



ELR

The Enterprise Legal Reputation Report

How the Relationship Between Legal Departments And Internal Clients Creates a Crossroad
Of Material Business Challenges And Opportunities to Accelerate Enterprise Growth

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A composite image featuring a man's face in profile on the right side, looking towards the left. The background is a dark blue world map with white outlines of continents. The man has short, wavy brown hair and is wearing a dark suit jacket over a light-colored shirt. The overall mood is contemplative and global.

‘NO MAN IS AN ISLAND’

“**NO** man is an island, entire of itself; every man is a piece of the continent, a part of the main...”

John Donne

John Donne conveyed that concept of interconnectedness nearly four centuries ago. Its universal truth remains today: The secret of success lies in realizing that we are part of something greater — something more expansive — than ourselves.

While this certainly applies to many aspects of life, it is extremely relevant to the world of legal operations, arguably now more than ever.

For decades, companies have embraced dynamic change across all aspects of their enterprise operations. Notable examples include enterprise resource planning (ERP) in the 1980s, sales and marketing customer relationship management (CRM) in the 1990s and the 21st-century revolutionization of human resource information systems (HRIS) and supply chain management (SCM). This trend for metamorphosis has influenced everything from the way businesses manage their financial information to cybersecurity.

But what about legal operations?

One can argue that legal operations, which is relatively new in modern enterprise history, has not caught up to its functional brethren. This is particularly the case in its ability to support data- and insights-driven businesses. Although this gap and lack of alignment with the broader enterprise may not be front of mind for some in legal ops, the research here shows that it is for many of legal's internal clients. Their influence on Legal is well-timed, contributing to a growing urgency within corporate legal ranks to reshape their brand image and role within their firms.

Therein lies the mission of this study: Spotlight opportunities for corporate legal teams to help enterprise organizations improve operational efficiency and materially impact their businesses. This includes everything from revenue generation and cost efficiency to innovation and corporate culture. To understand this impact, the report focuses on an important starting point – Legal's reputation in the eyes of its internal clients and peers.

The findings are revealing.

In some cases, startling.

WE PRESENT THE ELR REPORT

The Enterprise Legal Reputation Report

A dark blue world map with the United States, United Kingdom, France, and Germany highlighted in a lighter blue color. The United States is on the left, and the other three countries are on the right.

United States

United Kingdom

France

Germany

REPORT OVERVIEW

While many studies start and stop with numbers, the ELR Report extends a step further by explaining **why** the numbers are what they are. By understanding why, Legal teams can devise more actionable plans to affect necessary change in their workflows, operations and culture.

The ELR Report is based on research conducted by Provoke Insights, a New York City-based market research firm. The study focuses on employee perceptions of the image and reputation of today's corporate legal

department and how in tune Legal is with these realities. Are they unaware? Or are they aware? And if the latter, what are they doing about it to evolve or change? Why or why not? **What's stopping them?**

Conducted in January 2022, the research involves **4,000 enterprise employees** and **500 corporate legal professionals** from four countries: The **United States, United Kingdom, France** and **Germany**. This section focuses on results from enterprise employee respondents.

4,500 total respondents

Commissioned by **onit**

Conducted by **Provoke Insights**
in January 2022

White-collar employees
(Does not include non-profit, education or government)

PROTECTORS OF THE BUSINESS

In every sector of business and life, the whole is worth more than the sum of its parts. Consider the giant leap for humankind made by the crew of Apollo 11. Or the contributions of the Royal Society of London, where Sir Isaac Newton and Charles Darwin illuminated and vivified philosophy and science. Even the near-mythical victories of the legendary '39 Yankees and '85 Chicago Bears.

Whether colossal in achievement or simply exhibiting quiet strength in numbers, these teams were affected by conflict, yet each possessed the desire to achieve a collective goal. In the long run, they proved not only victorious, but made history.

Likewise, legal operations does not function in a silo. Working together cross-functionally may provide numerous challenges, but Legal cannot forget that to succeed, collaboration is essential.

Trusted relationships are everything.

Three out of five respondents (60%) view their relationship with Legal as positive. Almost a half (46%) consider Legal a trusted advisor. Four of five (78%) regard Legal as protectors of the business. The study reveals that, far and away, Legal's No. 1 perceived role is as the protector of the business.

Legal’s reputation is primarily seen as positive worldwide. However, varied sentiments emerge by nation when considering where Legal excels.

84%



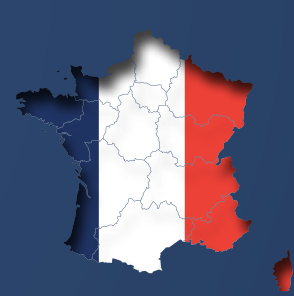
Vendor
Procurement

47%



Trusted
Advisors

48%



Efficient

41%



Source of
Good Advice

Legal is an authority figure. The department exists to protect the company’s business, assets and people. Imagine the responsibilities of various enterprise functions along a spectrum between protection and promotion. While chief security officers (CSOs) and chief information officers (CIOs) fall on the protective end and Sales and Marketing tip toward the promotional end, Legal would naturally reside on the protection end. Sales and Marketing will always promote first and protect second. However, it has never been Legal’s charter to be a cheerleader. Successfully maintaining corporate stability and business continuity is reason enough for Legal to cheer stoically.

With the entrenched image of the business’ protector, it’s not surprising that **three of five (60%)** employees report good relationships with Legal, particularly those from Human Resources (HR) and Finance. However, the numbers drop for **Sales (43%), IT (38%), Marketing (37%)** and **Procurement (37%)**.

At first glance, this feels natural, perhaps even obvious. According to the findings, most matters that Legal manages include contracts, HR and compliance issues. Addressing these matters requires rigid adherence to protocol. HR, Compliance and Finance are all by the book.

By contrast, sales and marketing departments are far more likely to color beyond the proverbial lines. After all, it is their responsibility to grow the business, hit numbers and play aggressively in the marketplace. This behavior can result in creative techniques that may be obstructed by what is perceived as the barricade of Legal. This inherent conflict leads to further examination of their willingness to comply and its effect on the volume and complexion of matter types.

THE PERCEPTION PARADOX

This brings us to an astonishing finding. Legal is expected to be an enterprise organization’s protector, and yet **three** out of **four** enterprise employee respondents (**73%**) do not consider Legal a good business partner. Even in the United States, where the percentage is significantly greater than any other nation, only **39%** consider Legal a good business partner. In **Germany**, only **24%** of employees do. And in **France**, that figure drops to a **woeful 16%**.

partnership? Apparently, employees can have a good social relationship but not consider that same person a good business partner. If so, then how can Legal be viewed as a protector of the business without also being its ally?

This incongruity is a **Perception Paradox**.

How is this possible?

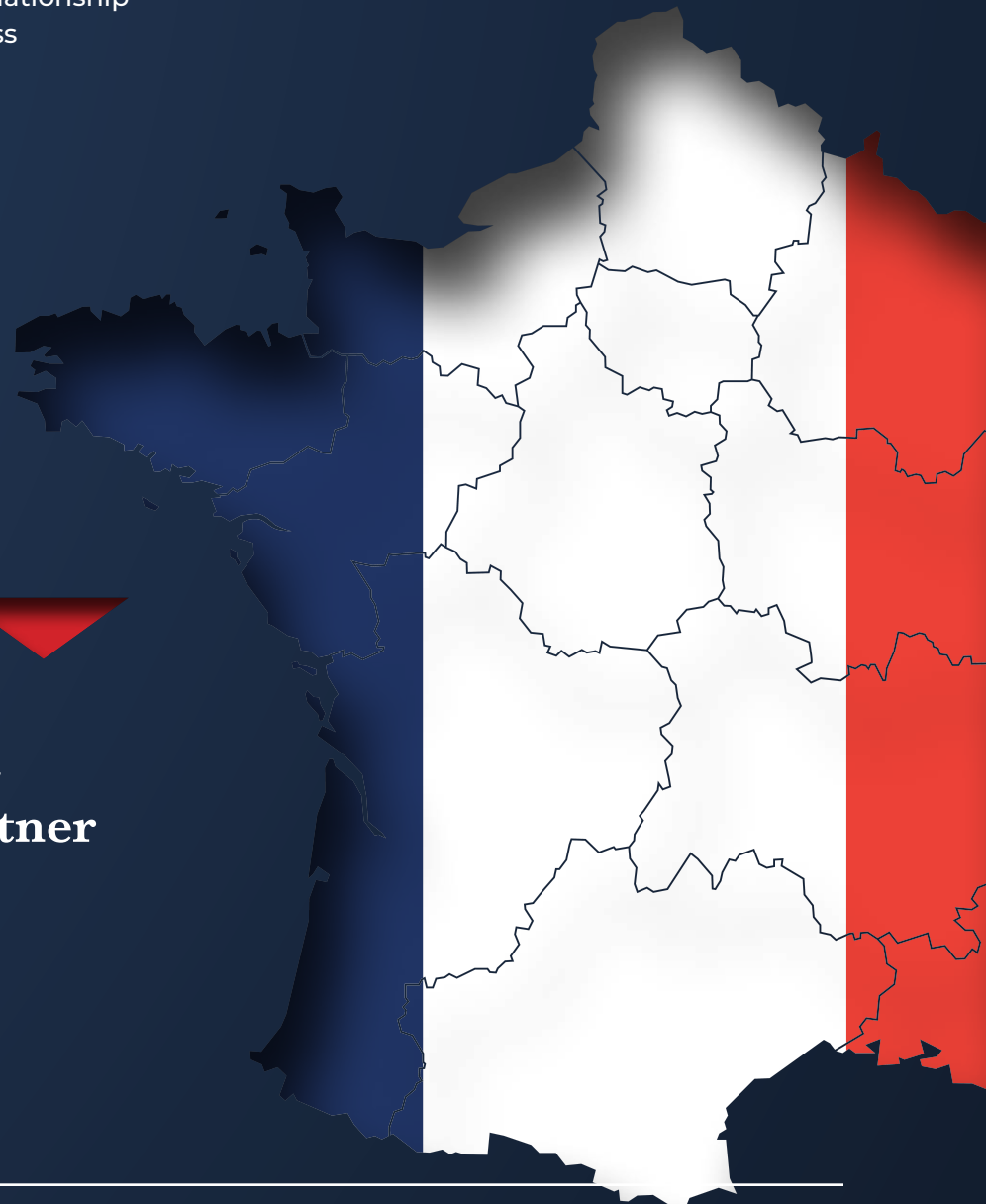
How can employees have a good relationship with Legal yet report a poor business

France drops to

16%



thinking Legal is a
good business partner



THE DEPARTMENT OF “NO”



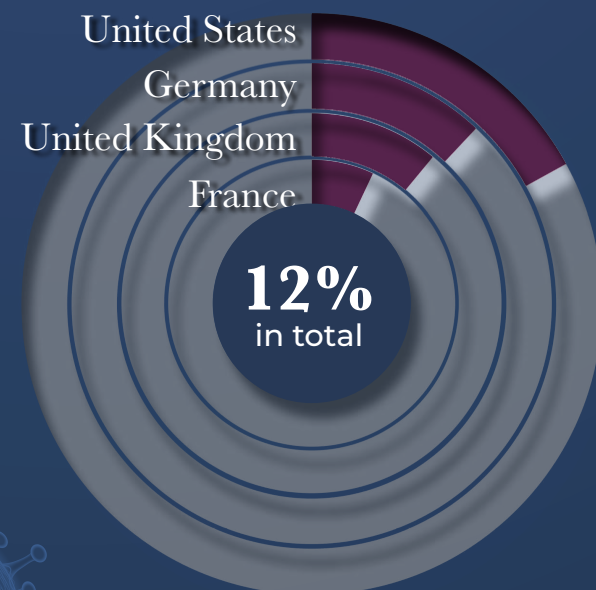
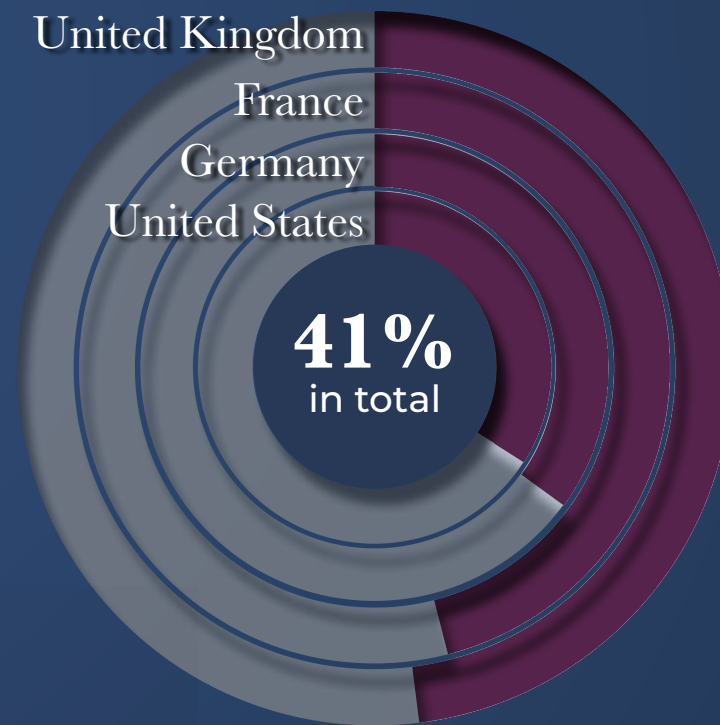
The harsh reality is that Legal is viewed as an authority figure and protector of the business, but not necessarily as an approachable service provider. For example, **one in five (22%)** respondents consider Legal as the “No Police,” with the supposition that the department adds unnecessary roadblocks and bureaucracy. **Three in five (61%)** respondents deem Legal as unapproachable, inefficient, bureaucratic, and covered in “red tape.” **One in 10 (10%)** employees in the United Kingdom

describes legal teams as “uninvolved”. Another **one in 10 (9%)** labels Legal as “bottlenecked”. Some even consider Legal “an unwilling partner.”

But isn't that Legal simply being, well, Legal? What do enterprise employees perceive as going so wrong?

Is Working from Home Working Out?

Legal teams on a
hybrid schedule



Legal teams working
remotely full time

One major issue is response time. Although **60%** reported a matter of days as the average time for Legal teams to respond to service requests, **one in five** French respondents and **one in 10** in the United States and Germany reported a lag time of weeks or longer before their inquiries were acknowledged, let alone addressed. Many factors contribute to Legal's protracted response time. Understaffed teams and volume of work is an omnipresent fact of legal life, but their ability to respond, engage and support is exacerbated by the work-from-home (WFH) trend caused by the COVID-19 pandemic.

Globally

61%

believe Legal is **NOT** responsive enough

Globally

79%

do **NOT** view Legal as “a modern operation”

Globally, **more than half** of legal teams continue to work at home full time or on a hybrid schedule. This transition presents novel challenges for collaboration and the ability to influence their business' operational efficiency, and therefore its growth, differentiation and culture. In companies where legal teams work remotely, almost **two in five (38%)** enterprise employee respondents say Legal is not as responsive as they were prior to the pandemic. This sentiment is highest in France (**42%**) and the United Kingdom (**40%**), where **two in five** respondents acknowledged a dropoff in response time. Germany (**33%**) and the United States (**36%**) featured slightly less criticism, yet with **one in three** reporting a slowdown in response time, the results are still eye-catching.

Imagine large enterprises with 100,000 employees or smaller enterprises with 10,000. It's difficult to find an employee who does not engage Legal for support, whether it be procuring a vendor, hiring an employee, signing a partnership, executing a corporate

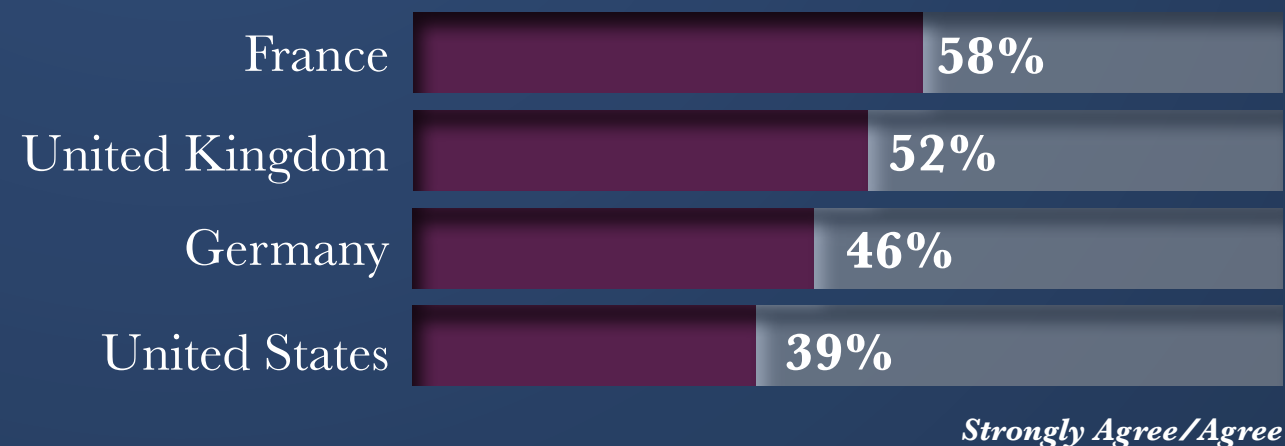
transaction, managing a contract or finalizing a deal with a customer. If a third of those 100,000 or 10,000 employees sees a slowdown in response time from Legal, what is the impact on business growth or operational execution across an enterprise? That percentage is significant when applied to companies of this size.

The results are similar when examining Legal's ability to be visible and transparent in enterprise organizations. **Two in five** respondents — and nearly **half** in France — view Legal as less visible or transparent since COVID-19 emerged.

In Legal's defense, it isn't surprising that a lack of transparency caused by remote and virtual work reduces accessibility, approachability and efficiency. All functional areas of an enterprise experience the same inefficiency caused by working from home. But when saddled with the expectation to protect the business at all times, the inefficiency certainly does not help the cause.

THE BURDEN OF LEGAL

“They make our company culture seem rigid and inflexible.”



With the high level of scrutiny on Legal's ability to partner, we must wonder: *Is this a legitimate tension that exists within enterprises or the sign of a troubling issue?*

Part of the **Perception Paradox** is the conundrum that Legal not only needs to mitigate risk but also set standards for acceptable risks. Legal was established specifically to create clear boundaries for how a company protects and promotes itself. Legal is required to be unwavering in its policies. The function does not operate effectively in gray areas.

Not surprisingly, **49%** of respondents believe that Legal contributes to an inflexible corporate culture. For example, in France, **three** out of **five (58%)** respondents view Legal as creating a rigid culture. When combined with a lack of responsiveness and inaccessibility, Legal faces a rockier path that can ultimately lead to a crossroad for internal clients: Follow the rules of the road or go off-roading?

COLLABORATE... OR CIRCUMVENT?

While Legal's role as corporate protector is overwhelmingly acknowledged, the function's brand image of inefficiency often prompts particular enterprise functions to write them off as an inconvenience. Such dismissal results in one of the most startling findings in the ELR Report: **Two in three (65%)** enterprise employees admit to **intentionally bypassing their legal departments and processes, even though they know they are breaking company policy.**

Even more sobering, *there is an inverse correlation between those who utilize legal frequently and those who do not* — U.K. employees who engage with Legal most frequently tend to report poor interactions, whereas France is most likely to bypass Legal yet report decent relationships.

Respondents were forthright with their reasons for delineating between relationships and business partnerships with Legal. Of those who bypass Legal, at least **one in three** views Legal as bureaucratic. This number peaked in Germany with **48%**. For U.K. employees, there is a perceived tendency for Legal to “**slow things down.**” Similarly, for those in France, lengthy response time contributes to their decisions to bypass the department altogether.

Employees know Legal is doing its job. It's nothing personal. They can have decent relationships collegially or socially with Legal. They just don't want to engage them as business partners.

France

73%

are likely to bypass Legal

Germany	68%
United Kingdom	63%
United States	53%



STONEWALLED

FRUSTRATION

CONFLICT

UNDERCUT

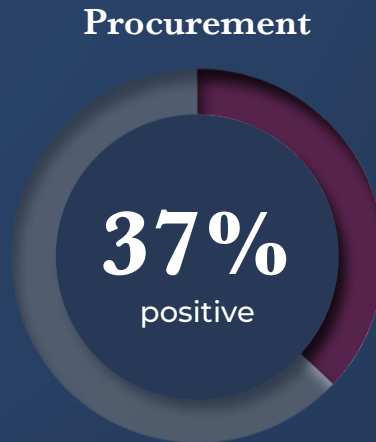
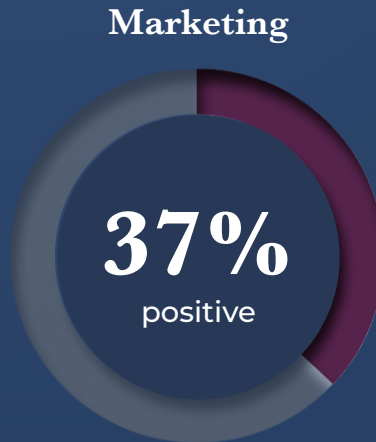
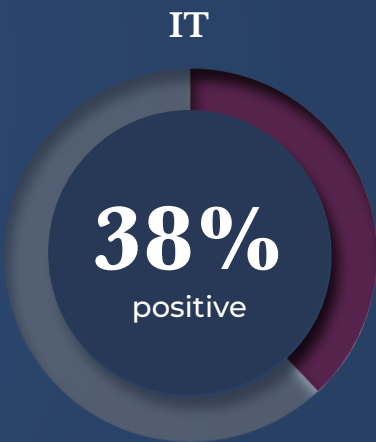
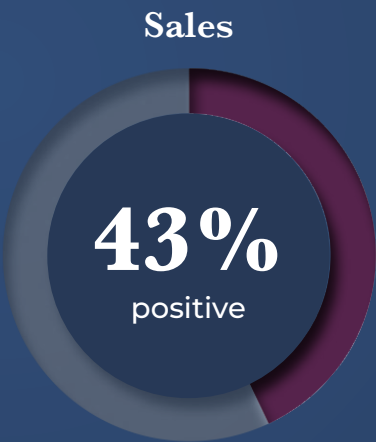
DIMINISH

AVOIDANCE

A CATCH-22: UNDERMINING LEGAL

The astounding fact and frequency with which enterprise employees steer clear of Legal raises the question of how many legal matters and workloads never reach the department's desk. Are compliance and HR matters truly representative of enterprise employees' most common collaboration with Legal? As mentioned earlier, HR and Finance tend to be more regulated and legally bound by process. As a result, liability-prone departments like HR and Finance tend to have a higher rate of engagement and satisfaction with Legal.

Sales, Marketing, IT and Procurement have the lowest percentage of positive working relationships with Legal.



For them, frustration comes at a higher clip, perhaps because they push the envelope and are facing urgent deadlines. So to avoid being stonewalled, they cut their level of engagement, which reduces the volume of matters that Legal encounters. This may explain why HR and compliance matters top the list. If Marketing or Sales did not bypass Legal, how many more legal service requests, contracts and other matters would materialize? What would that do to the capacity of legal teams as a result? Is Legal really accommodating the full volume of potential workloads across their enterprise?

How can Legal protect the business if two-thirds of internal clients avoid its support and oversight without its knowledge?

Legal is viewed as a protector of the business. But if Legal is not executing this fundamental role, they are not an integral part of its operations. Just as glaring, if enterprise employees believe Legal is too slow, inaccessible or unapproachable and evade the department as a result, they undermine Legal's very purpose for existence.

Absent in the enterprise?

Bureaucracy and red tape are cited as driving employees to bypass the legal department

49%

say Legal is non-responsive and not visible or transparent at all

“*Never confuse movement with action.*”

Ernest Hemingway

MATERIALITY & IMPACT ON GROWTH, INNOVATION AND CULTURE

The research reveals key findings about the image of Legal as a protector and the paradox of their poorly perceived business partnership. With this as a basis, the research delves into Legal's material impact on their business. Does Legal influence competitive advantages by enabling research and development (R&D) and product innovation? What about corporate culture? How does Legal's perceived brand image impact revenue generation and financial implications for large enterprises that must operate on a 13-week clock and conduct public quarterly earnings calls?

INNOVATION

When it comes to differentiating competitively through innovation, results are mixed. Almost **half (47%)** believe Legal positively impacts innovation at their companies, including areas like product development, research, patents and intellectual property (IP). Similar numbers believe Legal lacks any direct impact. An extremely small number believe they adversely affect their companies' abilities to innovate.

PROCUREMENT

The same finding applies to vendor procurement. Despite concerns raised about Legal's inefficiency, very few respondents felt that Legal adversely impacts procurement.

REVENUE GENERATION

While most employees are confident in Legal's ability to negotiate, **nine out of 10 (89%)** respondents believe that there is a material impact on revenue acquisition when negotiation ability is poor. Respondents also believe there is a pressing need for speed: Half believe that Legal's slow pace, overly laden processes, abundance of caution and lack of resources adversely affect deal cycles. In fact, **one in 10** respondents (and as many as one in five in the United States and the United Kingdom) are concerned that the legal department perilously lengthens the time to close and win deals.

Ten percent may not seem statistically significant, but imagine if the Enterprise Legal

Reputation Report study is a corporation with 4,000 employees. If 500 of those employees are salespeople, 10 percent equates to 50 salespeople experiencing delayed deal cycles because of Legal's inefficiency. Consider the impact on the company's forecast and earnings call if 50 salespeople miss their numbers or are stuck on deals longer than necessary, just because of Legal's inefficiency or poor negotiation skills. This does not include the additional set of salespeople who typically miss their numbers from poor performance.

How does this additional impact on revenue influence your stock price? Stock ratings? The ability to retain salespeople and prevent churn? Fortunately, about **half (48%)** of the study's employee respondents particularly those in the United States, believe that Legal is trying to improve at helping accelerate deal cycles.

But how fast is fast? How fast can Legal help accelerate workflows and processes to assist Sales in winning more deals more quickly?

Tech S.O.S.

With artificial intelligence (AI) and other modern technology solutions to automate legal workloads, Legal's speed improves by

25%





As the ELR Report reveals, there is an undeniable disconnect between Legal and the “**mainland**” enterprise functions within corporations. However, this also provides an indisputable opportunity to close gaps and evolve Legal’s role and image.

While Legal can improve its ability to materially impact sales, revenue, speed of procurement and innovation, it also has the unique advantage to assume a greater leadership role in other parts of the business and its corporate culture.

Two requisite sectors presenting this chance for Legal are diversity, equity and inclusion (DEI) and data security.

Any CEO will tell you, DEI is top priority for a corporation. Yet this survey revealed that only **50%** of enterprise employee respondents believe it is a priority, with barely **25%** citing vendor diversity as an integral part of that initiative.

Also quantifiable is the effect on corporate security and Legal’s role in protecting the business’ atomic unit: **data**.

With Legal being involved in countless confidential and sensitive matters, working remotely creates a need for tighter data security. **Three in four (76%)** respondents believe Legal manages data security and privacy well, but that infers that **one in four (24%)** does not. With security, there is no such thing as half secure or almost secure. Cybersecurity and physical security are all or nothing propositions.

Legal can remain a back-office function or become a greater, visible business partner. This

requires cross-functional collaboration with leadership teams and various departments. As protectors of the business, Legal can become more service-oriented rather than merely policy-minded. Legal can redefine its place in the enterprise, become more collaborative and ultimately reshape its brand image.

In fact, there is urgency to do so. There is a crescendo within legal operations teams to be the compass of the enterprise. It is not ludicrous to expect this from Legal. The function has the opportunity to become a driver in an increasingly data-driven enterprise environment. It can contribute to the overall data pool, just like Sales, Marketing, Finance, HR, Procurement and other functions have done for years. Legal can be a part of the data analytics and insights used to manage overall operational excellence and topline revenue.

If this study reveals anything, it’s that Legal cannot remain on its own island. Legal **can** eliminate the Perception Paradox. Employees want and deserve to feel protected. But as a true protector, Legal needs to replace the acceptance of bureaucratic inefficiency with stronger alliances, a shared culture and state-of-the-art tools and processes. If ever there was a time to evolve, **the time is now**.

Because I am involved, John Donne wrote.

So why be reactive when you can be proactive? Why be a mere passenger when you can steer the ship?

PROTECTING THE ROLE OF ENTERPRISE GUARDIAN

In Chapter 1 of the Enterprise Legal Reputation (ELR) Report, we took a profound look at the corporate legal team through the eyes of enterprise employees. We discovered a necessary urgency for legal departments to assess their standing and effectiveness within their businesses. As a baseline, the majority of enterprise employee respondents view Legal as the protector of their businesses. However, **three in four (73%)** do not consider Legal a worthy business partner. This is primarily due to their perception of Legal's inefficiency (**59%**), inflexibility (**49%**) and slow response time (**38%**). The COVID-19 pandemic and the effect of working from home only exacerbate these concerns. These findings present a sobering agenda for corporate Legal practitioners.

That said, every story has two sides.

In Chapter 2, the ELR Report reveals Legal's awareness of perceptions from employees. It examines Legal's perceptions of themselves and differences between both viewpoints. It

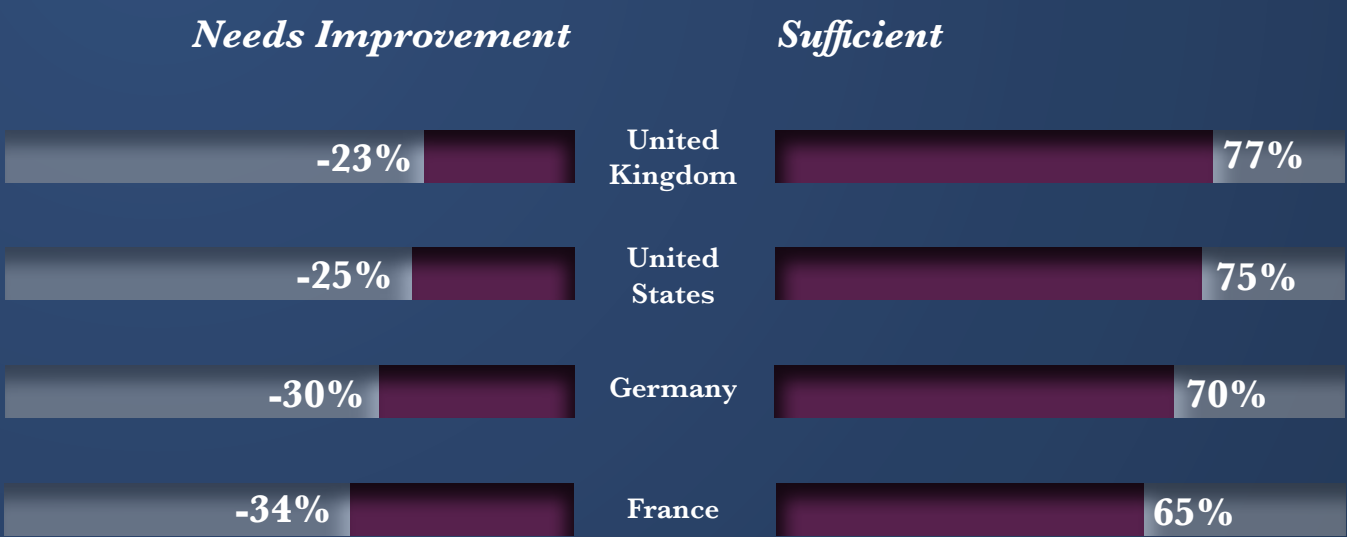
magnifies parallels, problems and perspectives from **500** corporate legal professionals from the United States (**200 respondents**), United Kingdom (**100**), Germany (**100**) and France (**100**).

Is Legal privy to the fractured dynamic between its department and internal clients? Is the department aware of the similarities and differences between their perceptions and those of enterprise employees? Do they know that **two in three (65%)** enterprise employees at least sometimes willingly bypass Legal and compromise company policies? Ultimately, is Legal holding up its end of the bargain as a protector of the business? And how can Legal overcome deficiencies to evolve its brand image in the eyes of internal clients to more positively impact the business?

The ELR Report spotlights Legal's relationships with enterprise employees. Legal professionals need a starting point to evolve. Legal must first know what it **doesn't** know.

LEGAL LATITUDE, SIMILAR ATTITUDE

Legal Department And Internal Client Relationships



Overall, 60% of enterprise employees cite positive relationships with Legal. 73% of legal professionals believe their internal clients view their relationships positively.

Nearly **three in four (73%)** corporate legal respondents believe they have positive relationships with their internal clients.

Numbers vary slightly per country. But with **77%** in the United Kingdom, **75%** in the United States, **70%** in Germany and **66%** in France citing harmonious working relationships with internal clients, these figures are relatively close to enterprise employee responses in Chapter 1: **Three in five (60%)** consider their connection with Legal as either “**good**” or “**very good**.” The only difference is that Legal employees feel a

stronger ability to sufficiently handle internal client relationships than employees.

As the employee research showed, it is important to examine variability within the functional demographics of enterprise organizations. Legal feels they share the best working relationships with Finance (**84%**) and HR (**79%**). Employees cite greater collaboration between these departments and Legal, too, although at a slightly lower rate (**62%**). This is not surprising as Finance and HR typically operate “**by the book**.”

THE ICEBERG EFFECT: WHAT IS LEGAL NOT SEEING?

Unfortunately, though, all is not as it seems. What appears to be mutual respect is not solely what exists. What lies below the surface tells a different story.

Nine in 10 corporate legal respondents (**91%**) believe they share exemplary interactions with their internal clients. Almost every corporate Legal respondent (**95%**) considers their department efficient in managing service requests, a number that wavered only slightly among nations, with **98%** in Germany, **96%** in the United Kingdom, **95%** in the United States and **91%** in France. Yet **59%** of enterprise employees characterize Legal as inefficient.

Legal reports highly positive relationships with IT (**78%**), Procurement (**76%**), Sales (**74%**) and Marketing (**73%**). However, the employee responses are dramatically lower, at just **38%** for IT, **37%** for Procurement, **43%** for Sales and **37%** for Marketing. In other words, three in every four Legal employees feel the strength of their relationships is solid, whereas less than two in five enterprise employees agree.

What accounts for this massive gap? Why is Legal convinced it is shining when the majority of internal clients feel otherwise?

These inconsistencies represent an **Iceberg Effect**.

Although Legal seems overwhelmingly self-assured regarding their relationships with enterprise employees, what they see does not equate to the truth that lurks beneath. There is a difference divide in the perceptions from enterprise employees and Legal practitioners of which Legal is unaware.

Part of the issue could be taking an outside-in view: Because Legal sets the standards for what needs to be accomplished in their sector, they inherently assume they are getting it right. And many legal teams are getting it right. As enterprise employees acknowledged in Chapter 1, Legal excels at multiple functions, including procuring vendors and services, making a positive impact on corporate brand and negotiating on behalf of their company.

However, every legal professional needs to know that Legal has the potential to be more than a behind-the-scenes negotiator, contract signer and compliance officer. Legal deserves, and should command, a seat at the executive table to influence the business. As the ELR Report findings will show later in this chapter, Legal can directly impact corporate topline revenue, innovation, competitive differentiation, brand and corporate culture. But to evolve into a more materially impactful function, Legal must address this perception predicament and steer clear of the Iceberg Effect.

The Tip of the Iceberg?

Nearly all Legal employees around the world believe enterprise employees applaud their efficiency

Germany	98%	United States	95%
United Kingdom	96%	France	91%

THE SOBERING TRUTH (AND CONSEQUENCES)

“Coming together is a beginning;
keeping together is progress;
working together is success.”

Henry Ford

It has been said that collaboration is a serendipitous collision. In reality, collaboration is far more: It is the fusion of wide-ranging, eclectic talents and inculcated trust in one another to unlock innovation and redefine what is possible. It is the curiosity and courage of the Wright Brothers. The imagination and ingenuity of the Beatles. The bold brilliance of James Watson, Francis Crick, Maurice Wilkins and Rosalind Franklin contributing to unraveling the mystery of DNA's double-helix structure, forming the basis for advancement of modern biotechnology.

These examples are the zenith of influence, of course. Yet when it comes to legal operations, collaboration is also paramount. To flourish, every individual within the enterprise must

feel connected to the success, growth and operational excellence of the business. It's reasonable to expect non-compliant tendencies from enterprise employees, such as those from Sales, Marketing, IT and Procurement. But how is collaboration with any department possible when **exactly the same percentage (65%) of corporate legal respondents as employee respondents acknowledge that internal clients are bypassing them?**

Yes, despite believing that they are perceived by internal clients as an efficient operation with positive relationships and interactions across the enterprise, Legal knows, or at least assumes, that it is being circumvented by a majority of the business.

The most extreme case of bypassing Legal is in Germany, where **3 of 4 (76%)** corporate legal respondents acknowledge that their employees circumvent engagement and policies. Additionally, almost half of corporate legal respondents (**48%**) presume that employees feel Legal slows them down, affirming concerns reported in the first chapter. Here, the United Kingdom is the most extreme, with more than **3 in 5 (63%)** U.K. respondents citing a tendency for Legal to impede employee pace and progress.

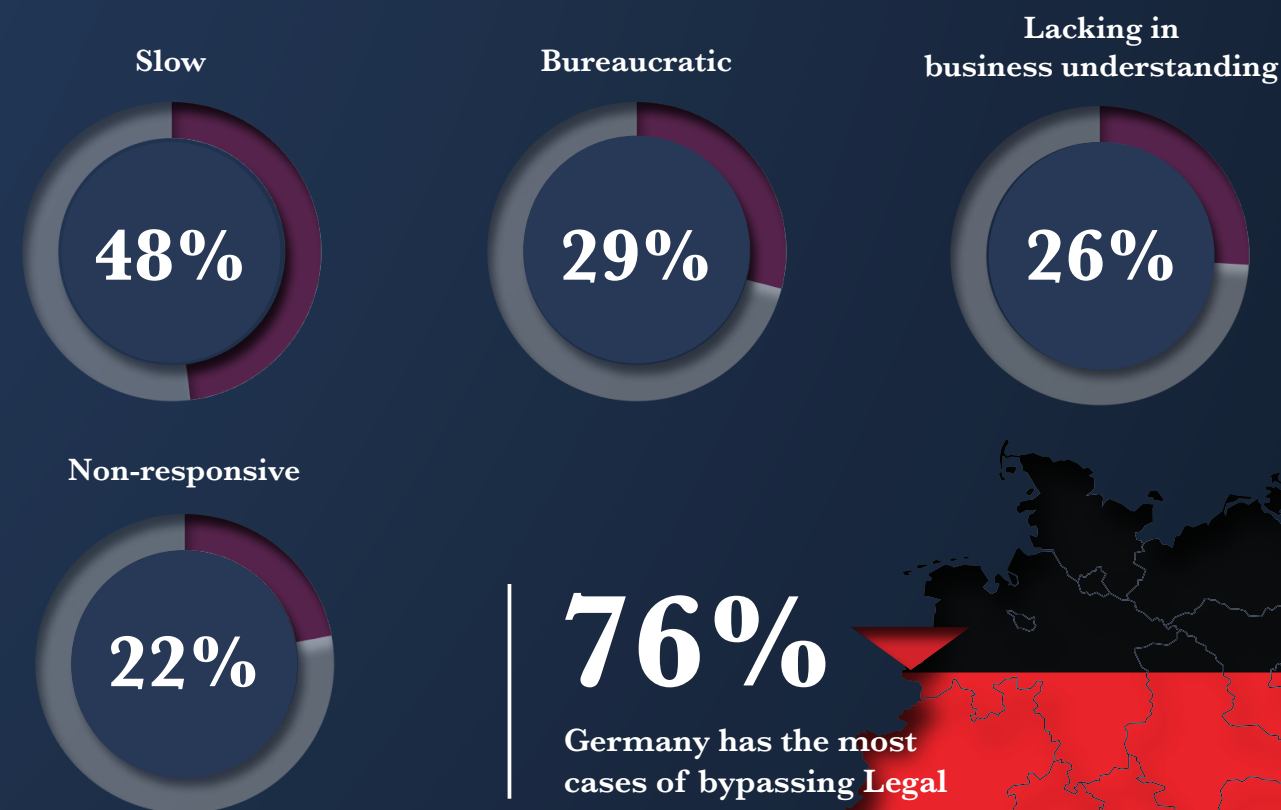
In the end, twice as many internal clients are going rogue with legal decision-making as those who collaborate with Legal. **Why?**

Globally, **three in 10 (29%)** employees cite bureaucracy, and **one in four (26%)** claim

employees likely do not trust them to understand their business or operational needs. When employees feel that a situation is inflexible, they are less likely to interact for fear of being rejected. When they feel their matter will be held up in red tape, they are naturally less likely to choose a path that prevents realization.

It is crucial for Legal to be self-aware and introspective about their internal client relationships. So if Legal is aware of its weaknesses to the extent that it knows its department is being bypassed, at least on occasion, how can it fully collaborate or safeguard the business?

Legal is somewhat aware of the “why?” in being bypassed, believing they’re perceived as:





OBSTACLES THAT MUST BE ADDRESSED

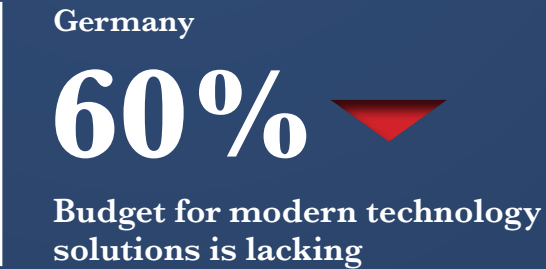
Perhaps for the first time since the Great Recession, the “golden era” of law has returned: Many organizations are reporting that attorney demand has increased in recent months.

For the most part, however, headcount has not. There has been a revolution in workplace expectations, due in no small part to COVID-19. With the gig economy “stealing” workers and the Great Resignation prompting many to quit their day jobs, legal departments are already being taxed to capacity.

The fact is, employee retention is currently a serious issue in companies worldwide. The ELR Report illuminates that issue among Legal departments: **Half** of all corporate legal professionals believe recruitment and talent retention require improvement (**49%**). In Germany, that number rises to **51%**; in the United Kingdom, **54%**. More than **one in three (35%)** respondents also point to a need for better workload planning for the sake of operational efficiency, especially in France (**44%**).

WISH YOU WERE HERE... WITH UPGRADED TECH

Legal teams believe they are holding internal stakeholders back by not providing modern technology solutions.



Germany especially has not budgeted for these services.

In addition to hiring and retaining talented people, another mandatory metamorphosis for Legal involves the introduction and integration of technology.

Legal operations is still somewhat in its early days as a profession. Some enterprises still do not have an extensive legal ops function, and within those that do, the technology is often not smart or fast enough to serve them or scale as required. It comes as little surprise, then, that half of legal respondents voice an urgent need for modernization, deeming their technology insufficient (47%) and outdated (46%). This technology lag is particularly prevalent in France, where 58% desire an upgrade.

Legal is, admittedly, a bit late to the digital transformation party. For decades, various enterprise functions have digitized and based operations on systems of record. Consider the emergence of enterprise resource planning (ERP) in the 1980s and customer relationship management (CRM) in the 1990s. Human resource information systems (HRIS), supply chain management (SCM) and IT systems have followed.

It takes meaningful solutions to grow a business — and choosing the most impactful places to invest is key. Automating legal operations minimizes risk while boosting productivity, streamlining workflows and saving time for

legal teams to focus on business-critical tasks of higher value and complexity. Harnessing the power of artificial intelligence (AI) and machine learning (ML) further speeds workflows and productivity in microseconds, while increasing precision and accuracy.

For a Legal department continually expected to do more with less, modernized technology can define a new era of operational and cost efficiency, especially in a macro market featuring inflationary risk, rising interest rates and geopolitical conflict.

So what is holding back Legal's evolution to a faster, smarter, more service-minded

function? According to Legal respondents, the department can frequently be averse to change (44%). One in four respondents (25%) says they simply do not have time to learn new technology, even though cutting-edge tech would, in the long run, help melt the Iceberg Effect. Other obstacles include a lack of budget, as cited by two in five respondents (39%), and the disenfranchising belief among two in three legal practitioners (67%) who feel executives are unsupportive in endorsing modernization, even if it means providing better client service and customer experience.



GREATER INROADS: LEGAL'S ROLE IN SALES AND REVENUE ACQUISITION

With any potential change, some resistance is natural. But there is a logical reason to take the plunge. Legal possesses untapped ability to impact both topline revenue and bottom line operational expense management for their businesses.

When it comes to impacting the business where it matters most, Legal has a good foundation for supporting Sales and the revenue acquisition process. In fact, Legal believes that it has a positive effect on sales cycles, with nearly **seven in 10 (68%)** confident that they help Sales effectively close deals and generate revenue. In Germany, that sentiment skyrockets to **84%**.

Just **56%** of employee respondents acknowledge Legal as providing positive

Sales support. Nonetheless, more than half acknowledge Legal's assistance, which is a substantive number when validating Legal's importance as more than a back-office function and instead a key contributor to topline revenue generation and business growth.

One of Legal's shining strengths centers on its negotiation prowess, as indicated in Chapter 1 of the ELR Report. Like their employee counterparts, the majority of legal respondents feel that they are astute at negotiating to support Sales (**58%**).

But is being effective the same as being efficient?

**SPEED AND EFFICIENCY:
CONTRACTS & CLM
OPTIMIZATION**

One such area involves managing the lifecycle of contracts, from inception to renewal. Contract lifecycle management (CLM) is a major opportunity for Legal Operations teams to touch the business, especially because it is an area in which Legal is frequently bypassed. Every major functional group of an enterprise creates and manages contracts. They procure vendors, enter partnerships, sign new customers, renew contracts, buy companies, hire employees and so on. When Legal is involved, there is definite room for improvement in the execution and efficiency of contracting.

Case in point: Two in five legal respondents **(40%)** spend four to five hours, or at least half of every business day, reviewing and managing contracts. That means half of their workweeks, quarters and fiscal years are spent manually reviewing contracts.

It gets worse. In Germany, **one in five (19%)** spends six to eight hours daily. And **one in 10 (10%)** in France spends more than eight hours each day reviewing and managing contracts.

Is this how Legal wants to spend the bulk of its time?

Take a moment to calculate how this time adds up over the course of just one week. Or one month. Or an entire fiscal year. Consider a legal professional earning \$250,000 annually. If they spend four to five hours of every day reviewing contracts, half of their hours become unavailable for anything else. With that same legal employee completing the same tasks all year long, that means \$125,000 of his or her salary goes directly to contract review and management. Now imagine that employee is

just one member on a team of six with the same compensation reviewing contracts at this clip. Multiply that \$125,000 by six. With bonus and benefits added on top of their salaries, that legal department and company are paying three-quarters of a million dollars a year on current work and process around contracts. With larger teams at multinational corporations, that number can become exorbitant.

Does spending half of every legal professional's salary sound operationally efficient or cost-efficient? In an executive ops review, would the CFO believe so? The CEO? The board?

To a large extent, legal respondents do believe that their contract management processes are efficient **(81%)**. **However, that equates to one in five (19%) who does not.** Which leaves one wondering: What additional operational efficiencies could be acquired with new technology that could automate and accelerate traditionally manual tasks, like contracts?

CLM, AI and ML tools have the ability to accelerate the entire contract process – from document generation and redlining to e-signature and finalization. This acceleration can pilot faster decision making on how to push contracts through review cycles, renewals and negotiation. **There can be no revenue recognition until contracts are signed.** When such a significant portion of contract work could be offloaded by these solutions or made radically more efficient, why do initiatives to incorporate them still remain absent in many organizations?

The ELR Report digs deeper to understand these gaps, revealing execution time as one key variable in the equation influencing Legal-internal client relationships and the subsequent bypassing of policy and engagement. Legal professionals in the United Kingdom have the fastest contract execution, with nearly **two** in

five (38%) reporting an average of less than three months. In the United States, the highest percentage of contracts **(35%)** are finalized in four to six months, whereas Germany **(49%)** and France **(45%)** generally take seven months or more, even more than a year. While many contracts naturally take some time, there is always room to improve efficiency, which can positively impact the business. Deal closure and revenue generation **(44%)**, vendor procurement **(42%)**, partnerships, mergers, and acquisitions **(23%)** are all perceived to be negatively affected by inefficient contract lifecycle management. There is definitely an opportunity to improve.

An enormous element of CLM solutions is their underlying automation of manual workflows. Automation can impact both operational and cost efficiency by boosting productivity for lawyers by as much as **51.5%**. In the context of a company with 20 lawyers that reviews, on average, more than 9,000 contracts each year, this equates to the same team processing nearly 5,000 additional contracts annually.

All departments hire, negotiate, procure vendors and make agreements. Legal has to decide how much they want to own CLM, as opposed to allowing their internal clients to run their own processes without Legal's involvement or guardrails. If legal operations takes control, this provides an extraordinary opportunity to emerge from the proverbial back office. And by accelerating management of contracts through automation, an enterprise can save employee time and salary for more important matters that materially impact topline revenue, cost efficiency, and operational excellence.

Not unlike how IT trends in the beginning of the 21st century evolved into ITaaS (information technology as a service), in which various

The Need for Speed

54% 

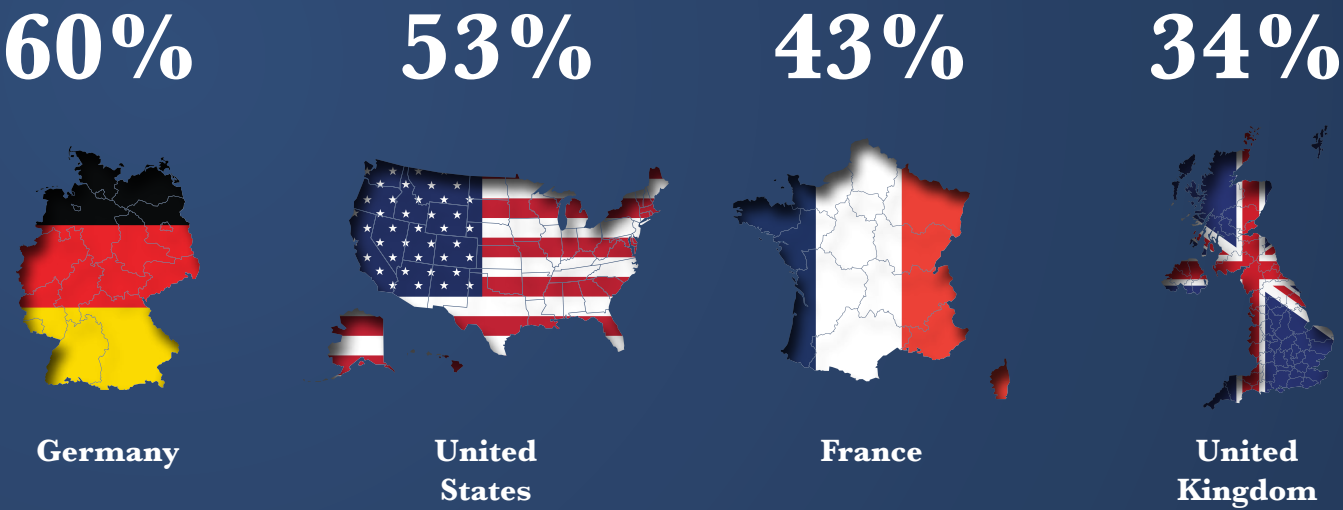
of global legal professionals say their CLM is currently automated

enterprise functions like Engineering, Sales, and Marketing procured and implemented applications as if they were their own IT teams, those same teams take contract management into their own hands.

For example, Marketing procures dozens of vendors every year. They all require contract agreements. How many of those agreements were approved by legal? Marketing signs agreements that include stipulations allowing vendors to use their company name and brands in public marketing efforts. As many public companies will attest, corporate policies prohibit public referenceability because it can undermine their corporate integrity or security posture. This policy becomes even more sensitive during quarterly earnings and investor blackout periods. If Legal is unaware of backdoor agreements, how can it protect the full breadth of its business, especially at a time like an earnings call when it is most vulnerable to any public information?

Legal rightfully presumes that it enables Sales and revenue acquisition. But the ELR Report findings also shine a floodlight on certain material business areas, such as managing contract lifecycles, that represent major opportunities for Legal support. These opportunities enable Legal to turn around that **65%** bypass revelation, melt hidden issues beneath the iceberg hidden issues and not be left out especially if Legal is bringing technology and innovation to the game.

Some legal departments have a headstart integrating AI.



“Legal departments are leading the way by focusing on vendor diversity more than their companies are prioritizing diversity in their own corporate hiring.”

ENABLER OF INNOVATION

Although the crux of a business’ success may be defined by its sales and revenue, neither sales nor revenue can even exist for a company without a valuable product or service worth delivering. Enter innovation, the lemon that inspired the lemonade stand to be built; the spark that drives new focus, continuous creativity and collective vision.

The modus operandi of innovation is to blaze beyond stagnant thought. To be truly avant-garde, one does not conform to norms, but instead reinvents them. Competitive differentiation, brand image and pricing, recruiting and retaining great vs. good talent... innovation stimulates all of these for a business.

When it comes to product development, more than **three in five (61%)** legal respondents globally – with **64%** in France, **62%** in Germany and the United States and **53%** in the United Kingdom – believe they positively impact their

businesses’ innovation capabilities, such as supporting and protecting company patents and intellectual property (IP). **And they’re right.**

Legal plays a prime role in enabling innovation and competitive differentiation. Companies can move markets or follow leaders, and innovation represents the difference, and legal is an integral variable of that formula for success.

LEADERSHIP: DEI & CULTURE

But even beyond the scope of innovation, on a granular level, it is people who are the atomic units of a business. They innovate. They sell. They market, procure and manage. Corporate culture is fundamental to a business’ operational efficiency and growth. Legal can influence corporate culture and its values more than it ever has before throughout the enterprise. It is integral to supporting a corporate culture where all internal clients feel appreciated and supported. And it may not always be related to legal service requests.

More broadly speaking, when it comes to diversity, equity and inclusion (DEI), Legal has historically landed on the reactive side of disputes and infractions. By then, it’s too late. Damage has been done to employees, a business or both. Today, that dynamic is changing. Legal professionals are beginning to prioritize DEI for their departments, with the United Kingdom taking the lead (**38%**), Germany (**35%**), **26%** in France and **22%** in the United States.

This compulsory shift is not just occurring within businesses themselves, but with the constituencies that serve them. **Half** of legal respondents (**52%**) report that their companies are prioritizing vendor diversity across their businesses, which includes the Legal department. Germany featured about **two in three (64%)** respondents who said their companies push diversification efforts within their portfolio of vendors.

That said, the percentage of companies prioritizing vendor diversity overshadows its efforts to diversify their own ranks. Only **two in five (38%)** legal professionals acknowledged diverse hiring prioritization in their companies. In other words, legal departments are leading the way by focusing on vendor diversity more than their companies are prioritizing diversity in their own corporate hiring.

Another Legal priority is improving data security, with **one in three** employees (**33%**) mentioning the importance of cyber risk management. It is within these realms – DEI and data privacy — where Legal can be louder. By viewing these sectors as intrepid opportunities to initiate new leadership, Legal can emerge from a transactional, back-office brand image and become a more visible business advocate and champion. This gives the word “**protector**” new, expanded meaning for Legal as it redefines itself as a true “**protector of the business.**”



LEGAL: THE BUSINESS INFLUENCER

Outstanding collaboration does not merely solve problems in the moment. It has the potential to inspire lasting impact.

Legal no longer has the option of saying “no” to cutting-edge technology. **Three in 10 (29%)** Legal respondents want to automate workflows to eliminate manual tasks. **One in five (22%)** desire AI to boost their productivity.

Legal also cannot operate alone. Legal must become a catalyst, joining the collective enterprise to form new partnerships, elucidate novel solutions and tackle forward-thinking initiatives. This chance to become a change agent is not solely for Legal’s internal image, but to transform the culture of the business and the operational and cost efficiency within that business.

Inclusivity in both vendor and hiring diversity is also a key factor and focus. True innovation occurs by bringing together talented and committed individuals for a common purpose.

Change needs to happen. By initiating a metamorphosis of tech adoption and equitable culture, you can melt the Iceberg Effect, evolve

Legal’s brand and enable greater enterprise-wide connection.

Greater connection.

It’s a phrase we often utilize when searching for a Wifi signal or when we need to plug in and recharge our mobile phones. But establishing greater connection to all parts of the enterprise is precisely what Legal needs. Legal can prove itself as more than an incredible protector. It can be a greater influencer and approachable business partner – a healthy contributor to an enterprise’s overall population. It can partner more to create differentiated value for the company to the point of a competitive advantage. This, in turn, makes legal’s role as protector of the business even more meaningful.

Carpe diem. Seize the moment.

The time has never been more right to connect Legal more deeply and materially to the business. To make Legal future-proof.

Only one question remains.

ARE YOU READY?

CHAPTER 3: COMING SOON

In our final chapter, we examine how Legal can – and should – make their move in evolving their role and the future of the enterprise. What is “best in class?” And how did those teams achieve it?

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