

The State of the Legal Operations Role in Legal Departments

Law Department Management



Legal operations is a business function or set of activities that focus on delivering legal services for the corporation in an efficient and effective manner. Dedicated legal operations staff focus on optimizing how people, processes, and technology are deployed, leveraging data to inform decision-making and performance management.

Here, we provide a high-level analysis of the state of legal operations by covering the extent to which departments are employing dedicated legal ops staff, examining at what point they tend to do so, as well as sharing salary data for these professionals.

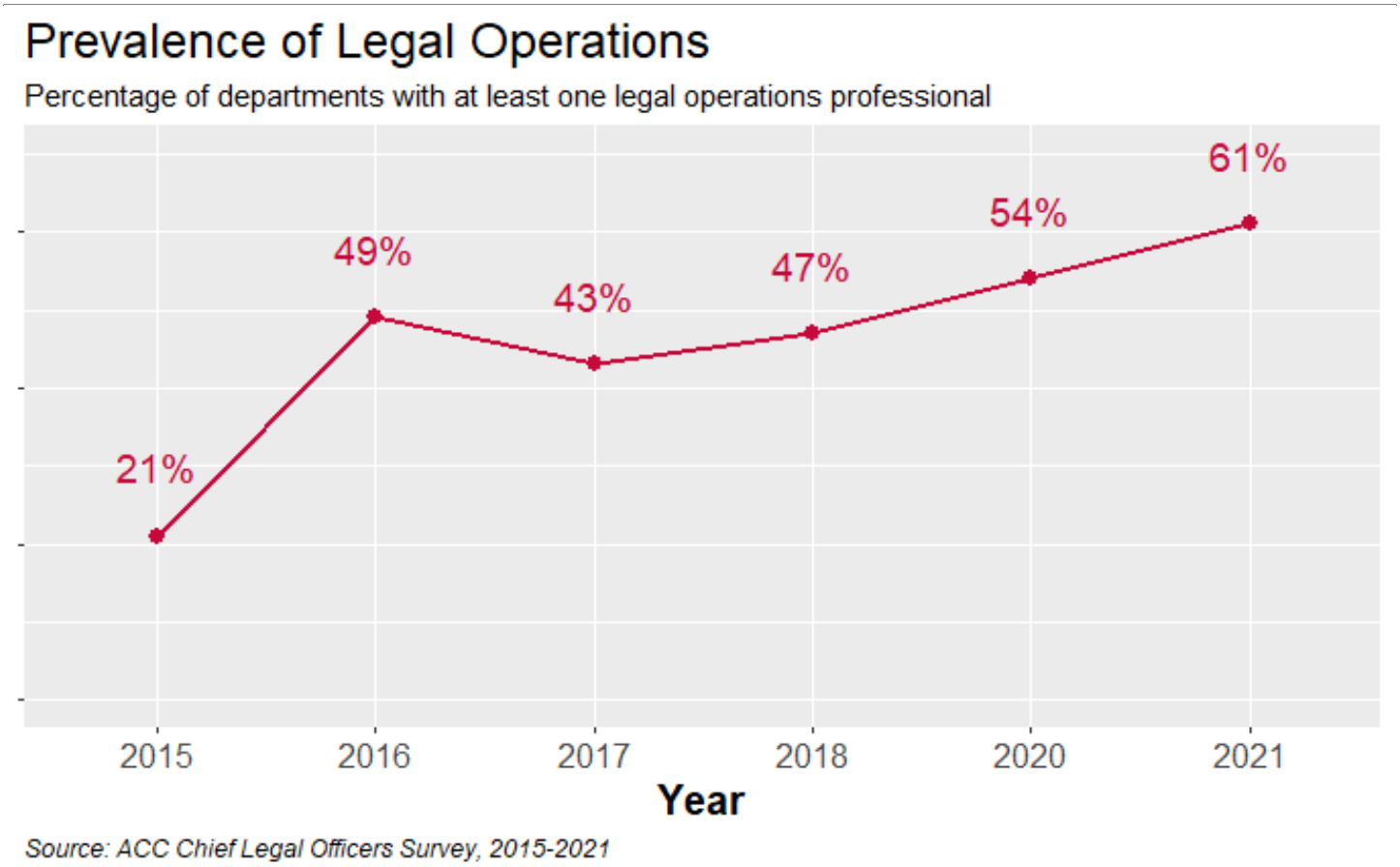
How prevalent are legal operations professionals?

Data from ACC's flagship survey, the *Chief Legal Officers Survey*, which includes insights from hundreds of global legal departments every year, shows a dramatic increase in the number of departments employing legal ops professionals since 2015.

The *2021 Chief Legal Officers Survey* revealed that three in five (61 percent) departments now have at least one legal ops professional, up from just one in five (21 percent) in 2015, with an especially sharp increase since 2018.

Of course, the prevalence of the role varies greatly by the size of the legal department. Many ACC members belong to departments with only a handful of staff, and many are in departments at the other end of the spectrum, with hundreds of staff and a wide variety of in-house specialist positions.

Overall, departments with a dedicated legal ops function employ an average of around five ops professionals, with larger multi-billion dollar companies averaging around 12, and smaller companies (under US$1 billion in revenue) averaging around two. Check out the most recent data released on Jan. 25, 2022.



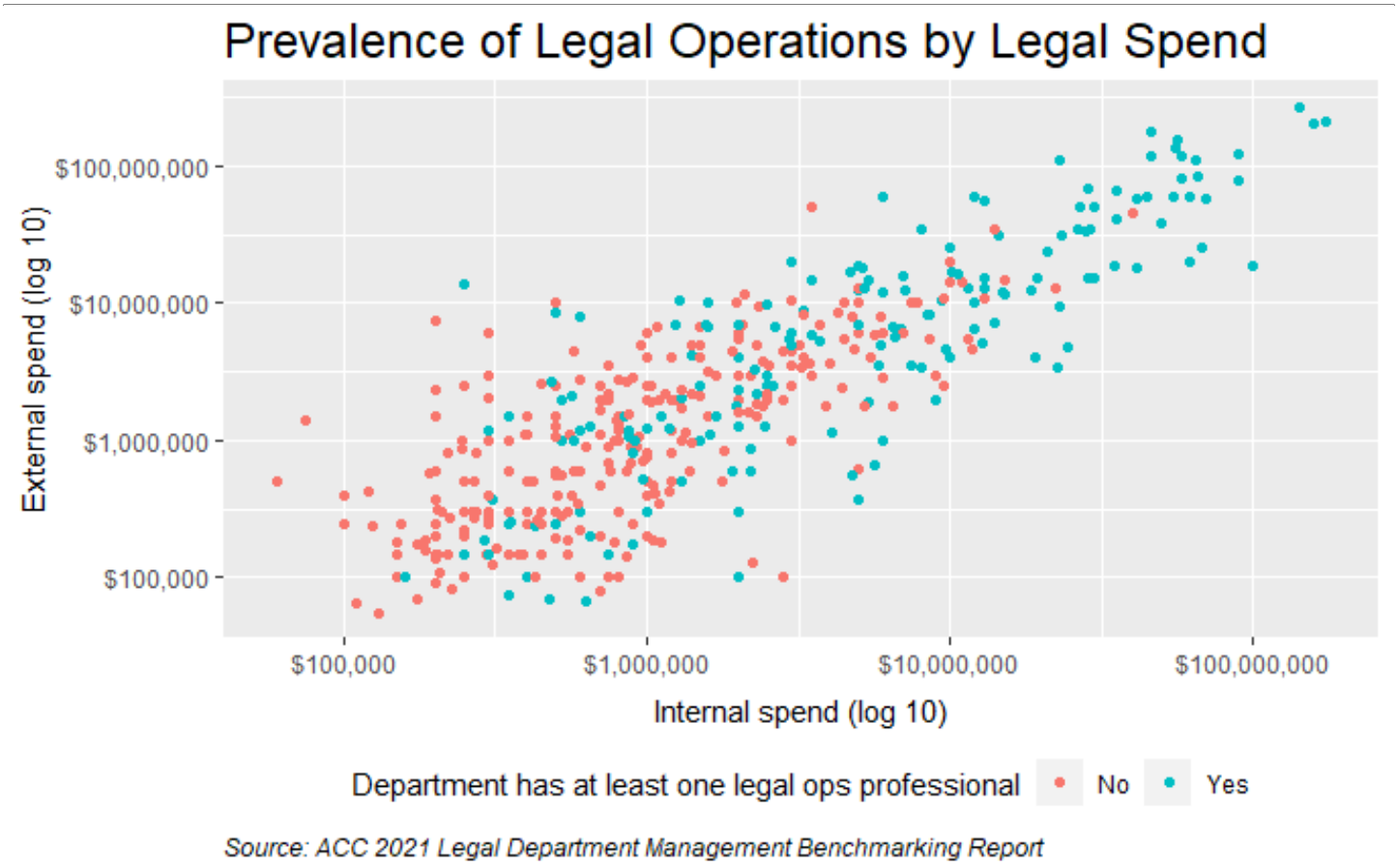
When do departments consider employing a dedicated legal operations professional?

Seventy percent of CLOs list “legal operations” as the area of focus for their department’s top strategic initiative but many are uncertain about when to hire their first position.

The ACC *2021 Legal Department Management Benchmarking Survey* allowed us to dig deeper into legal department demographics and revealed interesting insights in relation to this question. The following scatter plot maps more than 450 global legal departments based on their reported internal and external spend. The data points clearly show a positive relationship between internal and external spend, that is, departments that spend more internally also have higher outside expenses.

The chart reveals three clusters. The vast majority of small legal departments under US$1 million in internal and external spend, located at the bottom left of the chart, do not have a dedicated ops professional on staff. The opposite occurs when analyzing the upper-right corner of the chart — practically all departments with legal expenses surpassing US$10 million employ at least one ops professional. The group in the middle — US$1 million to US$10 million — contains a mixture with a clear positive relationship.

The survey also revealed a threshold point where departments appear to begin hiring their first legal ops role once there are seven lawyers on staff. In other words, the data show a 7:1 lawyer to legal ops professional ratio.



What are typical salaries for legal operations professionals?

As with any position, this depends largely on the specific level of the role (director, manager, analyst, etc.) as well as one's location, industry, and years of experience. When the time comes for hiring the first legal operations professional or if you are simply in need of top quality data for this role, the *ACC/Empsight 2021 Law Department Compensation Survey* provides key salary benchmarking data that can help.

This annual survey captures eight legal ops positions and provides full statistical distributions and demographic segmentation for benchmarking purposes. Overall, in 2021 senior legal ops directors earned a median base salary of US$206,500 with a median total cash (base salary + any annual variable compensation) of US$254,907. Eighty-two percent of senior directors were eligible for short-term incentives as well. Legal ops managers earned a median base salary of US$108,507 with a median total cash of US$110,000. Fifty-eight percent of managers were eligible for short-term incentives.

Many of those in the in-house legal profession are not surprised by the growing importance and demand for the legal operations role. The data supports this, and all indications point to continued growth.

ACC Research will continue to track the progression of the role in our annual data collection projects and provide insights throughout the year.

If you are interested in comparing the maturity of your own department's legal operations with that of other departments, check out the ACC *2020 Legal Operations Maturity Benchmarking Report*. This

report provides detailed benchmarking data on more than 300 organizations across 15 functional areas, such as contract management, external resources management, and technology management, based on ACC's popular *Legal Operations Maturity Model*.

Additional resources, knowledge-sharing opportunities, and education for legal operations professionals are available through ACC's dedicated legal operations network.

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Dr. Blake Garcia is the Senior Director of Research and Business Intelligence at the Association of

Corporate Counsel (ACC), where he spearheads the growth and management of ACC's research department. Over the past 10 years, Dr. Garcia has transformed ACC's research capabilities from a limited member surveying unit into a multifaceted, full-service data hub that empowers the in-house legal community. He has led numerous high-impact international surveys and developed data-driven resources, products, and services that equip in-house counsel and legal operations professionals with the insights they need to make strategic business decisions.

Dr. Garcia has published several peer-reviewed articles in scientific journals applying statistical and experimental methodologies and has taught several college courses on quantitative research in the social sciences. He has a Ph.D. in political science from Texas A&M University and a B.A. in international politics from The Pennsylvania State University.

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