AXIOM’S 2023 DEPUTY GENERAL COUNSEL SURVEY REPORT

SPOTLIGHT ON

Business Services

DGCs
INTRODUCTION

The Importance of the DGC Role:

The role of the DGC is a universally important one. At many enterprises, DGCs operate with considerable latitude in consulting, advising, and representing the company on a variety of highly complex legal, transactional, regulatory, and corporate governance-related matters. In addition to providing strategic advice to management and the board, the DGC will also help set the strategy for the legal function in general while leading a team of legal professionals and overseeing a vast network of outside providers. In some companies, DGCs also liaise with the CFO and assume budgetary autonomy. And, in almost all environments, the DGC will be closer to the resourcing nuances of the legal department and its day-to-day operational challenges than the GC. Finally, the role is made even more important by the fact that its current occupants represent the next generation of in-house legal leadership.

SPOTLIGHT ON BUSINESS SERVICES DGCS:

Of course, the specific function of the role and its pain points vary by industry. This companion spotlight to our broader report on DGCs (Axiom’s 2023 Deputy General Counsel Survey) highlights benchmarking data on business services DGCs specifically. Our spotlight examines the business services DGC perspective on legal department resourcing, budgetary constraints, anticipated headcount cuts, and how best to leverage external support networks. It also examines the career satisfaction of business services DGCs currently in-seat and reveals the obstacles that prevent them from climbing the last rung of the in-house legal ladder.

THE THREE HEADLINE BUSINESS SERVICES TAKEAWAYS:

1. Much like their peer DGCs from other sectors, business services DGCs are struggling to navigate budget cuts and hiring freezes which they believe will ultimately affect the efficacy of their already under-resourced department. In a recent TIME article, economist and professor at the London School of Economics, John Van Reenen, says “with the war in Ukraine and all the world in, or entering into recession, their companies are trenching as demand is falling; belt-tightening is going on.”

2. So how does this uncertainty affect legal resourcing? Business services DGCs, more so than DGCs in other sectors, do not believe that law firms or internal hires can effectively address their resourcing challenges:
   • With respect to law firms, cost is a paramount concern. (As well it should be, with Corporate Counsel recently reporting 2023 law firm rate increases of between 5% to 15%, with some “hikes topping 30%.”) Perhaps more surprising but of equal concern to business services DGCs is the administrative burden of managing a vast network of providers, something business services DGCs feel more acutely than their non-sector peers.
   • As for hiring new lawyers internally, few business services DGCs feel this is an effective resourcing solution due to headcount reductions and budgetary concerns. But there’s a broader talent problem with hiring lawyers: business services DGCs have trouble finding the right type of lawyer to meet their needs.

3. In terms of career satisfaction and development, business services DGCs are more likely to see themselves on an accelerated path to a GC role: three to six years on average, as compared to seven-plus years for their non-industry peers. And while all DGCs share similar pain points regarding their ability to access the skillsets required to advance to a GC position, business services DGCs are far more likely to perform at higher levels than their peers outside the sector.
O V E R V I E W

Key Findings

ECONOMIC PRESSURES:

99% of business services DGCs have seen budget cuts as the result of economic uncertainty

96% predict a potential hiring freeze is likely due to economic circumstances

49% say some or a great deal was cut

37% report it’s very likely or already happening

RESOURCING ISSUES:

100% report seeing an increase in volume and complexity of legal matters

99% say they have seen an increase in attrition within their own legal departments in the last year (suggesting DGCs will need to be careful with their resourcing)

87% note their teams are lacking the expertise, bandwidth, or structure to effectively tackle their workload

94% share that their legal department doesn’t have the necessary staffing resources in-house to meet the needs of those increasing legal demands

For business services DGCs, the most notable deficiencies are lawyers well-versed in business services/finance, data privacy/cyber security, labor/employment, litigation, and new or emerging areas.

100% of business services DGCs say it is very difficult to hire the right attorneys to meet their needs

44% report it very or extremely difficult
SOLUTIONS TO RESOURCING CHALLENGES:

▶ Internal Hires

99%

of business services DGCs **don’t believe** that investing in full-time permanent hires is a very effective solution to address resourcing challenges

**WHY INTERNAL HIRES DON’T WORK:**
- 38% cite difficulty finding the right talent to meet their needs
- 48% say they only require part-time help
- 47% note the potential for turnover
- 44% are concerned about hiring freezes on the horizon

▶ Law Firms

94%

Compared to their non-industry peers, a little more than half of business services DGCs (52%) are more willing to increase support from traditional external legal providers (like law firms.) But at what cost?

**WHY LAW FIRMS DON’T WORK:**
- 60% note the burden of managing law firms (requiring too lengthy an onboarding process forcing DGCs to spend too much time on administrative tasks)
- 45% believe that law firms provide more conceptual legal advice than practical and lack institutional knowledge
- 40% cite that they lack commercial/business acumen
- 41% begrudgingly share that law firms don’t prioritize their business

▶ Flexible Legal Talent Providers

70%

of business services DGCs believe that flexible talent providers would be a **more effective resource**, providing more value for their money

**WHY FLEXIBLE TALENT DOES WORK:**
- 40% share that flexible talent provides more practical advice than conceptual
- 50% cite that this solution is easier to manage and takes less time to onboard than law firms
- 44% note that this solution offers more specialized industry/practice knowledge to address their departmental needs
- 46% recognize flexible talent providers actually prioritize their business
- 64% believe this leads to better value and greater efficiency when considering the stringency of today’s budgeting concerns
CAREER PROGRESSION:

While more than half (69%) of the banking DGCs reported they were completely satisfied with their current position, 64% noted that they were not happy with the opportunities for professional development or career advancement in their current roles.

- **100%** report experiencing stress and/or burnout
- **54%** say that they feel very or extremely stressed and/or burned out
- **71%** say they will need to change employers to advance their career
- **45%** would look for another DGC position
- **49%** are interested in flexible talent providers to provide them with more opportunities for growth and experience
- **37%** are ready to apply for an in-house GC position
- **45%** are open to new positions outside of their current employer
- **28%** are actively searching
- **57%** are likely to look for a new position within the next year
- **69%** believe it is their proactiveness and ability to perform at the highest level that has gained them the necessary skillset to take their career to the next level
WHAT’S A BUSINESS SERVICES DGC TO DO?

One answer is to turn to flexible talent. It’s an idea embraced by the current crop of sector DGCs, who represent the next generation of in-house legal leaders. Almost three-quarters of business services DGCs see these flexible talent providers as a very effective solution to their departments’ resourcing challenges. Most progressive business services DGCs know these challenges are about far more than “overflow work.” Leveraging flexible lawyers can empower them to navigate economic volatility by employing a leaner in-house team supported by an always-on bench of flexible talent.

This model improves risk mitigation by matching legal matters to the right legal talent on an as-needed basis. It also specifically addresses the two major business services DGC pain points as it relates to the use of law firms:

- **Cost:** It decreases cost by minimizing law firm spend, providing better value for every budgeted dollar.
- **Management Burden:** It reduces the burden on in-house counsel who manage multiple law firms.

When will business services DGCs be empowered to employ such a model? Those with budget autonomy are already engaging flexible talent in advance of expected hiring freezes. Others can demonstrate fiscal leadership by proposing flexible lawyer piloting projects to their GCs.

If your legal department is facing staffing challenges, bandwidth issues, or headcount freezes, now is the time to engage an experienced Axiom lawyer. Thanks to our Access Legal Talent platform, you can receive and review instant talent matches and view Axiom lawyer bios filtered by technology industry experience, practice area, location and more. **Browse our legal talent to get started.**