

The new year brings an air of excitement and uncertainty. Our president, John Cashman, summarized the legal market outlook quite well when he recently spoke with [Bloomberg Law](#):

"As we head into 2023 amid the early stages of economic slowdown, it is no surprise the industry is again preparing for the worst while hoping for the best. The industry is well-prepared for challenges ahead. Its leaders will be relatively cautious, but the best-run law firms and law departments will continue to invest in the future and prioritize development and retention of the talent they have worked so hard to recruit."

General Counsel demand

GC hiring activity climbed to historic levels over the past 18 months. As 2022 reached an end, we saw signs of hiring returning to a pre-pandemic pace. That said, when we examine all the factors that came together to create this tremendous surge in demand for GCs—COVID, increased regulatory complexities, increased focus on ESG priorities, focus on DEI, geopolitical issues and macroeconomic uncertainty—they are all still very much "alive" and will continue to fuel the demand for strong legal leaders.

Global economic concerns, however, are bringing budgets into question. Some organizations are starting to look at their headcount and peer into their crystal balls to decide what might come to pass. If the economy slows down, fewer companies will likely be hiring at the lower levels of the legal department, but mid-level legal roles and GC roles will likely continue to move forward as companies always need leaders—even more so in tough times. As of right now, Europe appears slightly more cautious, but demand for talent in the Middle East remains high and will likely increase modestly in Asia-Pacific. In EMEA, there are fewer positions at the GC level than in previous years as there is an increasing trend to appoint a Global GC in the U.S. If the GC is appointed in Europe, international companies often choose to appoint a GC who is U.S.-qualified. In APAC, for many years now, we have seen a steady shift of APAC regional roles move from Japan to Singapore, Hong Kong and mainland China, but with recent difficulties (either visa, political or COVID-related), we have seen an increase in regional roles based in Japan.

The evolving role of the GC

Apart from business slowdown and the potential impact on the function, the main challenge for GCs will be the additional responsibilities laid at their door—not just increasingly complex legal and compliance matters, but also legal operations, alternative legal services providers, ESG, sanction, supply chain and regulatory matters. We have seen several GCs also tapped for administrative matters and cross-functional tasks, including managing human resources and compliance.

A GC today is expected to be a member of the C-suite, advising the business on all matters but utilizing their legal expertise where appropriate. This requires understanding the business and the objectives of its business leaders. Legal leaders today need to be adaptable and resilient. They also need to be leading in a human centric way and demonstrate strong people management skills, especially in post-merger or acquisition scenarios.

Corporations are continuing to recognize the need to have a strong GC who can help stabilize the organization and be socially responsible; someone who can be the "conscience" of the company and, at the same time, be a key enabler of business growth and success. Corporations need to embrace that their purpose goes beyond merely enhancing value for shareholders and serving the ultimate customer; companies are expected to serve their communities and benefit the society in general. Going into 2023, more advanced corporate law departments will place increased importance on ESG factors as they align with the rest of their organization (such factors include diversity, equity & inclusion (DEI), environmental sustainability, addressing climate change, corporate governance, compliance).

Biggest challenges ahead

Given the potential headwinds in the economy—with companies concerned about recessionary impact on their business—legal leaders will need to focus on meeting the legal needs of the company while closely monitoring outside legal spend. Legal departments will once again be asked to do more with less. Employees are already burned out from pandemic-related shifts and being leaned on heavily during the pandemic. As well, employees and candidates are looking more critically at how the company addresses these issues and how much control employees have over balancing their work/life commitments.

In-house leaders should not lose sight of these employee needs and concerns. Although hiring has slowed down, retention, especially of their strong performers, should remain a top priority. Candidates continue to be opportunistic and are no longer wedded to staying in roles or at companies for lengthy tenures. Attorneys who have about 5–10 years of experience are incredibly in demand and are likely to look elsewhere for another role if their current company cannot offer the work/life balance they are seeking. Pull out all the stops to hold on to the members of the workforce in their 30s and early 40s—those individuals are highly sought after.

As budgets were being finalized at the end of 2022, we began seeing more and more GCs exploring the interim model, as they are likely to get approval to hire contractors under their outside counsel spend. Taking the interim route can help fill gaps that already exist or potentially arise from departing talent.

Take your team's temperature

Regardless of an actual downturn, check the temperature of the team and satisfaction levels with internal clients. This is when those companies with money will look to poach talent! Ensure that the team is motivated—but also that the right people are in the right roles on the team.

Look at gaps in the team, evaluating team members who have flexibility to expand the scope of their roles and take on additional responsibility, and assess the relationship with outside counsel. What is getting sent to outside counsel? Are there strengths within the internal team to keep some of that work in-house? The increase in outside counsel fees is already top of mind for existing GCs, so if work can be brought in-house or interim talent employed, the cost savings will serve the GC well. It will also help keep the members of the legal team challenged and engaged.

Using a metrics-driven approach to manage their legal departments (focus on measurement, monitoring, and benchmarking) will become even more critical tools for GCs as we go into 2023. Savvy GCs should leverage the momentum of the last two years of rapid change and continue to innovate and focus on (and invest in) technology adoption, especially as it relates to legal workflow automation, contract management, and document management.

The hiring landscape – a mixed bag

The current state of the economy is impacting businesses differently depending on their industry and geography:

The **technology market** is presenting fewer opportunities on both the West and East Coasts of the U.S. However, **biotech, pharma, healthcare and life sciences** continue to present opportunities, particularly in the Northeast.

Global In-House Market Conditions

January 2023



The **Midwest and Southeast** continue to see steady demand for legal talent, while **Texas** remains a destination for relocation of companies in high-tax, high-cost locations. In **South Florida**, the vibrant economy attracts a broad range of industries still expanding in the region.

Europe remains relatively active though perhaps not quite as hectic as we experienced earlier in 2022. Hiring is on the increase in the **Middle East**, and we expect a modest increase in activity in APAC. As well as continued demand in **Singapore and India**, there has been a small but noticeable increase in demand in **Hong Kong**. **China** remains challenging, but assuming some easing of lockdown rules, we would expect increased activity based on the pent-up demand that has built up over the past two-plus years.

Hot Practice Areas

- › Bankruptcy
- › Corporate
- › Labor & Employment
- › Litigation
- › Patent and Intellectual Property
- › Privacy
- › Real Estate
- › Regulatory and Compliance

Advice for the year ahead

- Focus on legal operations and ensuring the function is running as smoothly and as efficiently as possible.
- Communicate to your team the importance of the legal department's role in the context of the company's business goals and make the strong business case for why additional legal resources may or may not be needed.
- Demonstrate the value of the legal department as a driver of business. Show its value across key metrics. Show the cost of losing in-house lawyers and using outside counsel. A legal team that is viewed as an active partner by the business is going to be in the best position.
- Consider flex hires like interim attorneys to help with the ebb and flow of their changing legal and business demands.
- Carefully plan and perform a thoughtful needs-based analysis. Past recessions have seen an early overreaction, followed by a concomitant overcorrection within legal departments and legal spend.

With signs that 2023 could be a challenging year for some and prosperous for others, legal leaders should look beyond the immediate challenges to start building the legal team they need for the future. Please reach out to us with questions or if we can provide any additional information not covered in this report.