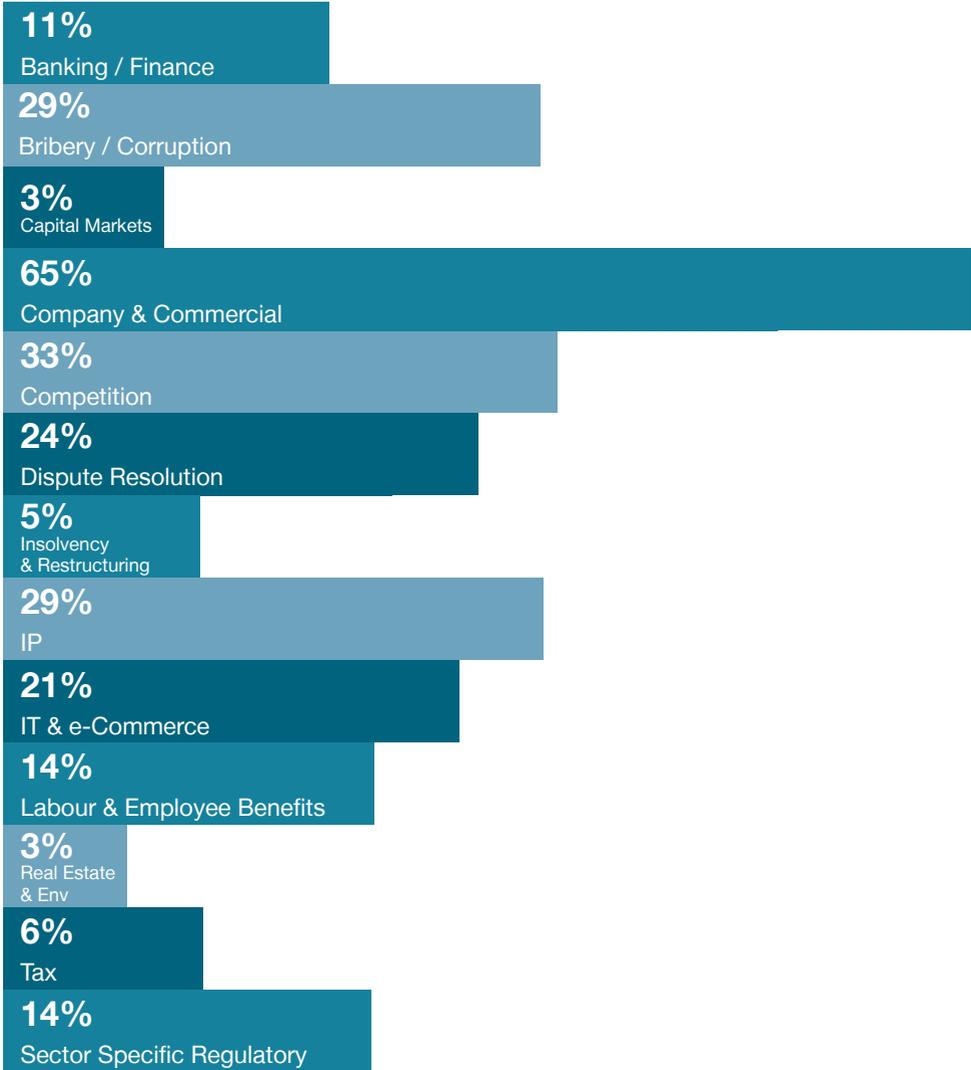
As to those areas of legal work that respondents deemed mission critical over the past year, top of the list was company and commercial (65%), followed by competition (33%), bribery and corruption (29%) – reflecting in part perhaps the implementation of the UK Bribery Act – and IP (29%).

Areas deemed less critical include tax (6%), insolvency and restructuring (5%) and real estate and environmental (3%).

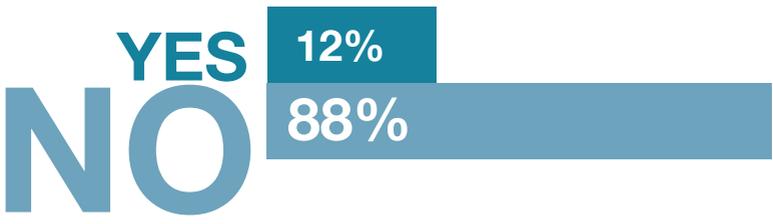
The outlook for many respondents over the coming year remains relatively clear, with 88% stating that they are unlikely to see any change of focus over the remainder of 2012.

With regards to how departmental heads see the current pressures on their teams, a recurring focus is the need to better understand the business and increase value for money; the internal legal team needs to be regarded as a more cost-effective and better informed alternative to using (and educating) external providers.

Which areas of law were mission critical in the past 12 months?



Do you envisage this changing?

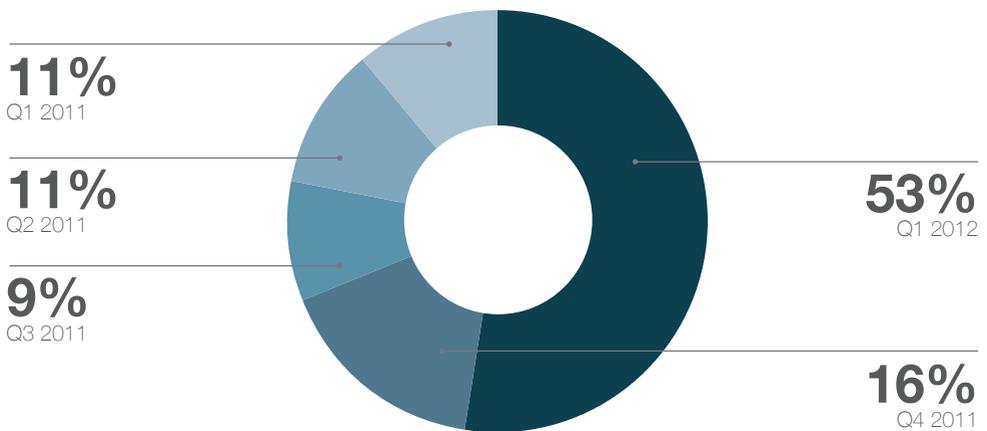


Team Building

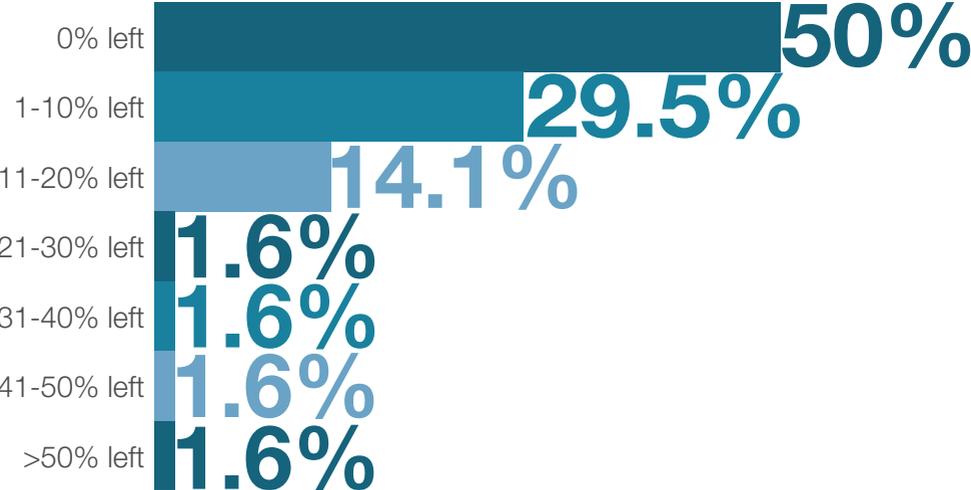
Cost considerations are clearly impacting on EMEA departments' recruitment policies. Just over a half of all respondents reported that they had recruited externally in the first quarter of 2012 (53%), marking a significant upturn on last year.

Over the same period in 2011, only 11% of respondents reported having made an external hire, a figure matched for the second quarter of the year. A drop, down to 9% of respondents, was recorded in the third quarter of 2011, with only a relatively modest increase (16%) recorded in the last quarter of last year.

When did you last recruit externally?

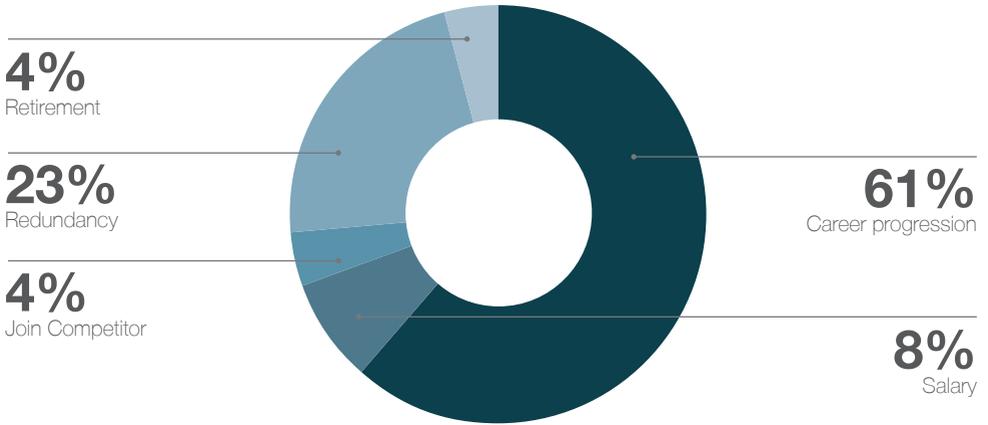


As a percentage of your department, how many leavers have you had in the last 12 months?



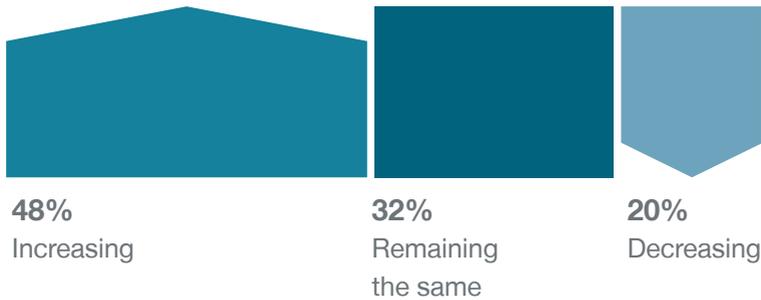
Such figures would seem to indicate that departments are looking to grow. Reflecting on the number of leavers, exactly half of all respondents reported no leavers over the last 12 months. Just under a third (29.5%) lost between one and 10 percent, while 14.1% reported losing between 11 and 20 percent. A very small minority (6.4%) said they lost more.

What have you found to be the most common reason for people leaving the business?



The most common reason for people leaving the business was career progression (61%), followed by forced redundancy (23%) and issues over salary (8%).

Assuming no major merger or spin-off, how do you envisage your legal department developing in terms of size over the next 2 years?



Assuming no major merger or spin-off, the majority of respondents (48%) envisage their legal departments increasing in size over the next two years. Around 32% predict the status quo, while a minority (20%) predict a decrease in department size.

Where Will Departments Be Hiring?

Three jurisdictions stand out as the focus for potential hiring among respondents over the next two years: the UK (12 companies), France (ten) and Germany (ten). There does tend to be a correlation between a company's headquarters and the focus of their recruitment goals, but it may also be that these are key or growing markets for each business.

Next, in terms of priority countries; the Netherlands (six) and Switzerland (three), while regionally it is Central and Eastern Europe and the Middle East – notably Dubai – that stand out.

Other significant hiring countries include Ireland, Italy, Russia and Sweden. Outside of the EMEA region, most recruitment emphasis appears to be – in terms of focus – towards Australia, Singapore, Brazil and the US.

Laurence Simons

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Operating across Europe, Russia, the Middle East, Asia, North America and Latin America, Laurence Simons truly is an international recruiter. Our network of offices is unique in the field of legal recruitment and we have been pioneering in serving new markets, in particular across Europe and Latin America, the Middle East, Russia and India.

We have effectively recruited in over 65 countries, as a result of our consultants working together, providing a seamless service across continents. We cover the entire spectrum of permanent and temporary legal positions in both the Private Practice and In-House markets, from Newly Qualified through to Partner and General Counsel level roles.

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The Association of Corporate Counsel

The Association of Corporate Counsel (ACC) is a global bar association that promotes the common professional and business interests of in-house counsel who work for corporations, associations and other private-sector organizations through information, education, networking opportunities and advocacy initiatives.

With more than 29,000 members in more than 75 countries, employed by over 10,000 organizations, ACC connects its members to the people and resources necessary for both personal and professional growth. By in-house counsel, for in-house counsel.®

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