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Successful risk navigation

Corporate risk radar

Part 3. The changing role
of the General Counsel

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Introduction

The third part of this year's Corporate Risk Radar report outlines the major challenges faced by General Counsels (GCs) in the coming two to three years and examines how the role is changing - and how it is perceived - within organisations.

Welcome to the third (and final part) of Winmark and Clyde & Co's Corporate Risk Radar report. This year's study highlights the continuing challenges faced by GCs, including navigating an increasingly complex labyrinth of regulations and embracing the relentless advance of technology, all within a context of economic uncertainty and budget restrictions that are compelling most GCs to do more with less.

But there is a silver lining emerging from this challenging picture - GCs, board members, and C-Suite colleagues are all on the same page about the components and significance of the GC role, and GCs have emerged stronger and more confident from the tumult of the pandemic and recent geopolitical and economic upheavals. This confidence is mirrored in the positive perceptions of their peers, and provides a solid foundation for GCs to rise to the increasing demands being made of them.

Sincere thanks again to the 200+ senior leaders who have shared their knowledge, insights and experiences - please see [Part One](#) of the report for a detailed exploration of the risk landscape and [Part Two](#) for a global analysis plus an in depth look at climate change and digital transformation.

Executive summary

Key challenges faced by GCs:

- An increasingly **complex regulatory environment**.
- **Escalating geopolitical disruption**, including conflicts in Ukraine and the Middle East, tensions with China, and economic uncertainty.
- **Operational upheaval**, including hybrid work, realignment of supply chains, and the rapid acceleration of Artificial Intelligence (AI) deployment.
- **Budget pressures** caused by rising personnel, outsourcing, and new technology costs.

Impact and mitigation:

- These challenges **are increasing the pace and complexity of changes in laws and regulations** related to ESG (Environmental, Social, and Governance), employment, data privacy, labour, and tax.
- They are also **rapidly transforming the day-to-day operations of legal departments**. Most GCs are facing increased workloads and rising costs, while **budgets are often static or shrinking**.
- To address these challenges, legal departments are **deploying advanced technology and outsourcing more cost-efficiently and effectively**.

Perceptions of the GC role:

- There is a **shared understanding** among GCs, board members, and C-Suite colleagues regarding the role of GCs and the importance of various aspects of their role. This indicates a **healthy level of transparency and awareness of how legal departments are contributing** to their organisations.
- Advising the board on legal, risk, and compliance issues is recognised as a fundamental aspect of the GC role, requiring **strategic capability, commercial acumen** as well as legal expertise.
- Where gaps in perceptions of important aspects of the role exist, they relate to operational contributions, suggesting that perhaps board members **underestimate challenges GCs are dealing with at the departmental level**.

Performance:

- Board and C-Suite perceptions of GC performance remains high, and **GC's perception of their own performance has improved** over the past year. When breaking down aspects of performance, GCs rate particularly well for '*Leveraging technology*', '*Horizon scanning*', and '*Managing uncertainty and change*'.
- Despite a consensus that GCs have never faced a more challenging environment, they have **grown in confidence** from weathering the storm of COVID and subsequent geopolitical and economic disruptions, and they are **perceived positively by their colleagues**.



Results:
The role of General
Counsel (GC)

The role of General Counsel (GC)

This year's study shows that GCs continue to take on more responsibility across a broad variety of organisational and social concerns, including enterprise risk, information security and stakeholder relations.

Not only is the GC's role changing, hybrid work and Artificial Intelligence (AI) are rapidly transforming the way legal departments operate – and these changes mirror broader shifts occurring across all business roles and departments.

The major challenges facing GCs stem from external pressures but create internal operational and budgetary difficulties in managing teams and allocating resources. While managing change is an inherent part of the GC role, the acceleration of external disruption poses a new challenge for GCs to communicate shifting budget and resourcing needs to the rest of the organisation. As a result, GCs are not only expected to have legal expertise and leadership capabilities, but to have collaborative skills that can help them build networks and relationships both internally with other departments and externally with partners and stakeholders.

The four major challenges GCs say they are facing are:

- 1 An increasingly complex and unwieldy regulatory environment.
- 2 Escalating geopolitical disruption, including conflict in Ukraine (and now Israel), tensions with China, economic uncertainty and the prospect of recession.
- 3 Ongoing operational upheaval, including adjusting to hybrid work, re-alignment of supply chains and the rapid acceleration of AI.
- 4 Budget pressures to do more with less while the cost of personnel, outsourced service providers and new technology are increasing.

The consensus across all respondent types – GCs, board members and C-Suite - is that it has never been more difficult for GCs to evaluate and prioritise how legal department resources are allocated, to keep abreast of regulatory changes and to predict and address new risks.





Factors driving
change in the
GC role

Factors driving change in the GC role

GCs, board members and C-Suite executives are largely in agreement about the factors driving change in the GC role. Indeed, these factors are influencing change across all departments. GCs have a dual challenge - to continue to provide expertise in managing these issues from a legal perspective while also bringing the rest of the organisation along on the resourcing and cultural changes required to adapt to this new pace of disruption.

'Dealing with specific legal and regulatory developments,' which is what many see as the core role of an in-house legal team, remains the main driver. The pace and complexity of change in society is being matched by the pace and complexity of changes in the law, particularly in relation to data privacy and ESG requirements (many GCs are responsible for ensuring ESG coverage, consistency and compliance across the entire organisation).

Partly because of this cross-organisation responsibility for regulation, the perception of *'Changing demands from internal clients'* as a driving factor remains, unsurprisingly, higher for GCs than for leaders in other roles. The situation is further complicated by the inconsistency of regulations across global markets and the increasingly draconian consequences for violation.

The *'Ability to work anywhere/anytime'* has increased as a perceived factor driving change in the GC role for all respondents, with hybrid working models having a considerable impact on the day-to-day operations of legal departments as well as implications for employment, labour and tax regulations and laws.

Almost half (46%) of GCs say *'Cost pressures'* are driving change by putting a strain on legal department resources, budget and capacity. A recent Winmark study¹ indicated that legal departments are expecting just a 4% increase in running costs (only HR departments are lower, with 2%). In real terms, this is a reduction, so most GCs are being called upon to do more with less.

Factors driving change in the GC role

Top factors driving change in the GC role

	Current rank	Previous rank	All	<i>Board</i>	GC	<i>C-Suite Exec</i>
	Top three highlighted in green					
Specific legal and regulatory developments	1	1	70%	63%	83%	63%
Specific commercial risks that need to be managed	2	2	56%	48%	60%	60%
Ability to work anywhere/anytime	3	6	41%	38%	44%	43%
Cost pressures that require improved efficiency	4	4	37%	23%	46%	40%
Changing demands from internal clients	5	3	36%	28%	52%	25%
Ability to leverage new technologies to redesign processes and workflows	6	5	33%	30%	40%	28%
Ability to unbundle and outsource legal services	7	7	19%	23%	8%	28%
Innovation by external legal suppliers	8	9	15%	20%	10%	15%
Changing legal career paths	9	8	14%	5%	23%	13%

Factors driving change in the GC role



The need to do more while keeping within strict budgets has placed agility and flexibility high on the agenda of all business functions. Legal departments are addressing the challenge by deploying advanced technology, prioritising employee engagement and outsourcing as cost-efficiently and effectively as possible.

Legal departments have been relatively early adopters of AI and are at a more mature and confident stage of implementation than most other departments. Winmark research² reveals that about a third of GCs are already using AI in their departments, and a third are considering implementation (a third don't have plans yet). Of those that are considering AI, almost all of them are planning implementation before the end of 2024, suggesting that AI deployment is likely to double in the next 18 months. AI will enable staff in legal departments to focus more on strategic advice and spend less time on activities such as contract drafting. The technology will free people to focus on substantive work and reduce the need for administrative support.

GCs are currently using AI in four main areas:

- Content: e.g. contract drafting, review and management, producing meeting summaries, email responses, generating ideas for presentations.
- Analysis: e.g. legal research, due diligence, predictive analytics and calculations.
- Operations: e.g. e-discovery, data extraction, document scanning, action tracking and audit trails.
- Client interaction: e.g. chat bots to respond to legal questions and for basic disclosure exercises.

There is some uncertainty about the efficiency and security of AI applications. **Part Two** of the Corporate Risk Radar report explores some of these broader risk implications.

2. [Winmark AI Pulse Survey](#)

Perceptions of the GC role: % of time allocated to activities

Perceptions of the GC role among board respondents continue to become more closely aligned with GC's own perceptions of what they do. C-Suite executives across other departments also have a closely aligned perspective on the GCs role, and recognise their valuable strategic contribution.

In fact, this year there are no significant differences between GC, board or C-Suite exec perceptions of how GCs spend their time. This suggests a healthy level of transparency, understanding and awareness of what legal departments are contributing to their organisations.

The bulk of the GCs role (including 'Working on strategic projects across the wider business', 'People management' and 'Managing external counsel') requires high-level collaboration and communication skills. Maintaining and strengthening relationships with colleagues, team members, suppliers and stakeholders is increasingly crucial to the GC role, but is also increasingly challenging in a hybrid environment.

'Advising the board on legal, risk and compliance issues' is recognised as a fundamental aspect of the GC role. GCs are increasingly expected to contribute to critical commercial decisions, understand the business in a holistic manner and be able to balance risk and regulatory issues with a commercial and market perspective. This requires a spectrum of skills beyond governance and legal knowledge including creative problem solving, strategic capability and commercial acumen.

Perceptions of the GC role: % of time allocated to activities

	Current rank	Previous rank	All	Board	GC	C-Suite Exec
Top three highlighted in green						
Responding to internal legal requests	1	1	22%	23%	21%	22%
Advising the board on legal, risk and compliance issues	2	3	15%	17%	14%	16%
Working on strategic legal projects	3	2	12%	12%	13%	12%
Working on strategic projects across the wider business e.g.: ESG	4	4	10%	10%	10%	9%
People management	5	5	9%	7%	11%	8%
Advising on governance within the organisation	6	6	9%	11%	9%	6%
Managing external counsel	7	8	8%	12%	8%	7%
Department management, including management of processes and infrastructure	8	7	8%	6%	11%	7%
Other	9	9	7%	3%	3%	14%
Total			100%	100%	100%	100%

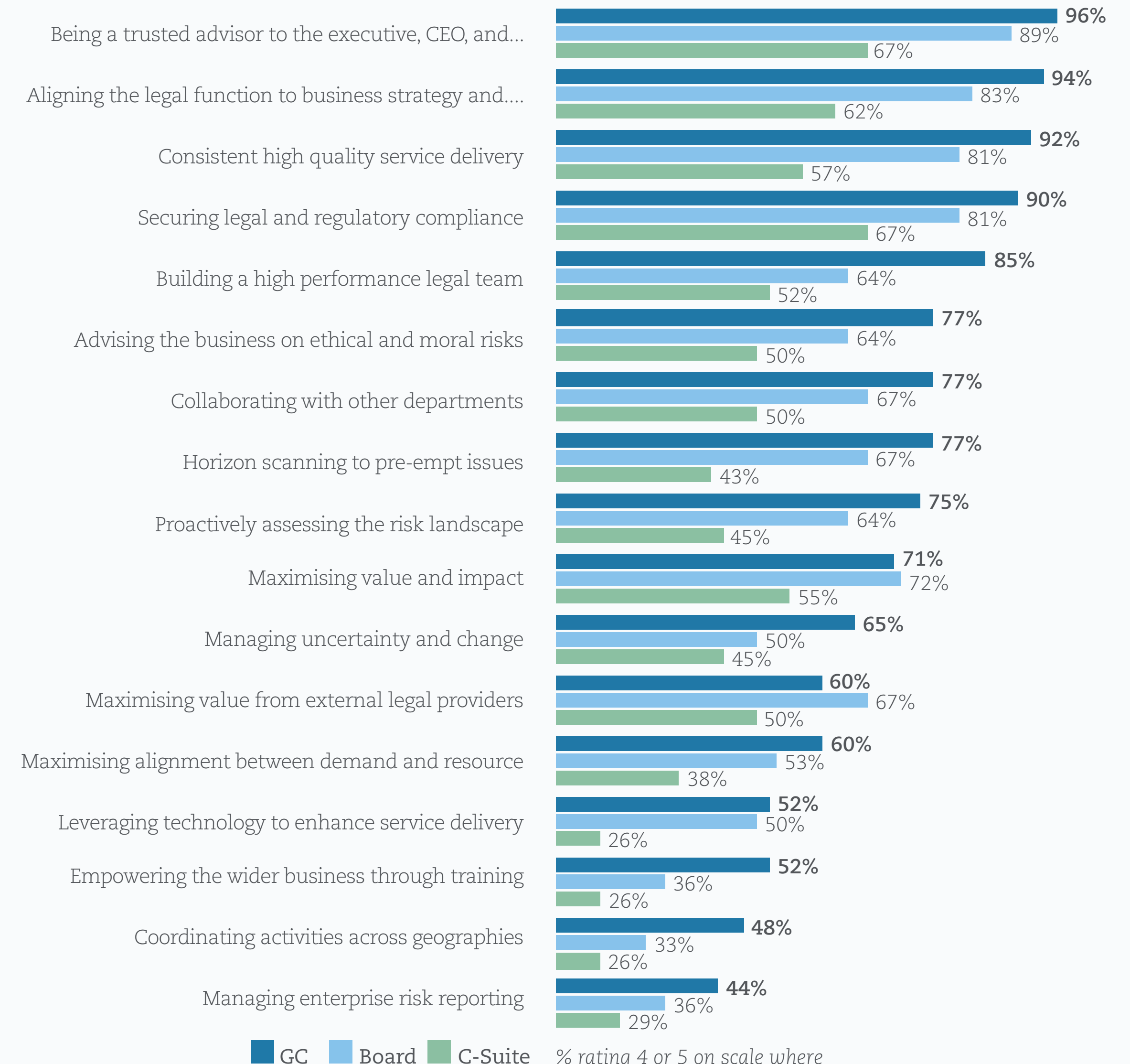
Important aspects of the GC role

Board respondents and GCs largely agree about the important components of the GC role.

Both GCs and the board see 'Being a trusted advisor to the executive, CEO and the board' as a key function of the role, and there is strong agreement that 'Aligning the legal function to business strategy and context' is important.

The biggest gaps between what board respondents and GCs consider to be the important components of the GC role are 'Building a high-performance legal team' (21% fewer board respondents than GCs consider this to be important) and 'Empowering the wider business through training and self-service tools' (with a 16% gap). Perhaps board members are recognising the strategic input made by GCs but underestimating the operational management contributions (and challenges) GCs are dealing with at the departmental level.

Although over half of C-Suite executives recognise the same top seven key aspects of the GC role, they see them as being somewhat less important than board respondents and GCs themselves. Overall, however, there is strong agreement across all respondent types both about what the GC actually does, and about the relative importance of the components of the role.



% rating 4 or 5 on scale where
1 = Not important at all and 5= Extremely important

Descending order of importance according to GCs

Important aspects of the boards' role

Board and GC views on the main elements of the board's role remain very well-aligned, and the hierarchy of importance has also been extremely consistent over time, with strong agreement that *'Ensuring good governance and robust decision-making'* is the most important job of the board.

GCs consistently perceive *'Challenging the executive'* as a significantly less crucial part of the board's remit than is recognised by board members. Board respondents will be keenly aware that challenging executive teams is one of their key functions and will perhaps have this aspect of the role at the forefront of their minds more than individual senior executives.

'Staying up to date with the latest thinking, technology and best practice' is relatively low in the hierarchy of important board activities, but this is likely because responsibility is perceived to be distributed at a departmental level rather than being specific to the board.

	Current rank	Previous rank	All	<i>Board</i>	<i>GC</i>	<i>C-Suite Exec</i>
Ensuring good governance and robust decision-making	1	1	86%	93%	83%	82%
Challenging the executive	2	2	72%	81%	66%	71%
Setting the strategy and developing a vision	3	3	61%	67%	64%	55%
Monitoring organisational performance and progress	4	4	57%	64%	53%	55%
Overseeing fiduciary activities	5	9	49%	55%	40%	53%
Managing risk	6	5	47%	52%	45%	45%
Reviewing talent and succession planning	7	6	41%	48%	40%	37%
Managing company culture	8	7	36%	33%	43%	31%
Engaging with external stakeholders	9	8	31%	38%	28%	29%
Engaging with internal stakeholders	10	10	27%	24%	23%	33%
Staying up to date with the latest thinking, technology, and best practice	11	11	26%	33%	19%	27%
Understanding functional issues	12	12	18%	21%	19%	14%

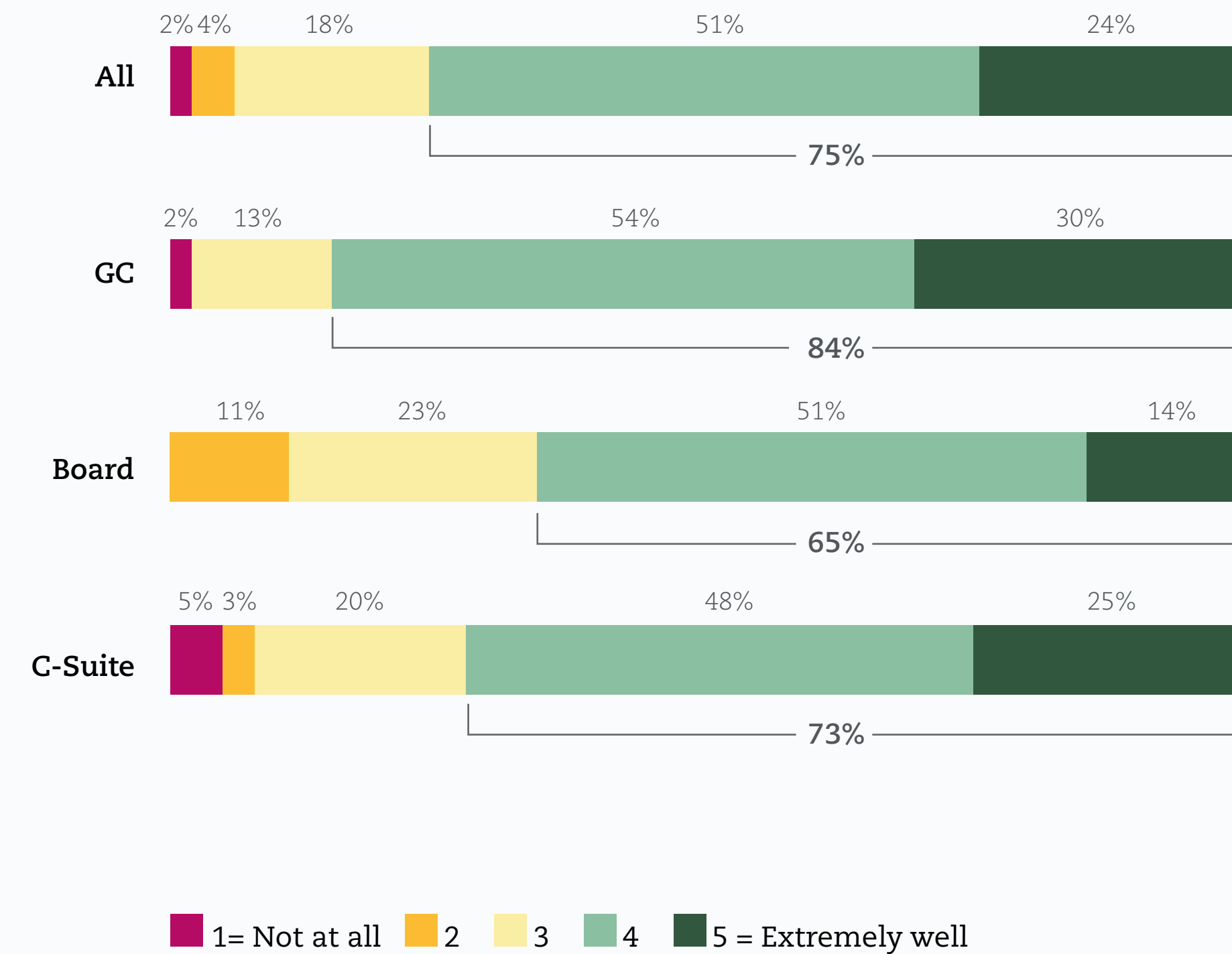
Perception of GC performance

The perception of GC performance has been static amongst board respondents since the last wave.

65% of board respondents say GCs are performing 'very' or 'extremely' well compared to 68% last wave (which, it should be noted, was a significant increase on 50% the wave before that).

GC perceptions of their own functions' performance have increased dramatically this year (84% feel their function is performing 'very' or 'extremely' well, compared to just 49% in the previous wave. The ratings likely reflect an increased sense of confidence and some satisfaction as a result of having weathered the impact and uncertainties of the challenging COVID period.

To what extent do you think General Counsel in your organisation are meeting Board requirements?

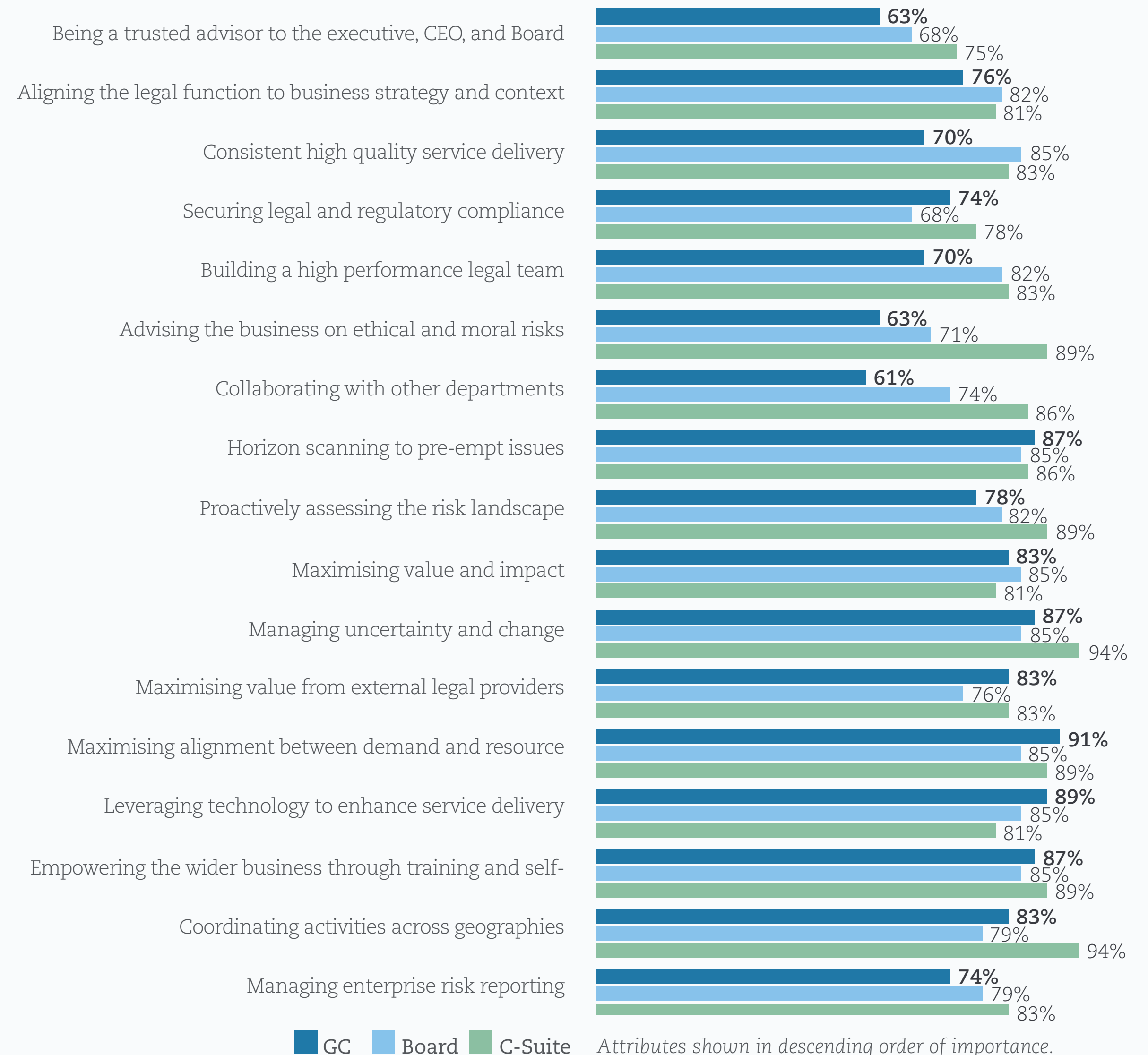


Perception of GC performance

When breaking down GC performance (shown on the right with individual aspects of performance shown in descending order of importance), GCs rate well for ‘Leveraging technology to enhance service delivery’, ‘Horizon scanning to pre-empt issues’, ‘Empowering the wider business through training and self-service tools’ and ‘Managing uncertainty and change’. As with the strong overall rating of GC performance, these ratings are likely to reflect a degree of success and satisfaction with having coped well with many of the extraordinary challenges of recent years (hybrid working, the Ukraine conflict, COVID, digital acceleration etc.).

63% of GCs say they have performed ‘very well’ or ‘to an outstanding level’ at what is considered to be the most important aspect of the GC role, ‘Being a trusted advisor to the executive, CEO, and board’. Board respondents provide a similar rating of 68%. Although this is by no means a poor score, it is one of the lowest GC performing aspects overall and identifies an area to focus on for further improvement.

Interestingly, GCs rate their performance at ‘Collaborating with other departments’ significantly lower (61% ‘very well’ or ‘to an outstanding level’) than both board members (74%) and C-Suite executives (86%). GCs also give themselves lower ratings for ‘Building a high-performance legal team’ and ‘Consistent high quality service delivery’ than their board and C-Suite colleagues. GCs should take some confidence from this relatively positive perception of their internal activities.



Attributes shown in descending order of importance.
% rating 4 or 5 on scale where 1= Inadequate performance and 5 = Outstanding performance

Responsibility for identifying and managing risk

In the view of GCs, the legal department primarily handles risk identification and management. However, they acknowledge that risk, compliance, the board, and senior management also play vital roles.

Consistently with previous study years, board members believe that GCs share responsibility more evenly with the board and other executive and senior management members. They consider risk identification and management as a collective obligation across the organisation.

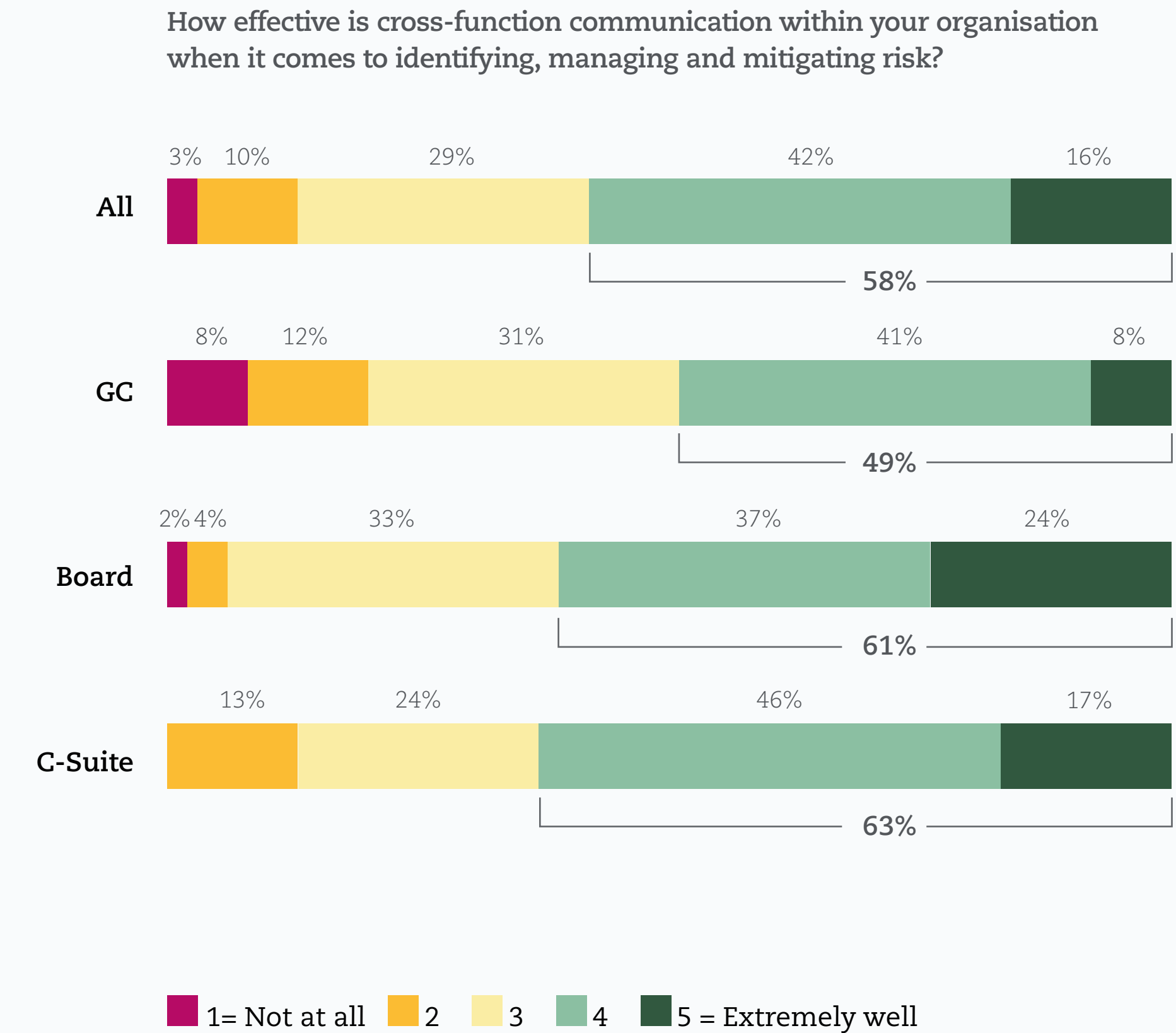
C-Suite executives perceive that the senior executive team, board, and the functions related to risk, legal, and compliance all share responsibility.

In all roles, the Audit function is seen as having a secondary role in risk management.

	All		<i>Board</i>		<i>GC</i>		<i>C-Suite Exec</i>	
	Identify	Manage	Identify	Manage	Identify	Manage	Identify	Manage
Legal	70%	72%	56%	44%	82%	82%	72%	78%
Risk	76%	69%	54%	46%	78%	74%	82%	74%
Compliance	65%	67%	52%	52%	68%	72%	62%	62%
Audit	61%	42%	46%	35%	64%	36%	62%	46%
The Board	66%	66%	56%	49%	62%	64%	66%	72%
The executive and senior management team	83%	85%	67%	59%	76%	80%	90%	100%

Responsibility for identifying and managing risk

The majority (58%) of respondents agree that legal, risk, compliance and audit teams cooperate effectively to manage risk, although GCs are somewhat less positive than colleagues in the C-Suite and on the board.



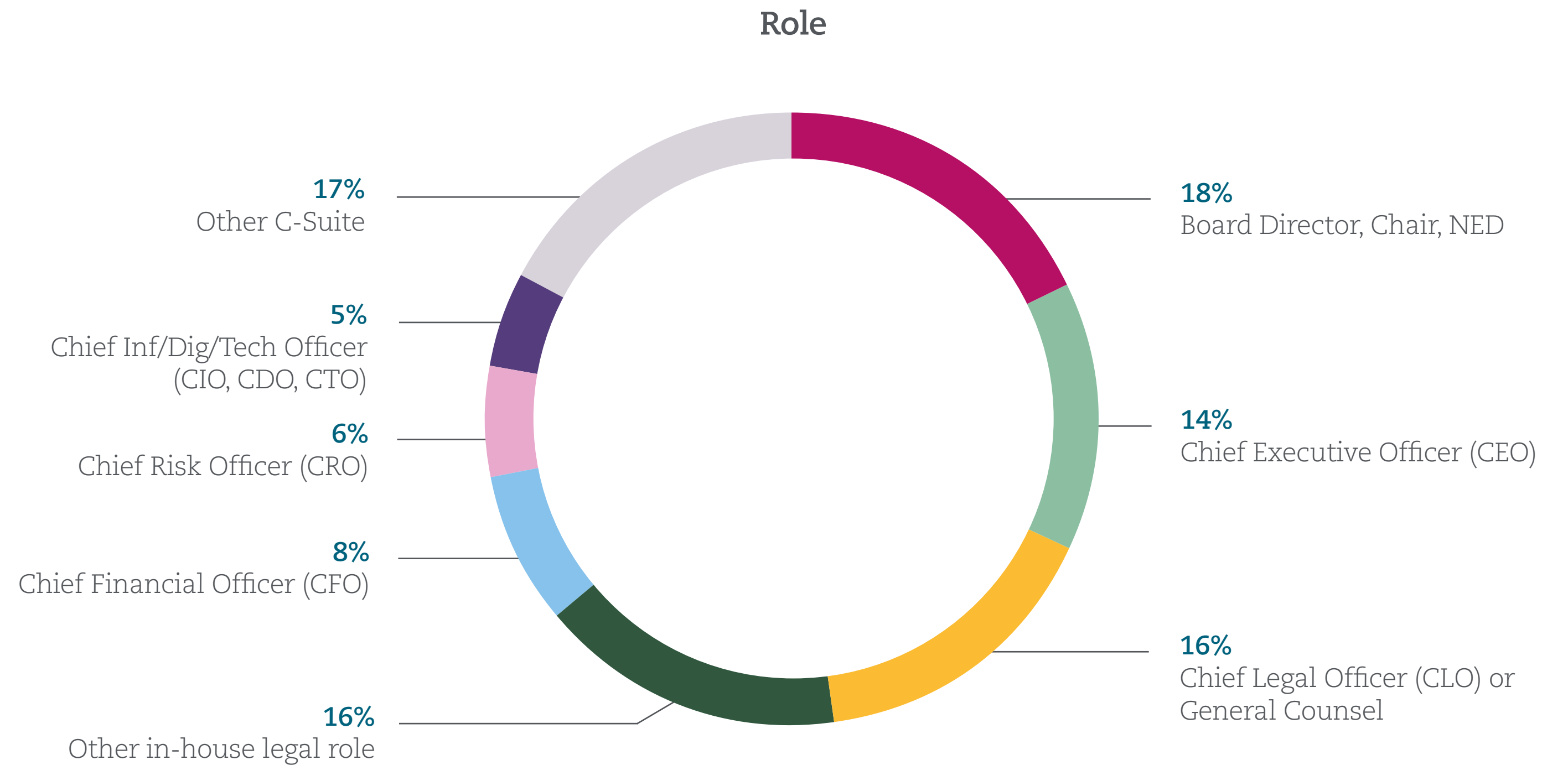


Respondent
profile

Respondent profile

209 interviews (196 online and 13 qualitative) with senior business leaders (our largest sample to date).

- **67** Board Directors and CEOs
- **68** General Counsel (GCs) and Heads of Legal
- **74** senior C-Suite executives (including CFOs, CIOs, COOs and CROs).



Respondent profile

The organisations we have consulted have a truly global footprint, with half headquartered outside the UK (Europe 15%, Asia-Pacific 12%, North America 11%, Africa 11% and Middle East 4%) and with operations and individual professional responsibility at a global level (see following table).

Region	Respondent responsibility	Organisation operations	HQ Location
UK	66%	74%	49%
Europe outside UK	46%	59%	15%
Asia-Pacific	40%	51%	12%
Africa	36%	41%	11%
North America	29%	46%	8%
Middle East	29%	39%	4%
South America	15%	31%	1%



Sector	% respondents
Aviation	4%
Business and professional services	17%
Construction	10%
Financial services	19%
Government/public sector/charity/non-profit	14%
Healthcare	3%
Hospitality	3%
ICT/communications/telecoms	8%
Infrastructure	4%
Insurance & Reinsurance	16%
Manufacturing	9%
Marine	3%
Media	4%
Mining and Natural Resources	3%
Oil & Gas/Energy	6%
Pharmaceutical	4%
Real estate	10%
Retail & Consumer	11%
Trade & Commodities	3%
Transportation	6%
Travel & Tourism	4%



About winmark

Winmark operates networks for the entire board and executive team, enabling the sharing of knowledge and ideas across the C-Suite. Membership benefits include:

- **Research:** Access to our dedicated programme of thought leadership and research, regular collated insights (via our C-Suites Insights e-mail, and behind the scenes access to innovative organisations). Winmark Research is an effective resource for identifying trends, generating ideas, gathering insights and achieving effective distribution amongst all C-suite functions.
- **Meetings and Conferences:** An unrivalled programme of meetings and events with peers and members across all networks. Check out upcoming events [here](#).
- **Personal Support:** A dedicated account manager understands your needs and matches your objectives with tailored solutions, introductions, profile raising initiatives and help with career development and transition.
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- **Best Practice Tools:** Essential frameworks, guides and templates for your role.
- **'Consult the Membership' Service:** Allows you to anonymously crowdsource ideas, templates and solutions with other members.
- **Digital Community:** An exclusive private members platform for you and your team to access on-demand meeting recordings and resources.

About Clyde & Co

Clyde & Co is a leading global law firm, specialising in the sectors that underpin global trade and commercial activity, namely: insurance, transport, infrastructure, energy, and trade and commodities. It is globally integrated, offering a comprehensive range of contentious and non-contentious legal services and commercially-minded legal advice to businesses operating across developed and developing markets. Clyde & Co is committed to operating in a responsible way. This means progressing towards a diverse and inclusive workforce that reflects the diversity of its communities and clients, using its legal skills to support its communities through pro bono work, volunteering and charitable partnerships, and minimising the impact it has on the environment.

The firm has 490 partners, 2400 lawyers, 3200 legal professionals and 5500 staff in over 60 offices [and associated offices] worldwide.

490

Partners

2,400

Lawyers

3,200

Legal professionals

5,500

Total staff

60+

Offices worldwide*

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*includes associated offices

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