

GENERAL COUNSEL NL

BENCHMARK SURVEY 2018

EXECUTIVE SUMMARY



General Counsel Netherlands

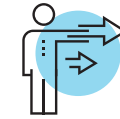
Where General Counsel meet
and share best practices

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WRAP UP

INTRODUCTION: THIS ALLOWS EACH GENERAL COUNSEL TO DETERMINE THEIR OWN BENCHMARK

In front of you lie the executive summary of the third General Counsel NL Benchmark Survey. More complete than ever and with a wealth of relevant information for all executive in-house lawyers in the Netherlands. So that every General Counsel ('GC') can easily determine their own benchmark.

For a number of years now, the function of GC has gained a foothold in the Dutch corporate world. Boards of Directors recognize the relevance of an executive in-house lawyer who doesn't just manages the Legal Risks but is a proactive member of the corporate decision-making team.

Every other year GCN performs a benchmark survey among General Counsel, which makes this survey the largest and most representative one ever held among GCs in the Netherlands, acknowledging GCN's position as the knowledge center and network for and by GCs in the Netherlands.

A record number of GCs - and over 20% of all GCs approached in the Netherlands completed the very extensive 2018 questionnaire. The results have been compared with those of 2016 and that yields some surprising results. This English version summarises the results of each chapter. The original and complete Dutch version of the benchmark contains all questions and graphics.

With this third General Counsel NL Benchmark study, GCN aims to support GCs and wants to further enhance and build the role of the professional GC. If you have any queries in regard to the survey, please let us know!

Kind regards,

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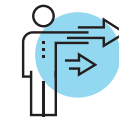
GENERAL INFORMATION

What is the profile of the General Counsel in the Netherlands? How many are men and how many are women? What kind of organisation does he or she work for and how big or small are these organisations? These are all questions that are addressed in this first general chapter.

GENERAL INFORMATION

SOME CONCLUSIONS:

- There has been a clear increase in the percentage of female GCs, from 31% in 2016 to 38%.
- The average age of GCs in the Netherlands has slightly decreased: from 47 to 46 years old.
- More and more GCs are now working for privately held (unlisted) companies (from 49% to 64%)
- 78% of GCs is working for a company with their headquarters in the Netherlands (previously 70%)



ABOUT THE GC

ABOUT THE GC

What is the General Counsel primarily concerned with? What are his or her duties and how is knowledge kept up to date? GCs have a special position within companies, often wearing different hats and just below or being part of the Board of Directors. The special range of tasks also requires an independent position, especially if the GC also has Compliance in his or her range of tasks.

SOME CONCLUSIONS:

- 28% of women works longer than 5 years in the current position compared to 45% of men. The difference between women and men has increased considerably compared to 2016 when the percentage was 41% for women and 47% for men.
- As much as 74% of GCs has Compliance in their range of tasks, in 2016 69% had Compliance in their range of tasks . The “Lines of Defence-model” does not carry through at GC level
- Whereas in 2016 31% of GCs still think of a postgraduate (mini-)MBA in terms of further education, this has now risen to 45%. So GCs see themselves more and more as managers and sparring partners of the Board of Directors than as just professionally trained lawyers.
- In 2016, 57% of the GC thought that they shouldn't be apart of the Board of Directors, remarkably that figure has turned around and now 57% says that the GC should be part of the Board of Directors. So, GCs find it more important to become part of the Board of Directors than they did before.



ABOUT THE LEGAL DEPARTMENT

Originally most GCs are professionally trained lawyers. In their current role they also have a department to manage. How large are these departments and what kind of expertise is available? Are these departments growing or not and why? Is there a clear rise of non-lawyers, for example experts in the field of Legal Technology and Legal Operations? And, maybe the most read of this whole survey, what are the salaries of the legal team members and of the GCs?

ABOUT THE LEGAL DEPARTMENT

SOME CONCLUSIONS:

- In 2016, 93% of GCs managed a maximum of 5 'other academics'. Currently 42% of the GCs manage more than 10 'other academics'. Most probably this is caused by the rise of privacy and compliance experts with the GC's team.
- Increasingly more often do GCs have expertise within the team in the field of Legal Technology. 26% has hired experts in the department for that, in 2016 this was just 12%. Remarkable: 39% of GCs has a Legal Operations expert in his or her team.
- In the past 2 years the number of FTEs has risen in 53% of the legal departments and within 11% of the legal department the increase of FTEs was really strong. Furthermore, 48% indicates that they expect the legal department to increase further the coming 2 years.
- Remarkable: More than half of GCs considers that their department has insufficient capacity.



SOURCING EXTERNAL PARTIES



SOURCING EXTERNAL PARTIES

Companies are faced with increasing legislation and regulations. The complexity and diversity is also increasing. The GC does not want or cannot take up all the legal work of the company within the department itself. All GCs hire expertise from outside, such as lawyers. Who decides which external parties to do business with and what are the decisive reasons for choosing a particular service provider? And what are the costs involved? This chapter answers these questions.

SOME CONCLUSIONS:

- The biggest factor (53%) that was decisive for hiring a particular service provider is 'providing practical and clear advice'. In 2016, this was only important for 36% of GCs.
- The need for "demonstrable experience and good knowledge of the branch" has decreased from 48% to 31%.
- If a GC temporarily needs additional capacity, 65% continue to hire mainly interim/freelance in-house lawyers. However, the hiring of other external lawyers is clearly on the rise (from 8% to 21%), while GCs are using the secondment of lawyers from law firms less quickly than before (down from 17% to 12%).
- Whereas in 2016 only 20% of the GCs indicated that they increasingly needed alternative service providers instead of lawyers, now as many as 49% of the GCs indicated that they are in need of them shortly.
- It is remarkable that lawfirms are not less involved than before.



COST MANAGEMENT

COST MANAGEMENT

It goes without saying that it is important that the legal spend within an organisation should be transparent and clear. GCs are responsible for the legal spend budget and will and must realize a good balance between the work being done and the costs involved. A complicating factor is that legal departments relatively often hire external expertise, the amount of which is difficult to estimate in advance. Furthermore, an estimate must of course be made for the coming years, while it is not always clear which Legal Risks should be managed in the future.

SOME CONCLUSIONS:

- 87% of the GCs expect total legal costs to remain the same (44%) or increase (43%) over the next 2 years.
- 82% of the GCs expect to spend at least the same amount (40%) or to spend more (42%) to external parties over the next 2 years than is currently the case.
- CEOs are becoming more critical of legal spend: in 2016, 65% of executives still acknowledged that current times demand more budget for legal costs, which has now dropped to 37%.
- No less than 30% of the GCs feel that they have insufficient financial resources at their disposal. In 2016 this was only 24%.



TECHNOLOGY

TECHNOLOGY

More and more technological solutions are becoming available for in-house legal departments. For many GCs this is a relatively new area. Which technological innovations do GCs consider most important? Do GCs think they have a good idea how technology can help them? And is there a budget for it?

SOME CONCLUSIONS:

- 58% of the GCs are actively using new technology to improve the level of service delivery. In 2016 this was only 36%.
- 15% do not reserve a budget for Legal IT, 43% of the GCs reserve between 1 and 5% of their budget and 31% reserve between 5 and 10%. These figures are comparable with 2016. Remarkable: GCs are becoming more active with Legal IT, but do not make an extra budget available for it compared to 2 years ago.
- In 2016, 66% thought that new technologies would have a major impact on the practice of GCs, and this percentage has now risen to 74%.

ABOUT GCN



General Counsel Netherlands, the network for executive in-house lawyers.

The role and position of the General Counsel has changed significantly over the past decade. A General Counsel is not only a legal expert and the ethical compass of the company but is also expected to be a strategic business partner. A proactive member of the corporate decision-making team that acts like a change agent on issues like digitalization, reputation and globalization.

GCN is a Knowledge Network, by and especially for General Counsels, which aims to support GCs in this journey of transformation. It's a platform for GCs to meet. To exchange information and experiences, as well as get to know each other and other innovative parties.

So what do we do at GCN?

- Every year, GCN organizes 2 large conferences: the General Counsel Annual Conference and the General Counsel Fall Conference. Featuring top-level keynote speakers, personal introductions and high-quality GC roundtables on current and challenging topics.
- We organize peer coaching 3 times a year, each time at the office of a different GC. In these meetings, GCs share knowledge, experience and best practices about a chosen topic or challenges. GCN has 10 regional General Counsel peer coaching groups, including an English-speaking group especially for international expat GCs.
- Every other year we undertake an extensive General Counsel NL Benchmark Survey among all GCs in the Netherlands. This report allows each General Counsel to determine their own benchmark.
- We issue a General Counsel Award every other year. From a pool of nominated GCs, a jury chooses 3 finalists who then share their story. This award allows us to provide role models, profile modern GCs and empower others.
- We also arrange Think Tanks on contemporary issues, such as Legal Technology and Legal Operations.
- Together with renowned professors from international business schools and universities, GCN has set up the General Counsel Executive Program. This is an academic English language “mini MBA” that allows GCs to improve their business and management skills.
- Finally, we also communicate online via the secure GCN website, and publish the General Counsel NL Newsletter seven times a year and the General Counsel NL Magazine each year.

In short: GCN is the professional, personal and innovative network by and for modern GCs.

Join us: www.generalcounsel.nl You are very welcome!

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Next General Counsel NL benchmark survey: 2020

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GENERAL COUNSEL NL BENCHMARK SURVEY 2018

*The number of female GC has risen
from 31% to 38%*

ALMOST HALF OF THE GCS IS CONSIDERING
TO GET A (MINI-)MBA

***Most of the GCs think that they should
be on the Board***

The growth of in-house Legal Departments
continues

**GCS WANT CLEAR AND PRACTICAL ADVICE
FROM SERVICE PROVIDERS**

***Half of the GCs expect to need alternative
service providers shortly***

GEO'S HAVE BECOME MORE CRITICAL
ON THE INCREASE OF THE
LEGAL BUDGET

GCs are more actively using new technologies

New survey in 2020

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