



Trusted navigators in complex and challenging environments

Deloitte In-house Insights Report

Report on the 2022 survey of Aotearoa New Zealand's in-house legal community

Contents

Foreword	03
Executive summary	04
Methodology	07
Survey respondents	09
Overview of the in-house legal teams	14
Concerns and priorities of General Counsels	22
Effectiveness and skills of in-house legal teams	28
Management of in-house legal teams	34
External legal support	42
About us	50

Foreword

In September 2022, we invited members of the In-house Lawyers Association of New Zealand (ILANZ) to participate in an in-depth survey examining practices and priorities for in-house legal teams.

Introductory comments from ILANZ

Kia ora koutou

We're pleased to share the latest edition of the Deloitte In-house Insights Report. Drawn from a national survey of ILANZ members and in-depth interviews, the report provides an important snapshot of in-house legal practice in Aotearoa New Zealand.

In-house legal practice is the fastest-growing mode of legal practice in New Zealand – comprising around 3,500 lawyers or 28% of the legal profession. The Deloitte In-house Insights Report helps deepen our understanding of this important part of the New Zealand legal community. It identifies key trends and opportunities – highlighting how in-house practice is evolving to help Kiwi organisations survive and thrive in an environment of increasing complexity and uncertainty.

We are incredibly grateful for Deloitte's support, expertise, and effort in leading and supporting this important work. By sharing openly about the opportunities and challenges we are facing, we will grow stronger together as a professional community. We hope you will find in this report a useful resource to strengthen understanding, support benchmarking and foster conversations about in-house practice in Aotearoa New Zealand.

Finally, we wish to thank every ILANZ member who participated in the survey, and especially to members who participated in face-to-face interviews.

We look forward to connecting with you, discussing the findings and continuing the conversation.

Noho ora mai rā

Grant Pritchard
President, ILANZ

Introductory comments from Deloitte

Kia ora koutou

We were delighted to assist ILANZ with this edition of the Deloitte In-house Insights Report.

When we completed the 2019 Deloitte In-house Insights Report we commented on the level of change occurring. Looking back now, 2019 seemed like simpler times. Few then could have predicted the acceleration in the level of change that has occurred since or the significant global events over the last three years including a pandemic, war in Europe and the return of inflation.

Without minimising the suffering many have endured over the last three years, the issues and environment we are now grappling with have materially increased the demand for highly skilled in-house legal teams to navigate them.

We trust this report will serve as a valuable resource for in-house legal teams, and the broader profession, to take stock of the status quo, consider the future direction, and the investments required to get there.

We thank the ILANZ committee for your support, the in-house legal professionals that completed the survey, and in particular the in-house lawyers that met with us to discuss the survey results.

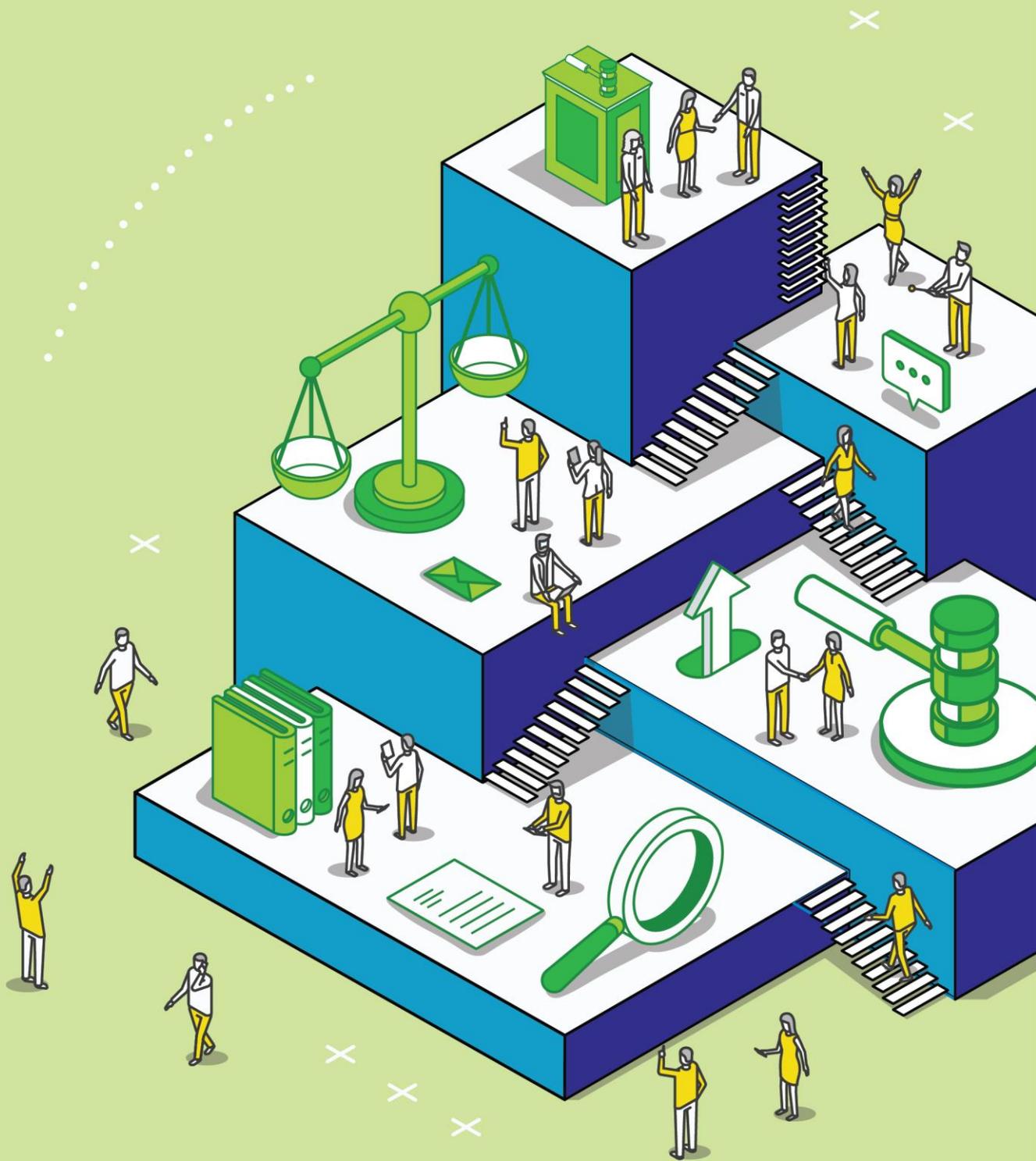
Deloitte values the long-standing relationship with ILANZ and very much enjoys working with the in-house legal community.

Ngā mihi

Jason Weir
Partner, Deloitte



Executive summary



Executive summary

The complex issues and environments organisations are grappling with is driving significant growth in in-house lawyers. The proportion of New Zealand lawyers practising in-house continues to grow steadily, with in-house lawyers now comprising 28.6% of the profession¹.

The objective of this survey was to better understand the issues in-house legal teams in Aotearoa are grappling with and how they do so.

This report results reflect the views of 380 in-house lawyers of all levels, including 78 General Counsel or equivalents (GC). The GCs also provided answers at a team level. Some of the key themes in the survey were then explored in greater detail with 10 in-person interviews with ILANZ members.

The key findings from this survey

Overview of in-house legal teams

Over 60% of the survey respondents work in in-house legal teams of 10 people or less, albeit further growth is expected in the next year in almost half of the in-house legal teams.

46% of the GCs report to the Chief Executive, with a further 41% reporting to a member of the Senior Leadership Team.

Concerns and priorities of GCs

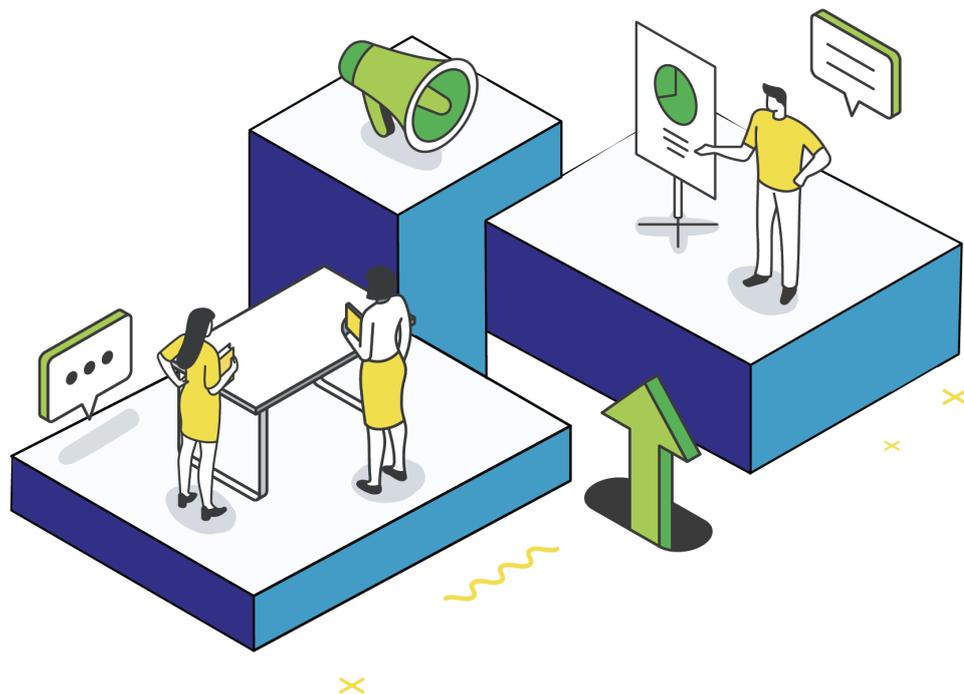
Regulation and compliance was identified as the area that GCs were most concerned about. Some GCs expressed a high level of concern about the sheer volume of regulatory change, the capacity of the in-house legal teams to cope with the workload and the impact this is having on the wellbeing of the in-house team members. There is further

commentary on this issue on page 24.

Rounding out the top 5 concerns for GC's were:

- Capacity and doing more with less;
- Knowledge management, knowledge retention and talent retention;
- Risk and governance;
- Data and privacy.

Interestingly, Te Ao Māori, tikanga and Te Tiriti came in at number six. These concepts did not feature prominently in the 2019 survey and legal teams are now investing in this area. Many of the in-house counsel we spoke to had started by investing in training and some were also actively recruiting Māori lawyers into their teams, but seemed unsure about maturing beyond that. We discuss this topic further on page 26.



1 Snapshot of the Professional 2022 – LAW TALK 952 – Summer 2022

The top priority for the next 12 months is ensuring senior management and/or the Board are informed of significant legal issues and their implications. Rounding out GCs' top 5 priorities for the next 12 months were:

- Maintaining awareness of activities that could have legal implications for the organisation;
- Compliance and ethical issues including data privacy and security;
- Providing input into the organisation's strategic planning process;
- Staying current and well-informed of relevant legal developments / changes being made in the law.

Effectiveness of in-house legal teams

The vast majority of the survey respondents think their organisations would rate their in-house legal team as effective (95% as very effective or somewhat effective).

Strikingly however, 28% of the GCs reported that they did not seek feedback on the in-house legal team's performance. This may present a significant opportunity for a sizeable

minority of in-house legal teams to lift their performance.

The report canvasses the concept of effectiveness further at page 32.

Management of internal legal teams

GCs reported the most common management practices being employed were shifting work to/from external law firms, which was consistent with the 2019 survey.

Digitising / automating the provision of legal services came in at number three in the 2022 survey; this did not feature in the top five practices in the 2019 survey. GCs said the new technology systems that would make the biggest impact in supporting the effective and efficient delivery of legal services were contract management systems, document management systems and digital platforms for the delivery of legal services.

Interestingly, these are not new technologies. The in-house legal counsel we spoke to offered a range of reasons why there are challenges in getting technology that could materially improve efficiency. This topic is explored further on page 39.

External legal support

External legal counsel were scored highly overall in terms of overall satisfaction (84% either extremely or somewhat satisfied).

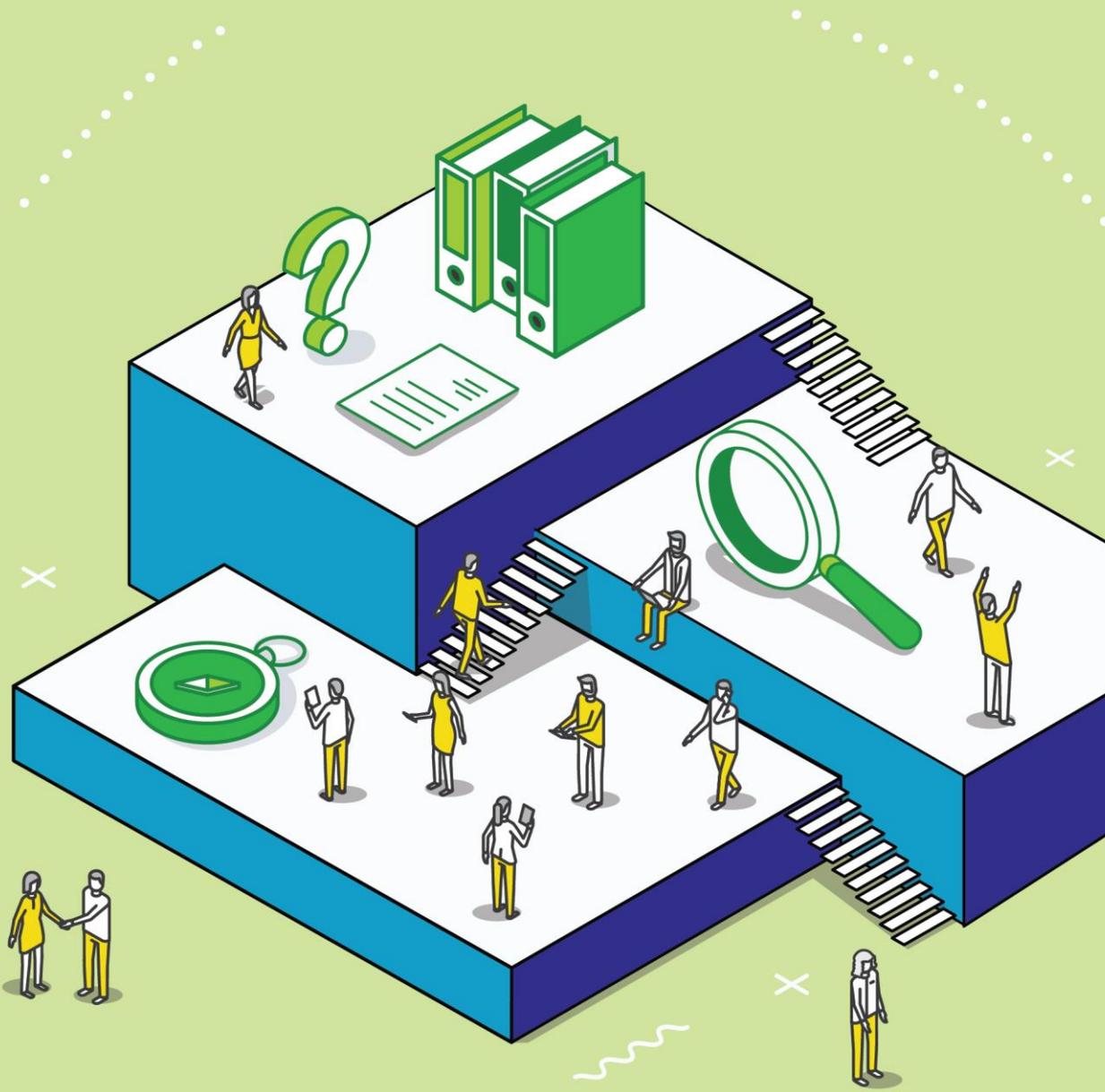
External legal counsel were rated most highly in technical expertise, responsiveness and reliability. The area where external legal counsel scored the lowest was value for money. Some of the in-house counsel we spoke to on this topic explained the concerns around value for money included:

- The cost of junior to mid-level lawyers;
- External legal advice sometimes "missing the mark" (e.g. letters with advice being too long and/or, complex).

Some of the in-house counsel we spoke to that were highly satisfied in respect of value for money shared their views on how they achieved this, with many highlighting the importance of good communication and strong relationships. This topic is explored further on page 49.



Methodology



Methodology



Using the 2019 version of the survey and with input from the ILANZ Committee, Deloitte developed the 2022 version of the survey. Most questions remained unchanged, but some questions were modified, some culled from 2019 and some new questions added for 2022. The survey was split into two sections: questions answered by all survey respondents (indicated in the report by the icon ) , and questions that only the General Counsel* responded to (indicated in the report by the icon ).



A tailored online survey was developed and distributed by ILANZ to ILANZ members in September 2022 via Deloitte's DTermine™ survey service to gather in-house legal teams' insights to various key topics.



The survey data was analysed to understand key areas and themes in the in-house legal landscape across Aotearoa.



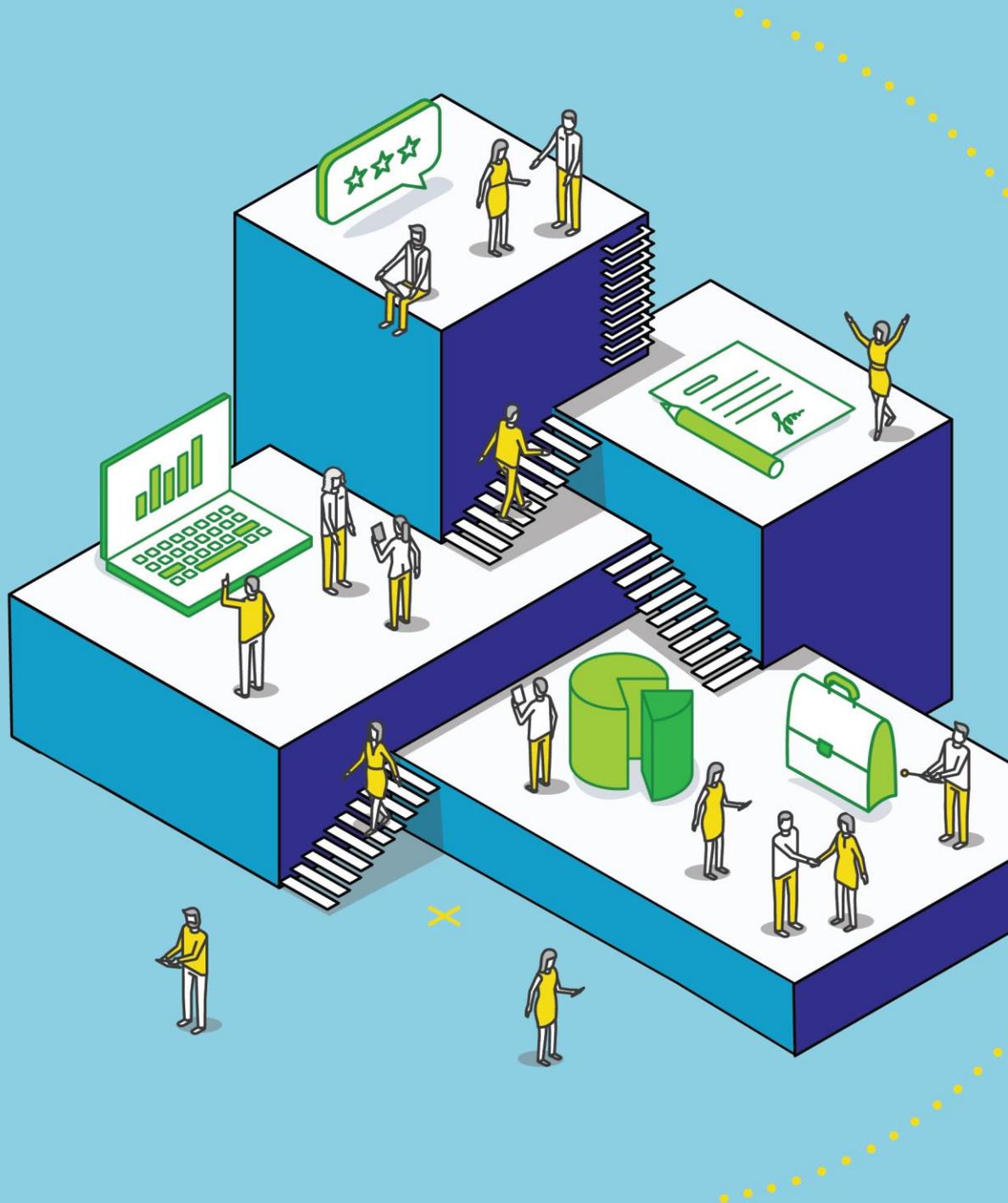
Ten interviews were conducted with in-house legal counsel during October 2022 to explore the key themes identified in the survey data and obtain more qualitative insights. The interviews were conducted by Deloitte, with ILANZ Committee members joining some of the interviews.



This report was prepared by Deloitte with input and support from the ILANZ Committee. Comparisons to the 2019 survey have only been made where questions remained identical and there was a significant change in survey results.

** For the purpose of this survey, the most senior person in the legal team in Aotearoa has been referred to as the General Counsel regardless of their actual job title.*

Survey respondents



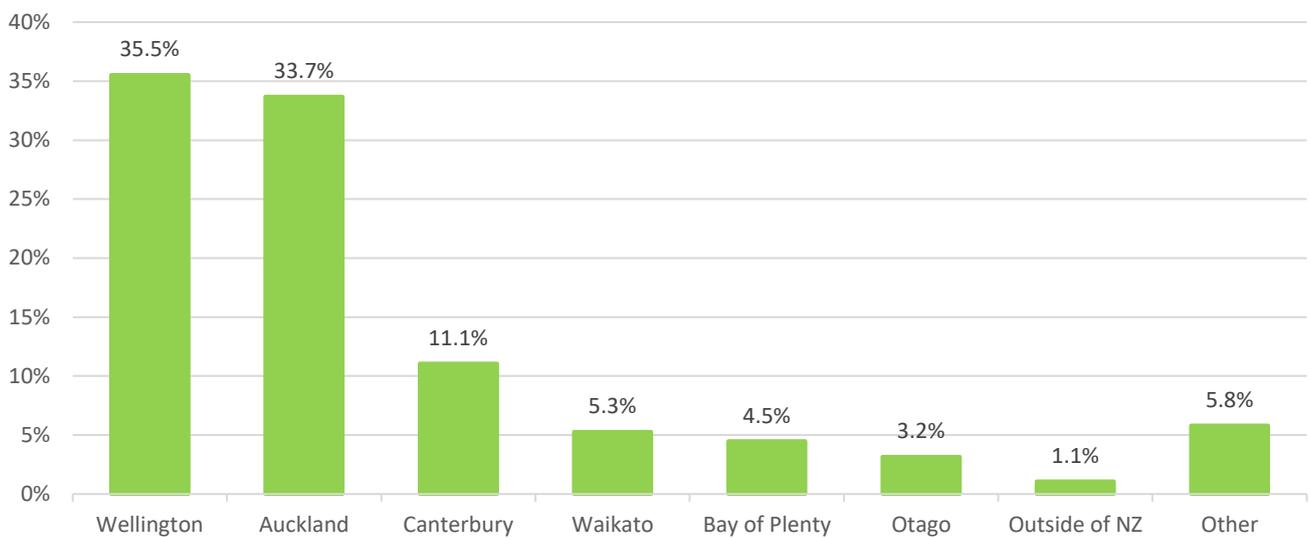
Survey respondents

Insights were obtained from 380 ILANZ members and supplemented by 10 in-person interviews.

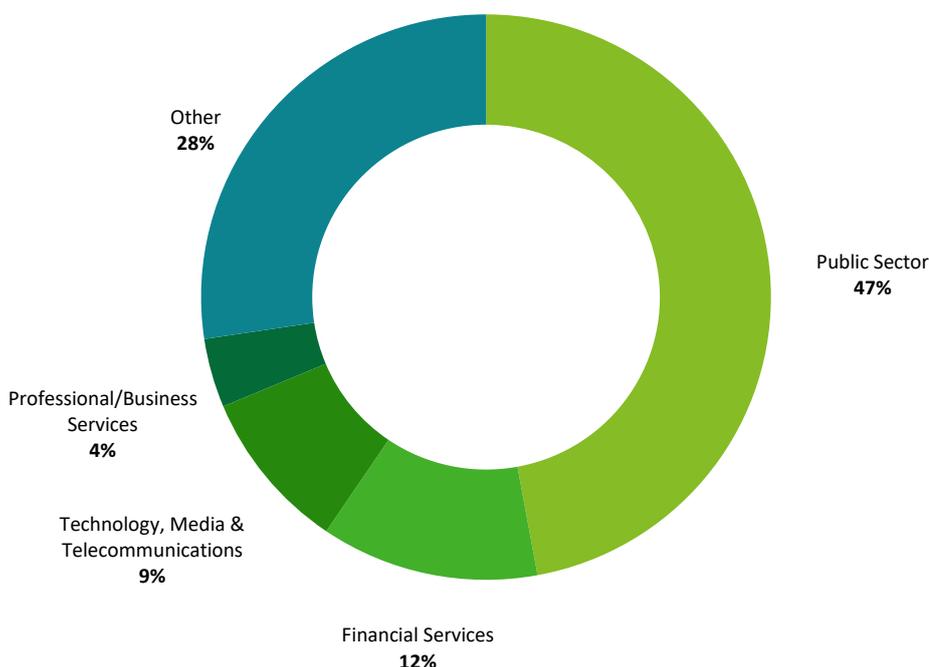
380 ILANZ members responded to the survey (approximately 11% of the ILANZ membership). The survey respondents broadly matched the ILANZ membership.



Where are you primarily located?



What is the primary industry that your organisation operates in?

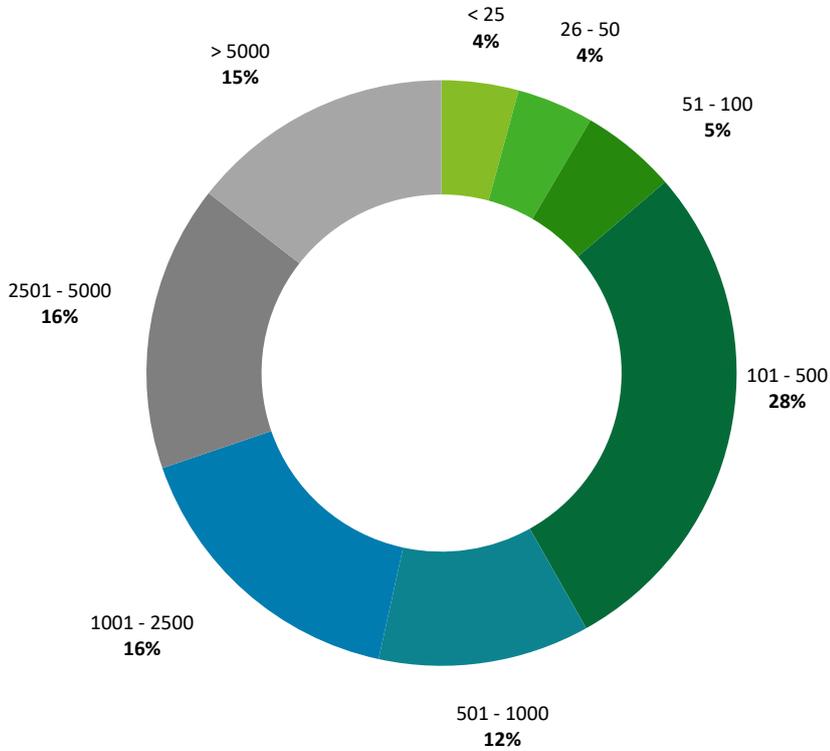


47%

of the respondents work in the public sector.



Approximately how many employees are there in your organisation (in New Zealand)?



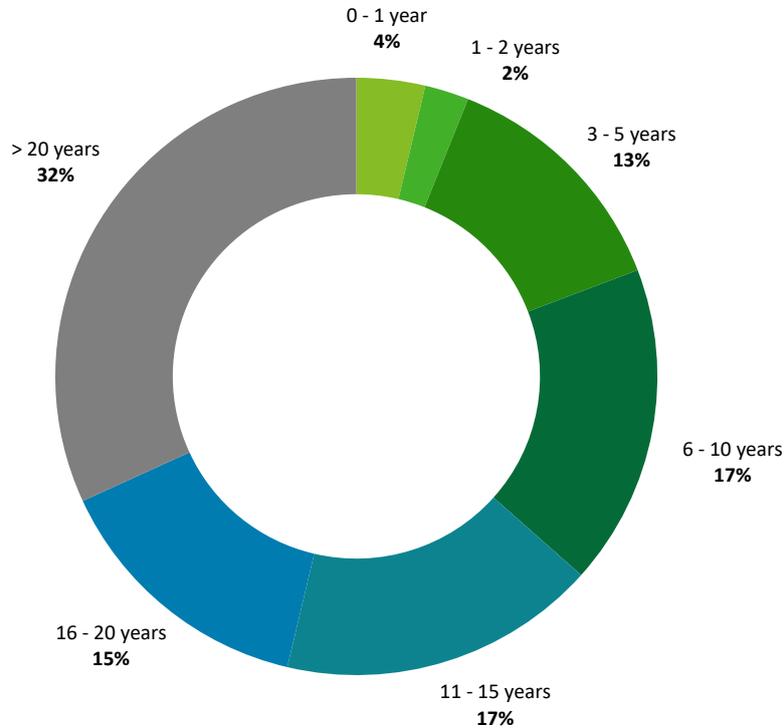
47%

of the respondents worked in organisations with over 1,000 employees.





How many years post qualifying experience (as a lawyer) do you have?

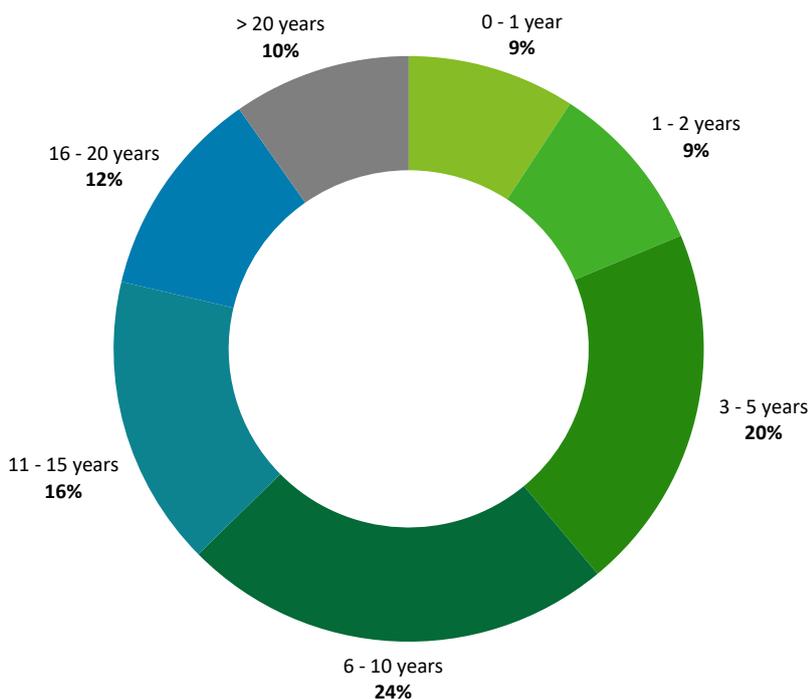


32%

of the respondents had at least 20 years of post qualifying experience (as a lawyer), compared with 25% in 2019.



How many years have you worked as an in-house lawyer?



38%

of the respondents had worked as an in-house lawyer for more than 10 years.



Which of these best describes your current role?

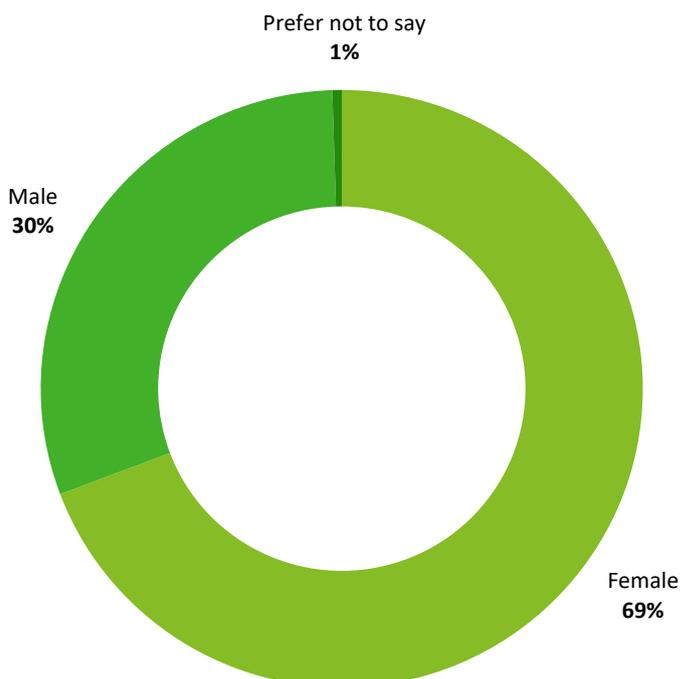


42%

of respondents were in a Senior Solicitor position.



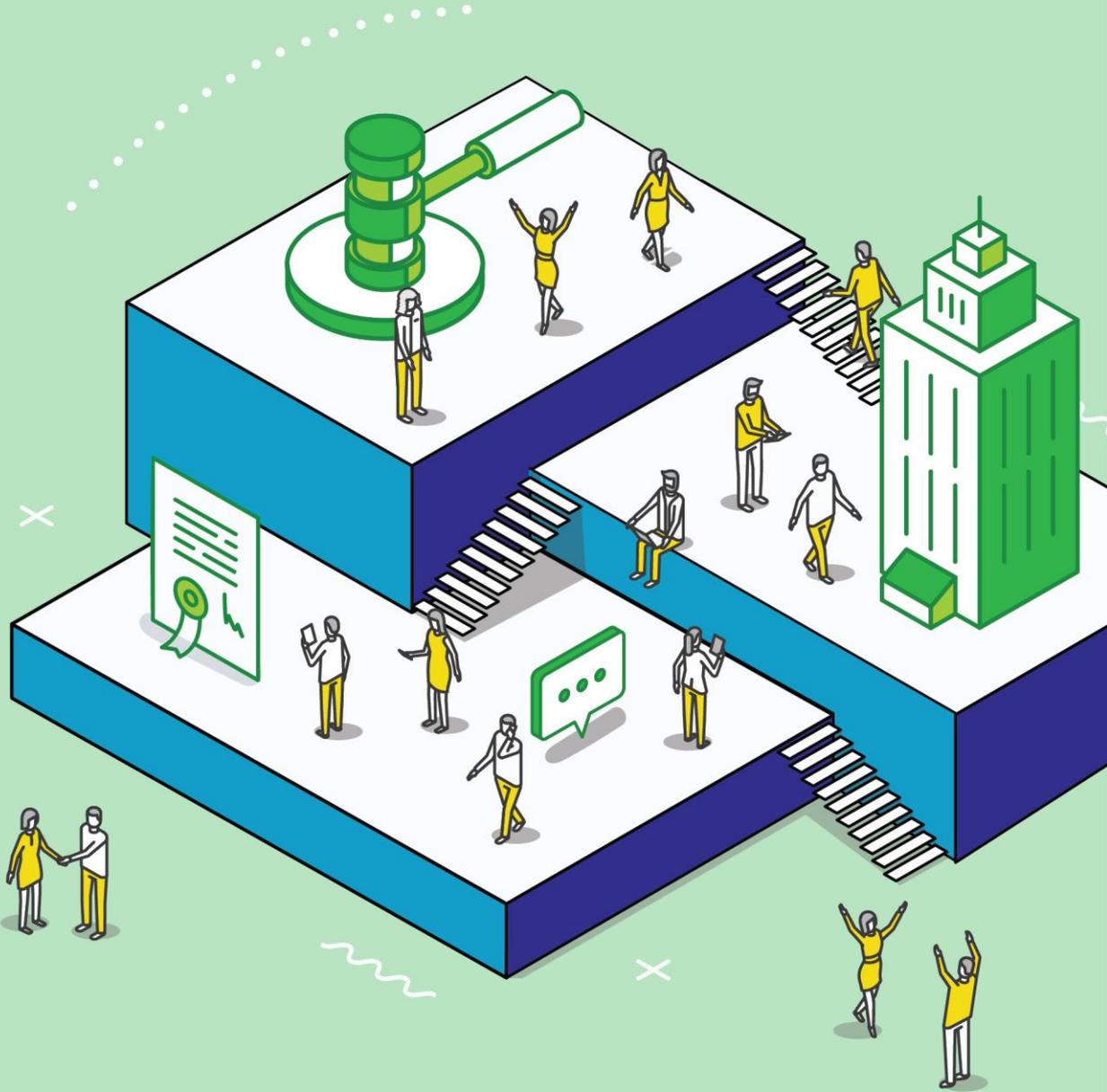
What is your gender?



69%

of respondents were women.

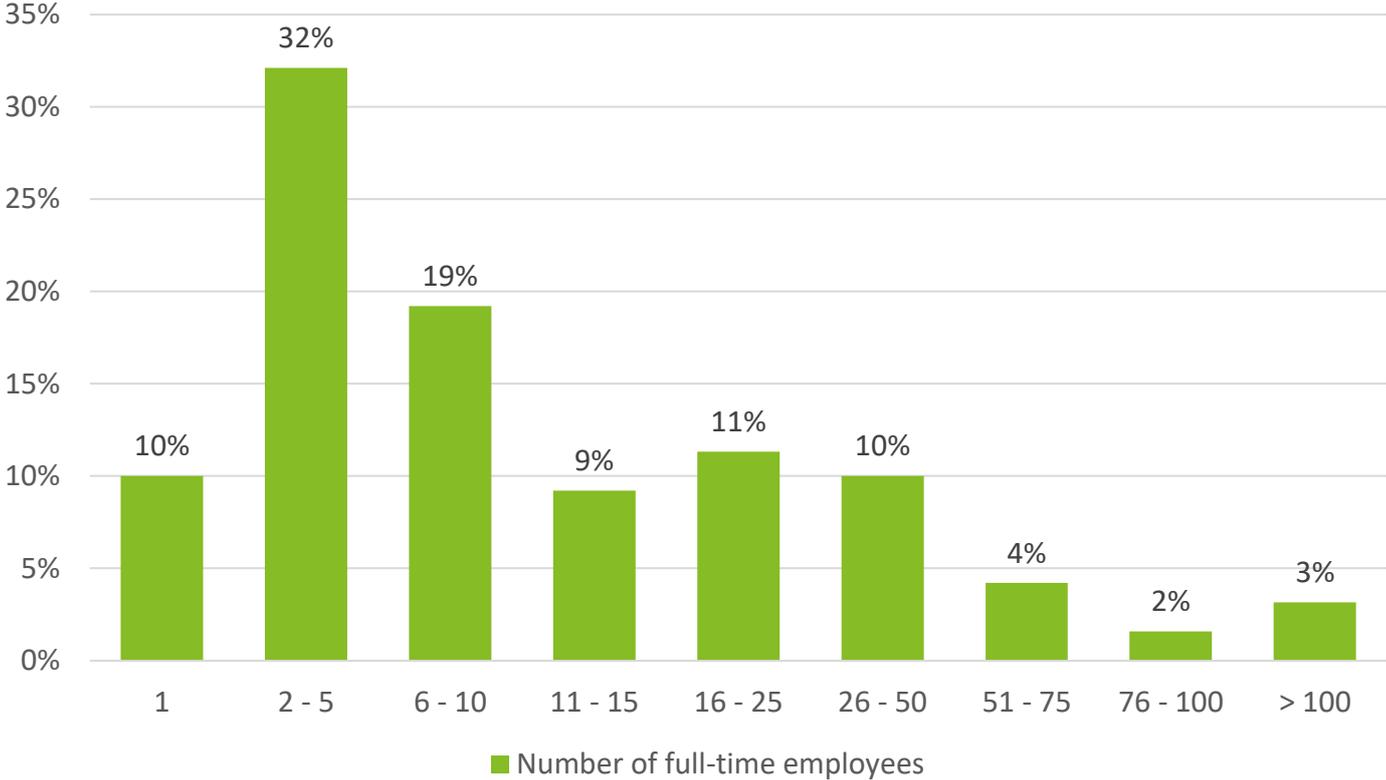
Overview of the in-house legal teams



Overview of the in-house legal teams

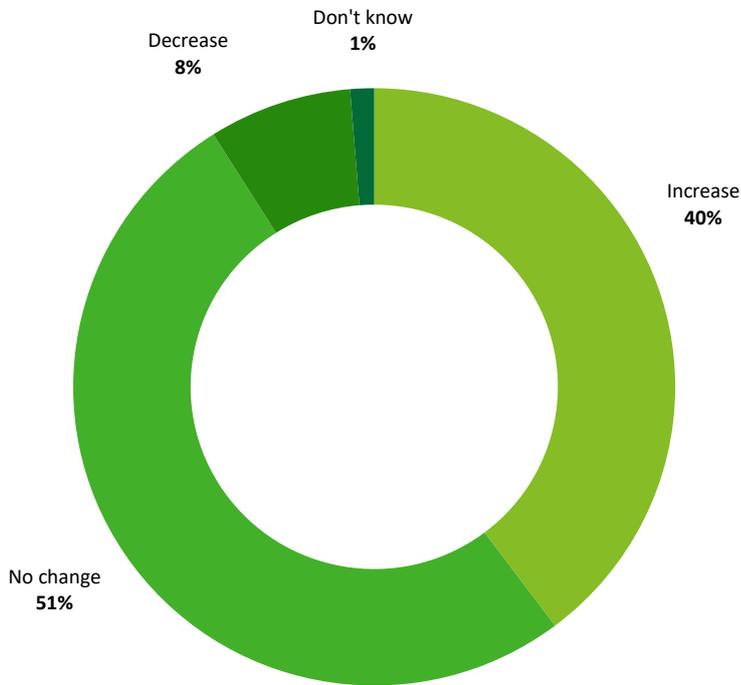
Size of the in-house legal team

 How many full-time equivalent employees are employed in the legal team at your employer (including you)?





Over the past 12 months, how has the number of full-time equivalent employees in your legal team changed?

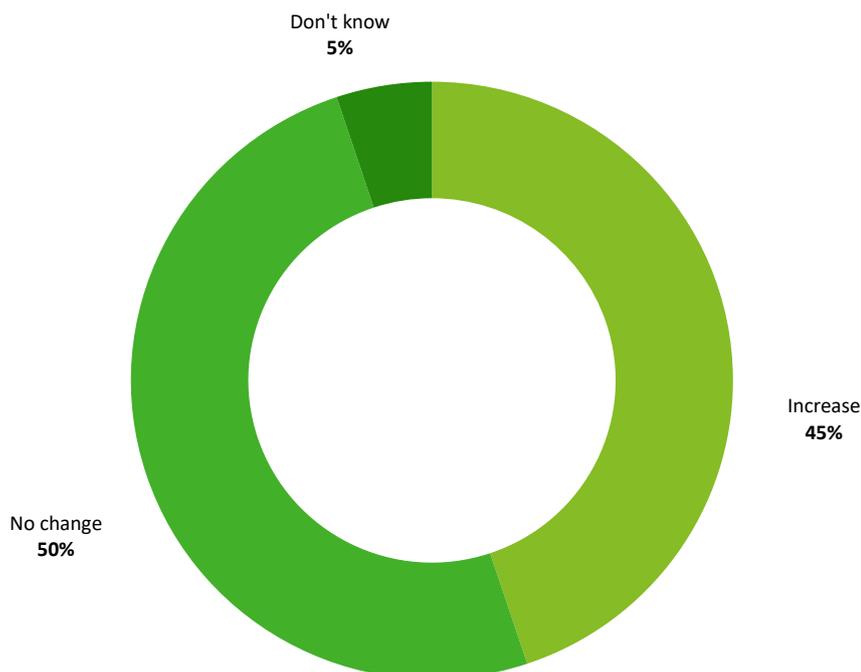


40%

of the GCs reported an increase in the size of their in-house legal team, compared with **31% in 2019.**



Over the next 12 months, what changes are forecasted with respect to the number of full time equivalent employees in your legal team?



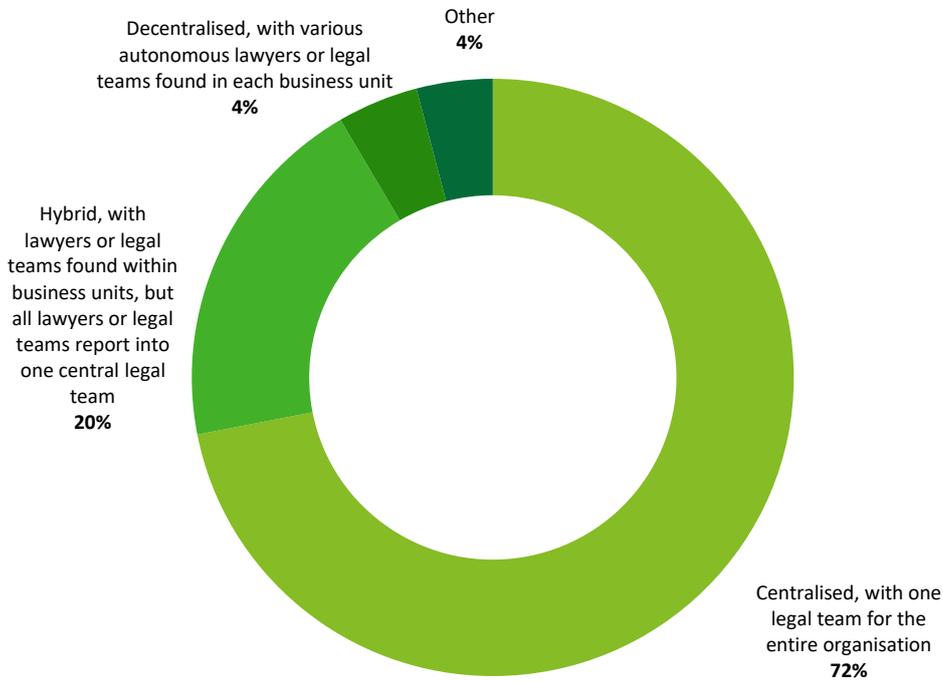
45%

of the GCs expected their in-house legal teams to grow in the next 12 months, compared with **29% in 2019.**

Structure and focus of the in-house legal team



How would you describe the structure of the legal team at your employer?

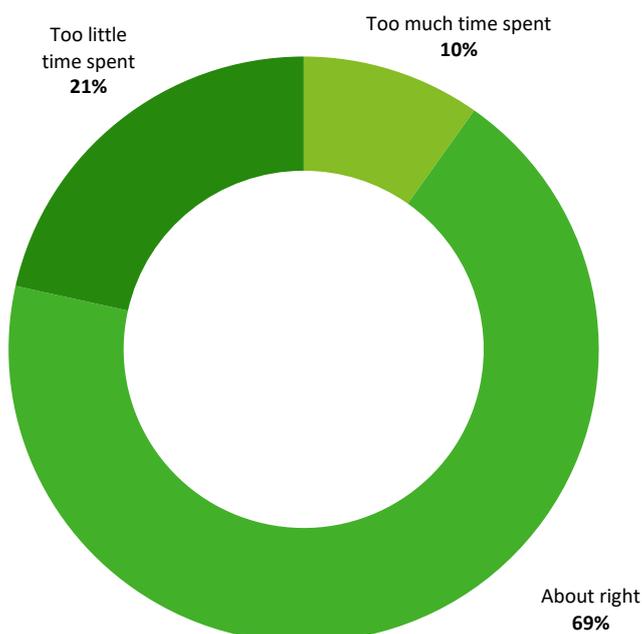


20%

of the respondents worked in hybrid working environments, compared with 15% in 2019.



When thinking about the time that members of your legal team spend with the organisation's business units or in the front line of the organisation, would you describe this as?

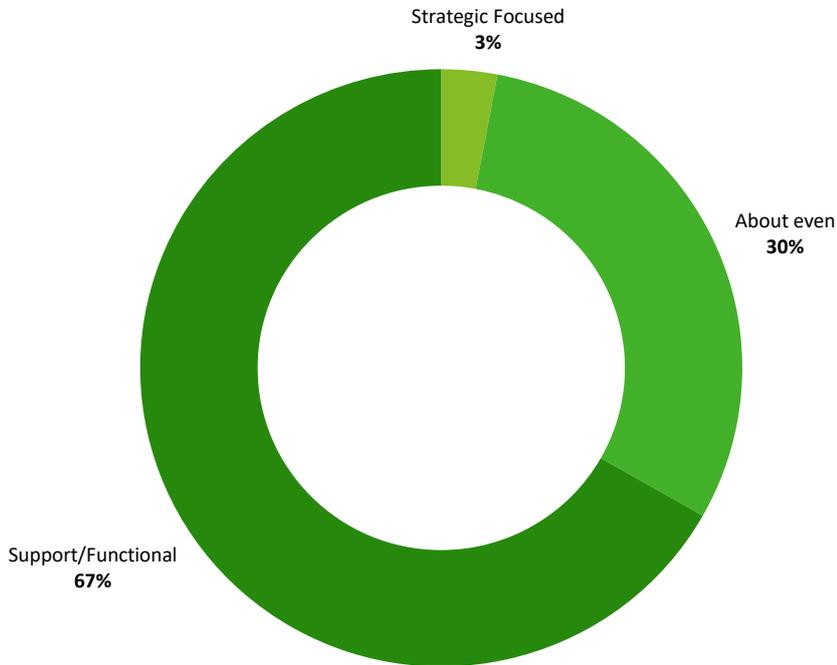


69%

of the respondents reported they spent about the right amount of time with business units or in the front line of the organisation.



What proportion of your legal team's time is currently spent on support/functional vs strategic focused work?

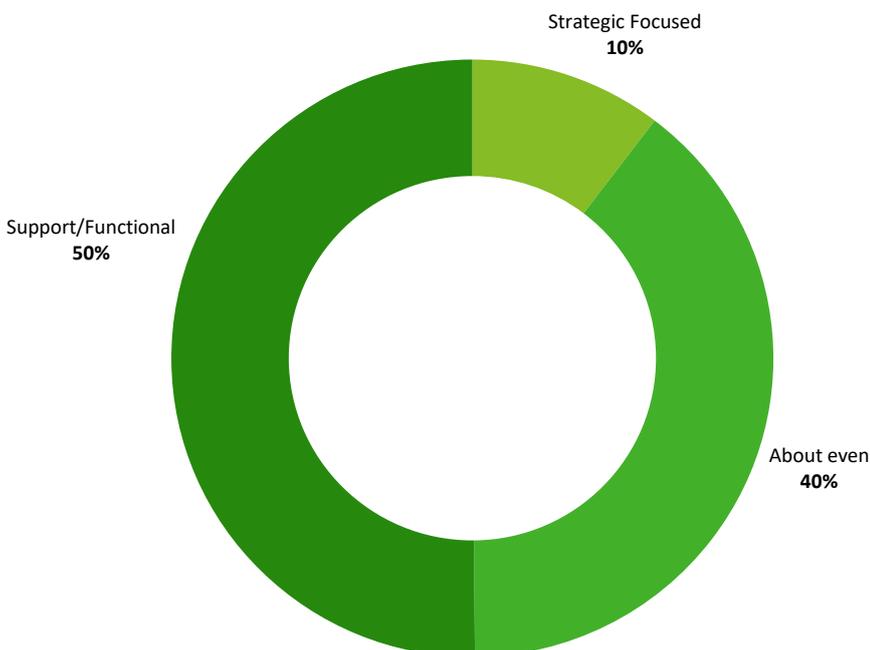


67%

of the respondents spent their time on support / functional focused work.



In the next 1 to 2 years, what proportion of your legal team's time do you foresee will be spent on support/functional vs strategic focused work?

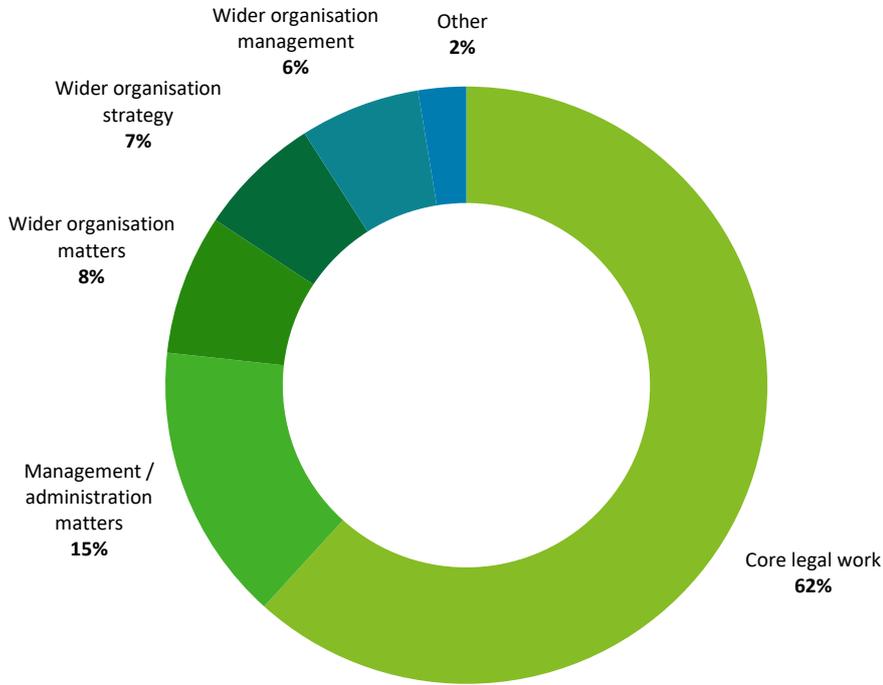


50%

of the respondents reported they will spend their time on support/functional focused work (i.e. the legal team will be completing more strategic work in future).

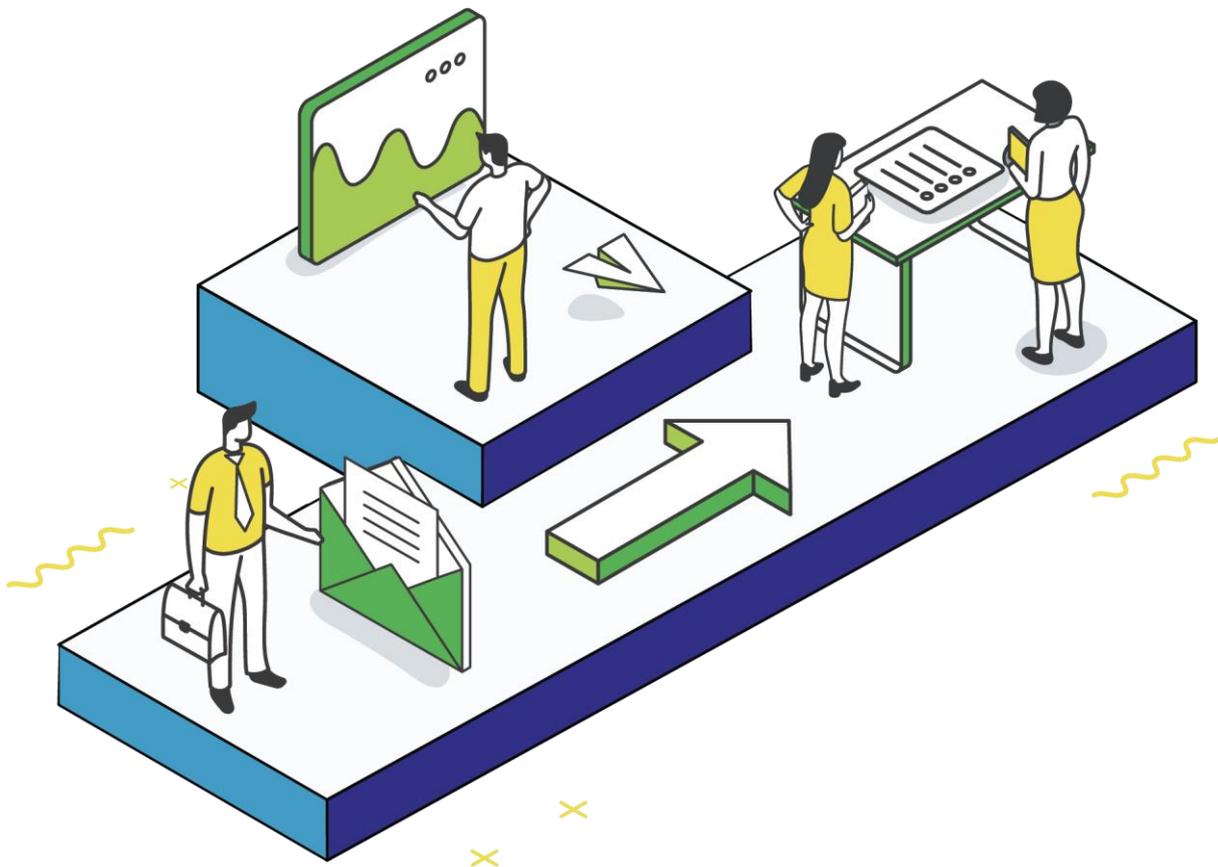


Where do you spend your time during a typical month?



62%

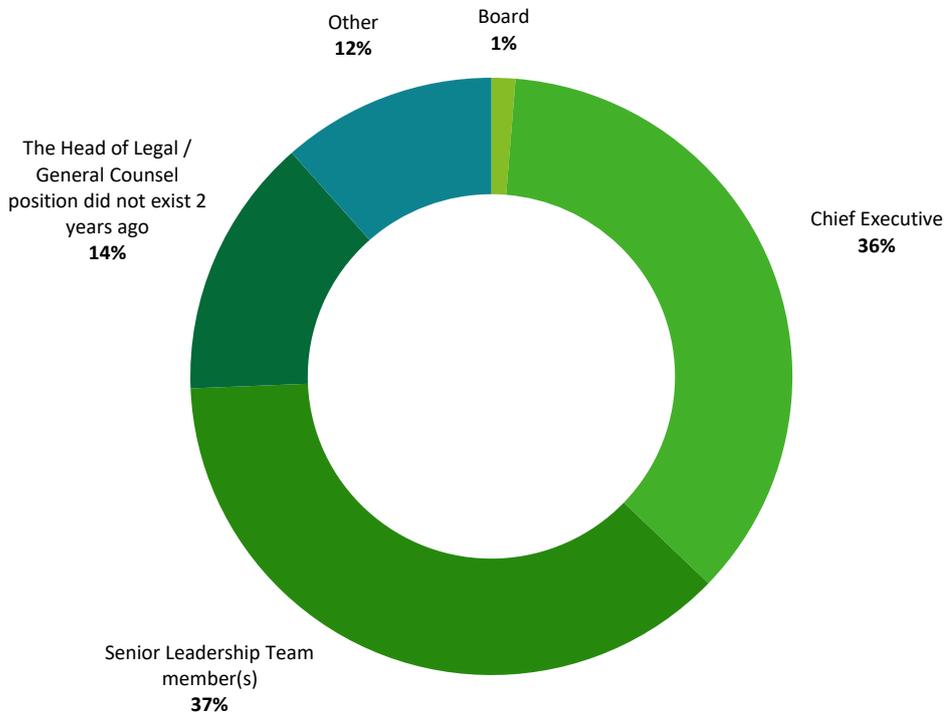
of the respondents spend their time doing core legal work as compared to **56% in 2019.**



Reporting lines of GCs



To whom did the Head of Legal / General Counsel primarily report to 2 years ago?

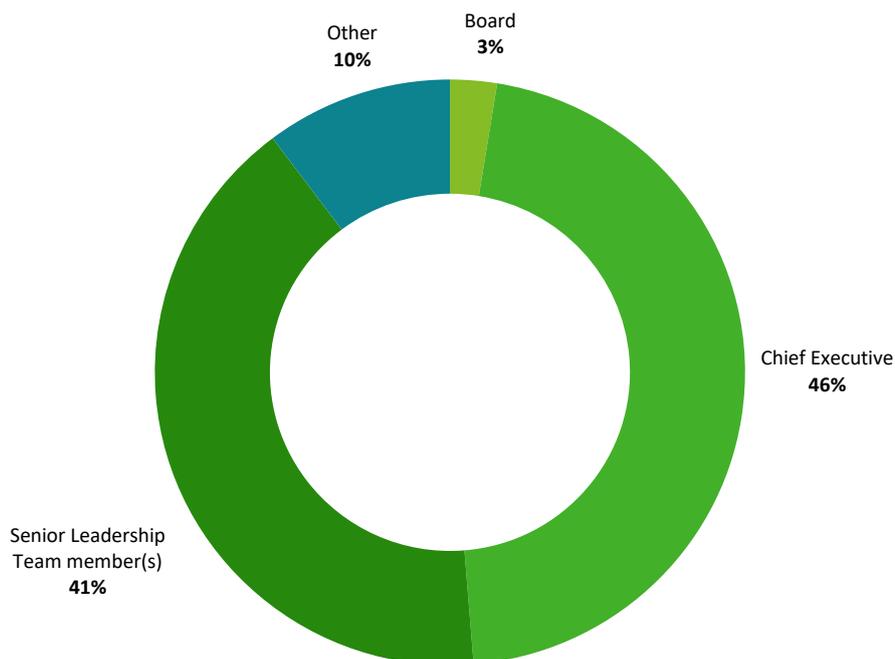


36%

of the respondent GCs reported to the Chief Executive 2 years ago (or 42% after removing the respondents where the GC position did not exist 2 years ago).



To whom does the Head of Legal / General Counsel currently report?

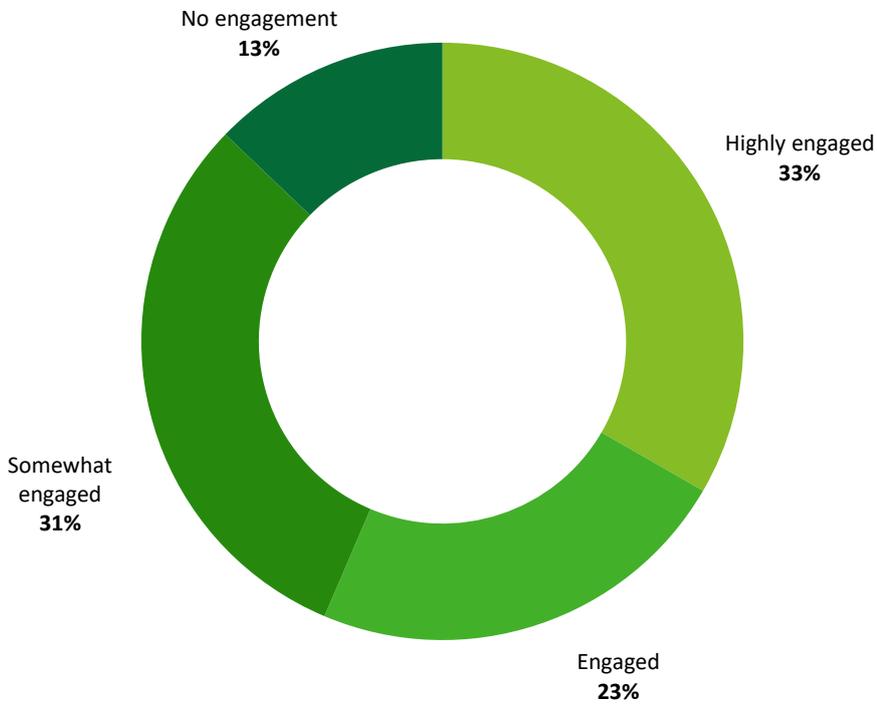


46%

of the respondent GCs currently report to the Chief Executive.

Participation at Board level

 What is your level of participation at Board level?

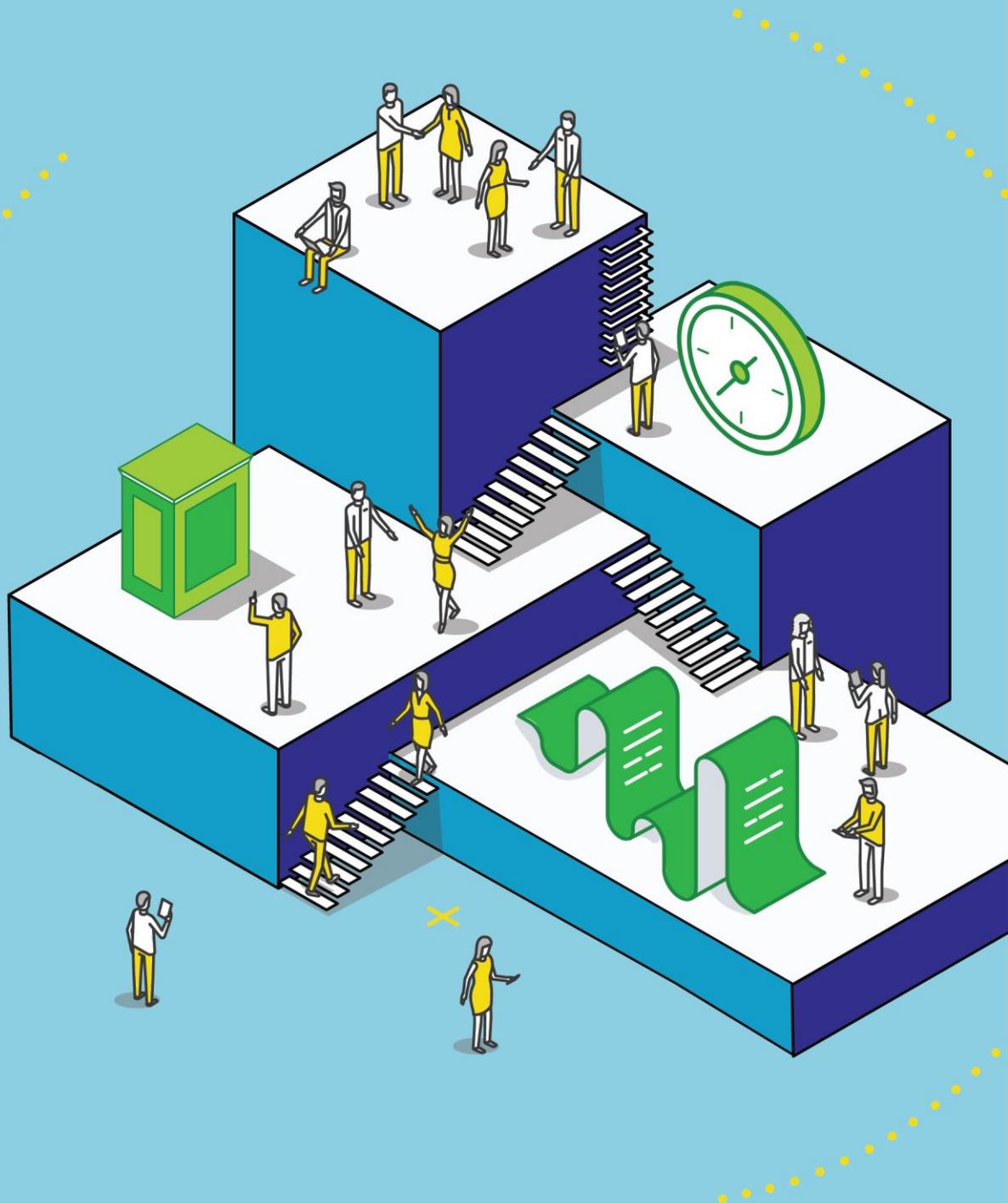


56%

of the respondent GCs are either highly engaged or engaged with the Board.



Concerns and priorities of General Councils



Concerns and priorities of General Counsels

We asked General Counsel what issues they were most concerned about (free text responses) and ranked their priorities over the next 12 months (a pre-defined list).

Concerns



What issues are you and your legal colleagues most concerned about?

- 1 Keeping up to date & compliance with legal, regulatory & government policy updates
- 2 Capacity, resource and doing more with less
- 3 Knowledge management, knowledge retention and talent retention
- 4 Risk and governance
- 5 Data and privacy



1st

Regulation and compliance remained the most dominant issue GCs and their legal colleagues are most concerned about.

Priorities



Please rank the priorities of your legal team over the next 12 months

- 1 Ensuring senior management and/or the Board are informed of significant legal issues and their implications
- 2 Maintaining awareness of activities that could have legal implications for the organisation
- 3 Compliance and ethical issues, including data privacy and security
- 4 Providing input into the organisation's strategic planning process
- 5 Staying current and well-informed of relevant legal developments / changes being made in the law



1st

Ensuring senior management and/or the Board are informed of significant legal issues and their implications remained the top priority over the next 12 months.

Managing regulatory compliance

The level of change and disruption across every industry over the last five years has been astonishing, whether it be the planned embrace of digital, changing how organisations operated overnight with the arrival of the pandemic in early 2020, the ongoing rise of cyber challenges, increased expectations around how data and privacy is handled, war in Europe, or the first experience of heightened inflation in decades.

Overlaying this, the current Government has had a strong regulatory and reform agenda, including:

- Restructuring the public sector health organisations;
- Industry wide market studies (and resulting changes);
- Changes to the Credit Contracts and Consumer Finance Act 2003;
- Sanctions against certain Russia entities and people;
- Changes to the level of development that can occur in New Zealand's larger cities;
- Planned reform around water services and the Resource Management Act.

Managing the volume of change

In-house legal plays a leading role in managing organisations' response and compliance with these material changes.

Many in-house counsel we spoke to were concerned about the level of change they were having to grapple with (putting aside the merits of the changes). Some made the point that heightened levels of attention and resources going into managing the response to regulatory change were being diverted away from 'business as usual' activities. Notably, this sentiment was expressed by both public and private sector in-house counsel.

"A huge amount of our work is dealing with or responding to ever changing and increasing regulation and policy settings"

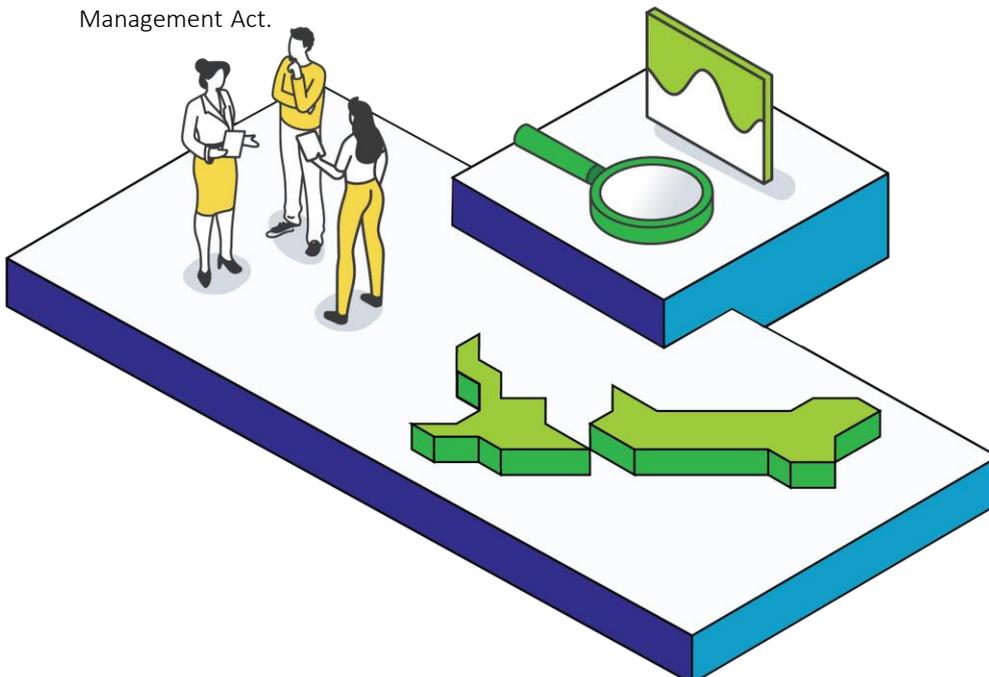
Managing Counsel, Public Sector

Noting that the effects of change and regulatory impact can vary materially from industry to industry and organisation to organisation, the in-house counsel we spoke to who seemed more confident responding to the level of change were using one or more of the following:

- Dedicated units to deal with regulatory change;
- Outsourcing to professional service providers;
- Leveraging resources in the broader organisation (see below).

Aotearoa is experiencing a generational shift in regulatory settings to keep pace with the way the world (and the way in which people want to do things with meaning and that deliver sustainable outcomes) is changing. The pace of this change is a challenge and requires our attention so we can monitor and quickly evaluate the impact of a proposed regulatory change to our organisation – and deliver changes to the way we do things via staff training, policy and process, and compliance monitoring. This has also identified the need to support in-house lawyers to become effective educators, not just advisors, to their organisations.

Hiramai Rogers
Vice President, ILANZ



Managing regulatory compliance (continued)

Managing compliance with law and regulations

The nature of the role in-house legal plays in assisting the organisation to comply with the various laws and regulations is an interesting issue. This is particularly so given the disparity between what are often modest sized in-house legal teams (noting 61% of survey respondents worked in legal teams of 10 or less) compared to the size of the broader organisation the in-house legal teams serve (noting 59% of the survey respondents worked in organisations with over 500 people). One General Counsel explained that her approach is to leverage the resources of the broader organisation to manage these risks. Using the example of privacy, her approach was to:

- Find stakeholders across the business who are interested in the subject matter, and for them to be the “first responders” to privacy cases;
- Capture learnings in a central repository so that they can be referenced later by the whole team, creating distributed capability;
- Explore the development of tools to manage privacy and compliance obligations, particularly so that regulatory responses can be managed more efficiently.

“It is fundamental to have an acute awareness of how legislative change and regulatory updates happen and how these trickle down into your organisation.”

Senior Legal Counsel, Public Sector

Where to from here?

It is difficult to forecast the level of ongoing change and regulatory reform that New Zealand organisations and their in-house counsel will need to grapple with over the next few years.

Accordingly, it would be prudent for organisations and in-house legal teams to plan for how they will respond to materially different levels of change over the next few years (both higher and lower) and the type of resource mix potentially needed (e.g. in-house, contractors, professional service providers, etc.). Being proactive on this matter could help the organisation respond to future change in a more timely and cost effective manner.

As the bar of regulator and public expectation continues to rise so with it does the complexity and volume of data, processes and systems an organisation has.

Traditional methods of risk and regulatory management that were designed in less complex times and reliant on manual techniques and corporate memory are no longer effective in today’s environment.

Well designed tooling, automation and a data driven approach are now non-negotiables for modern and resilient regulatory risk management.

Catherine Law, Deloitte Partner, Head of Risk Advisory



Te Ao Māori

Te Ao Māori, tikanga and Te Tiriti principles are growing in importance for in-house lawyers. These concepts were not particularly prominent in the 2019 survey; but they were referred to by many respondents in this survey.

Some of the legal counsel we spoke to explained that these principles were becoming increasingly important to in-house legal due to:

- **Improving opportunities.** Many of the in-house counsel we spoke to were alert to the disparities that exist between Māori and non-Māori and are keen to contribute towards addressing this;
- **Organisations are increasingly focussed on these concepts.** Many organisations are exploring and adopting these concepts at some level, noting that Māori often account for a material level of clients/customers/employees and/or suppliers. In-house legal is therefore expected to at least move in step with the broader organisation.

- **Tikanga in litigation.** Tikanga is featuring in high-profile litigation including:
 - Mike Smith’s case against seven of New Zealand’s larger users of fossil fuels;
 - The Supreme Court’s reference to tikanga in determining whether Peter Ellis’ appeal should be able to continue following his death;
- **Forming part of legal training.** The New Zealand Council of Legal Education voted to include Te Ao Māori and tikanga Māori concepts in all law degree courses.

Titiro whakamuri, kōkiri Whakamua – look back and reflect so you can move forward

Te Ao Māori, through Te Tiriti o Waitangi and various legislation are a part of the legal fabric of Aotearoa, New Zealand. In-house legal counsel will be better able to serve their business’ needs through authentically understanding and increasing their Te Ao Māori cultural confidence.

As our country moves into the “Post Settlement” era, the relevance of Te Māori views and the need for organisations to be able to effectively engage with Māori will only continue to increase.

Lee Gray, Deloitte Partner, Hourua Pae Rau (Māori Services Group)



Te Ao Māori (continued)

Naturally, there are varying levels of competency across organisations and employees on these concepts. Many of the in-house counsel we spoke to had started by investing in training and some were also actively recruiting Māori lawyers into their teams, but seemed unsure about maturing beyond that.

ILANZ Conference 2022 delegate feedback confirmed a strong interest in Te Ao Māori. ILANZ is committed to further developing and strengthening its members' knowledge and access to this information via inclusion in its education and conference events.

“Building a sustainable future for the community means needing to understand the community as a whole.”

General Counsel, Private Sector Entity

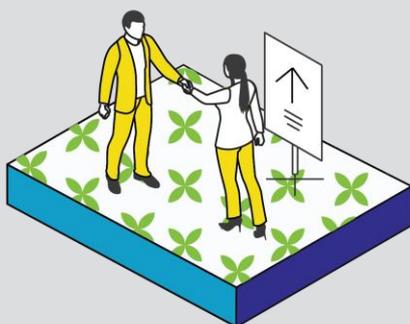


The increased interest from in-house lawyers in the relationship between the law and Te Ao Māori is a reflection of the extensive mahi undertaken by many Māori lawyers and I believe shows we are ready to have these discussions for the right reasons. ILANZ is still learning, and as we continue to learn and seek to apply Te Ao Māori to in-house practice and by our members, we want to make sure we engage and are supported by Māori in-house lawyers and voices.

Hiramai Rogers, ILANZ Vice-President

Pasifika engagement

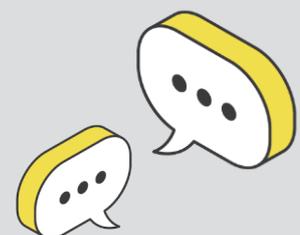
Deloitte is also now seeing organisations consider how they can better work with Pacific people.



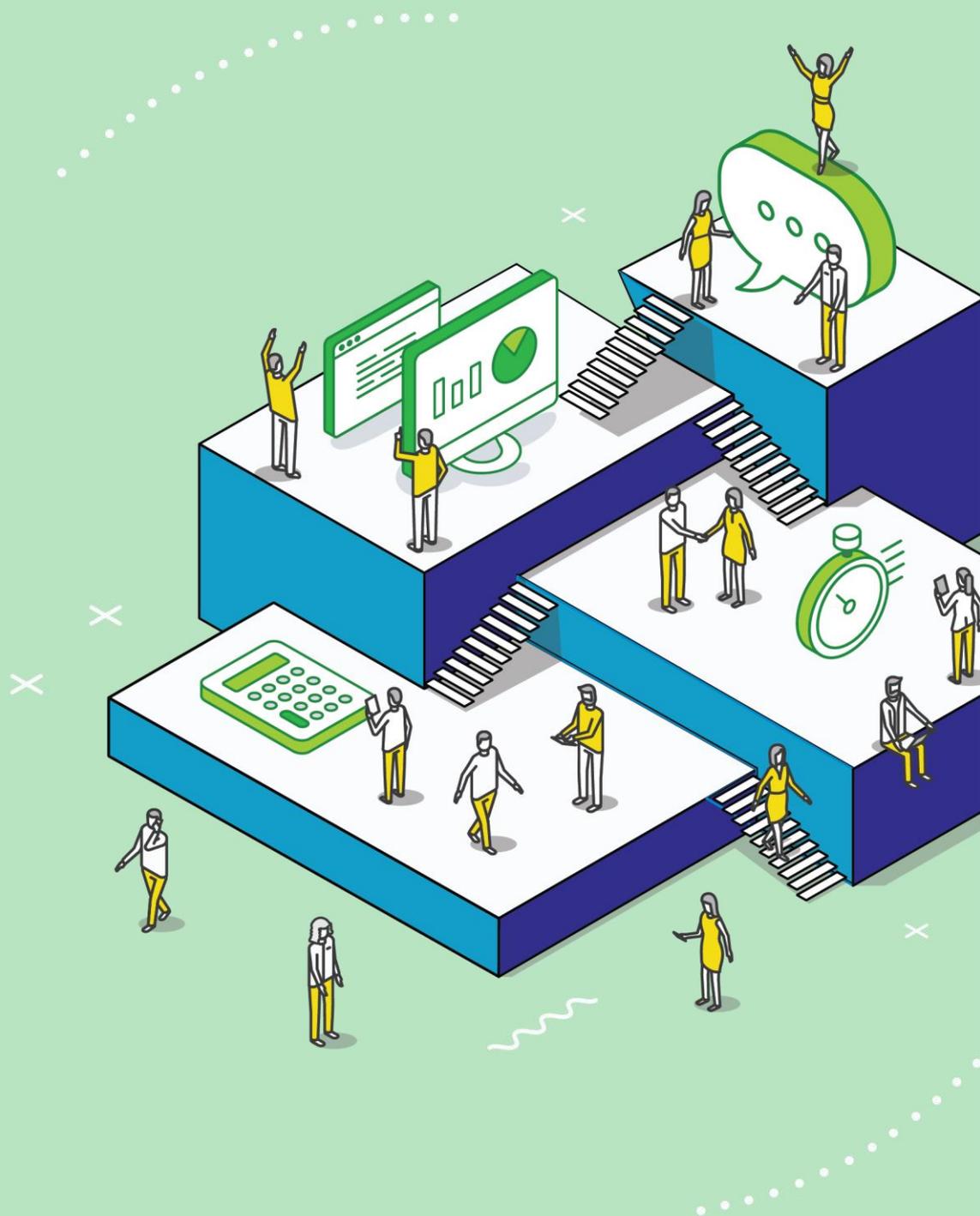
Pacific people represent one of the fastest growing ethnic groups in Aotearoa - **1 in 3 births in Auckland today is of Pacific heritage**. This means that the make up of our employees, suppliers, clients and customers will look quite different in the near future. It is in our collective best interest to ensure we are well prepared for this change and to ensure that our own workforces and ways of working are reflective of the communities we serve and will serve in the future. We have an exciting opportunity in front of us - to better equip the industry and ecosystem to respond and harness the potential of our Pacific community.

We recommend organisations start by assessing their own understanding of Pacific values, understanding why Pacific culture is important and to acknowledge the origins of Pacific people to this country.

Lisa Tai, Deloitte Partner, Pas Peau (Pasifika Services Group)



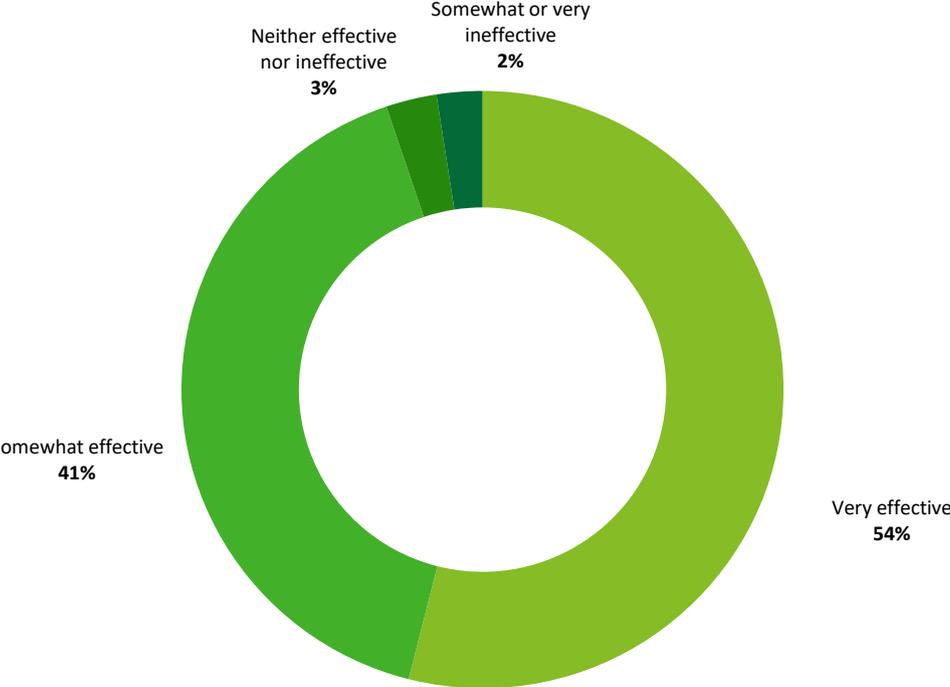
Effectiveness and skills of in-house legal teams



Effectiveness and skills of in-house legal teams

Effectiveness of in-house legal teams

 How do you think your organisation would rate the effectiveness of your legal team?




54%
of respondents believe their organisation would rate the legal team as very effective as compared to **41% in 2019.**



Skills of the in-house legal profession



What legal skills do you consider will be most important for you to be able to perform your role in the next 2 years

1	Issue identification
2	Issue triage
3	Drafting
4	Legal instruction
5	Opinion writing



1st

Respondents identified “issue identification” as the most important skill, consistent with 2019.



What non-legal skills do you consider will be most important for you to be able to perform your role in the next 2 years

1	Communication skills
2	Analytical skills
3	Emotional intelligence skills
4	Project management skills
5	Leadership and talent management

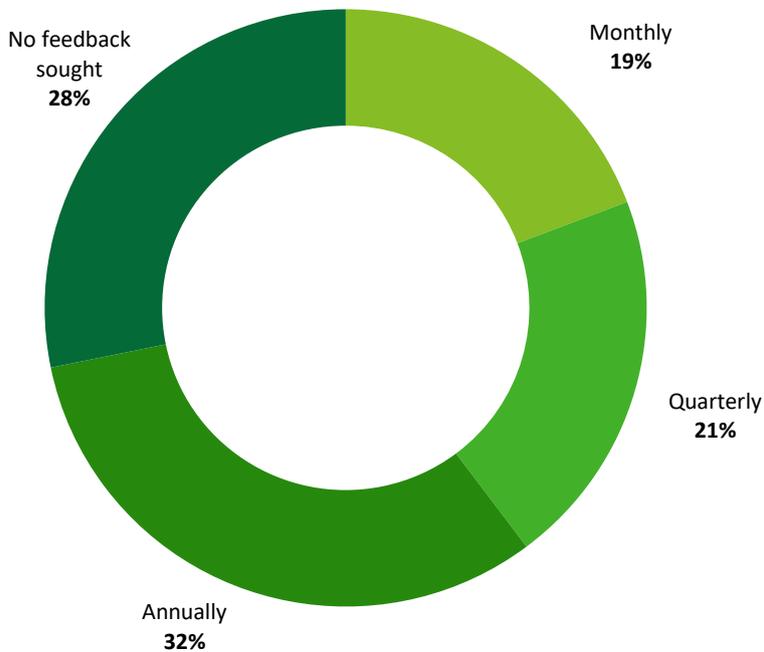


1st

Respondents identified communication skills as the most important non-legal skill, consistent with 2019.

Feedback on legal team performance

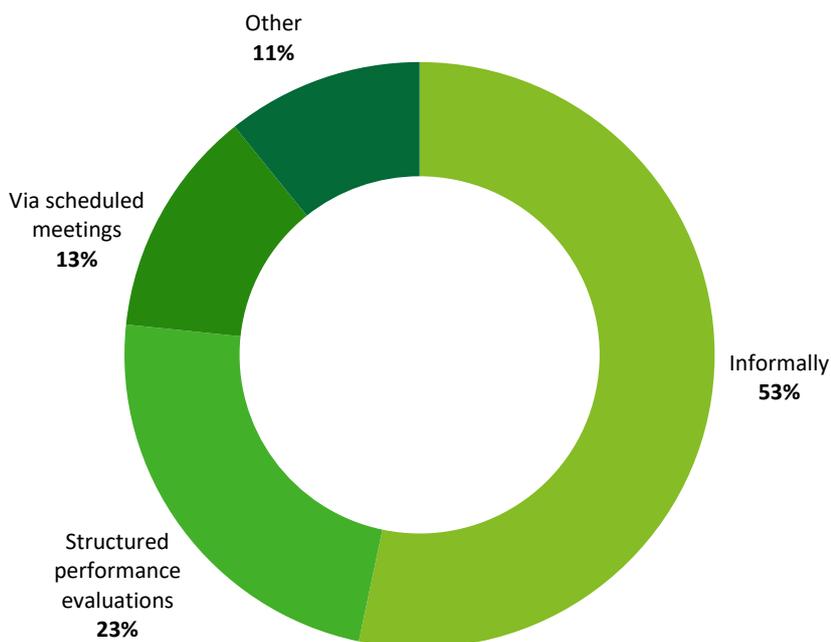
 How often do you seek feedback on your team's performance?



28%

of the respondent GCs reported they did not seek feedback on their team. This was **17% in 2019**.

 How is feedback normally obtained?



53%

of the respondent GCs reported that feedback is normally obtained informally.

Effectiveness of the in-house legal team

The vast majority of the survey respondents think their organisations would rate their in-house legal team as effective (95% as very effective or somewhat effective).

This 'score' was based on the respondents' self-assessment, so may differ to how organisations would actually rate the effectiveness of the in-house legal team. Nevertheless, it raised some interesting questions, including what is an effective in-house legal team and how is this determined?

What is an effective in-house legal team?

While this is reasonably subjective, some common themes came through from our interviews with in-house lawyers. Words like 'strategic' and 'pro-active' were commonly used.

Some of the in-house counsel we interviewed described how they achieved an effective in-house legal team. Common features included:

- **Prioritising the work that matters.** The general counsel identified the priorities with the Chief Executive and ensured the work completed by the in-house legal team reflected these priorities. This meant saying 'no' to a lot of high volume, low value tasks;
- **Emotional intelligence.** The general counsel we spoke to stressed the need for in-house lawyers to have high emotional intelligence and the ability to work with people. They explained that this is even more important for in-house counsel than external counsel, and is what sets an effective in-house lawyer apart;

- **Develop strong relationships based on trust.** Relationships matter. One general counsel explained how they worked hard to ensure the in-house legal team built strong relationships across the business. In another organisation, the in-house legal were being asked to assist on primarily reactive matters. However, by delivering this work well and building relationships the in-house legal team was able to move to being much more proactive and strategic.

Moving from functional to strategic?

Some in-house counsel explained they had faced barriers in moving from a purely functional role to a more strategic role. The barriers included a perception that legal was purely a service provider and not able to contribute commercially or strategically.

One senior in-house counsel who successfully transitioned to playing a much more strategic role in the organisation, explained that process didn't happen immediately, but there was a 'snowball effect'. Successfully solving a problem that the organisation faced demonstrated the value of legal, enhancing its reputation and relationships with senior leaders in the organisation. This provided the opportunity to have more forward-looking conversations about what was happening in the organisation, which in turn enabled in-house legal to shift from a reactive model to working in a more strategic and proactive manner.

"The basis of our connection as a legal team is trust and service. You get more mutuality in the relationship, they start to involve you and let you know what is going on – that is your currency as an inhouse lawyer"

Public sector in-house lawyer

Information, involvement and influence = Impact for inhouse lawyers.

Strong relationships and leaning-in gives you a better shot at making a positive difference, which is why we're in this game.

Bram van Melle
ILANZ Committee member

Effectiveness of the in-house legal team (continued)

How is effectiveness determined?

While almost 100% of respondents rated their legal team as effective, 28% of General Counsel stated they do **not** seek feedback on their team's performance, raising the possibility that there may be opportunities that are currently being missed to lift the effectiveness of many in-house legal team's.

Of those that did get feedback, 53% did so through informal means, with a further 36% who obtained feedback during scheduled meetings or through structured performance evaluations.

One general counsel explained he takes every opportunity to get feedback.

He explained that he:

- Consistently seeks feedback on how the legal team is performing during regular board and senior management team meetings;
- Seeks feedback on the performance of members of his team from individuals across the organisation who have used the in-house legal team.

"If you're not getting feedback on your team's performance, you're not doing your job."

General Counsel of private sector entity

"Feedback is a gift, even if it is constructive"

General Counsel of private sector entity



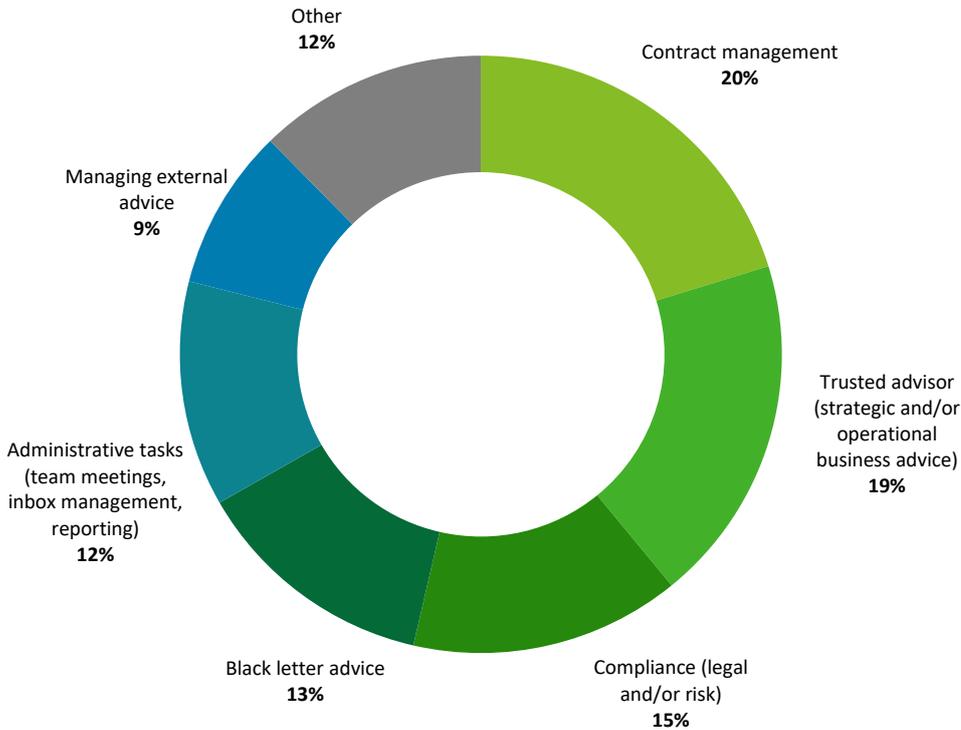
Management of in-house legal teams



Management of in-house legal teams

Time and cost of the in-house legal team

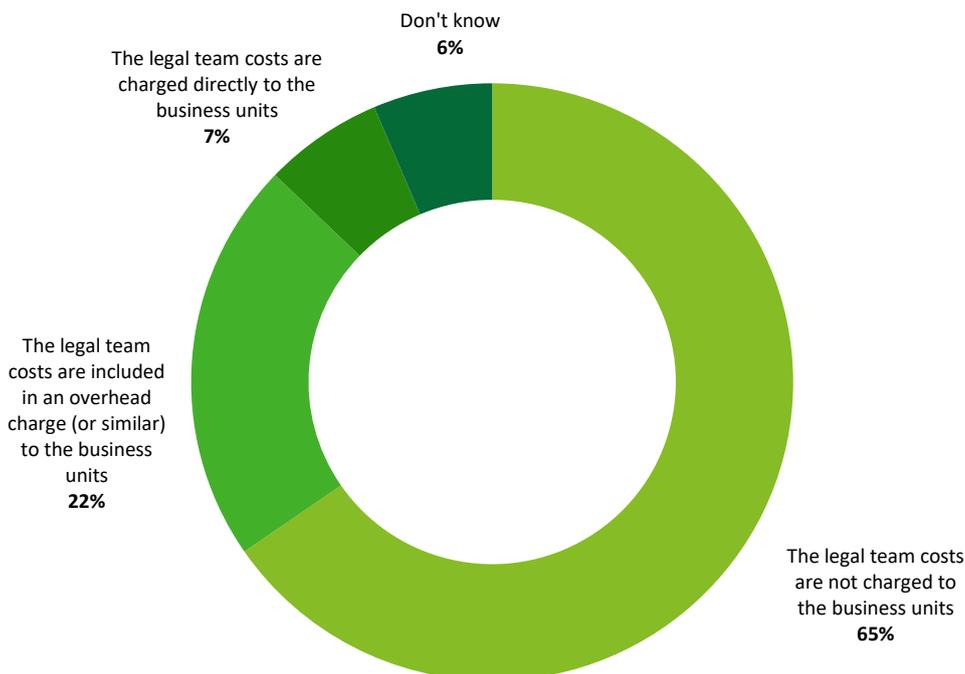
 Over the past 12 months, how much of your legal team's (lawyer only) time was dedicated to each of the following areas?




20%

of the legal teams' time was dedicated to contract management as reported by GCs, compared to **26% in 2019**.

 How is the cost of your legal team allocated for internal (cost) accounting purposes?




65%

of GCs surveyed reported that legal team costs are not charged to the business units in the organisation, compared to **59% in 2019**.

Management practices



What management practices are you employing to improve efficiency / effectiveness in your legal team?

- 1 Outsourcing specialised work to law firms
- 2 In-sourcing work formerly performed by law firms or other service providers
- 3 Digitising / automating the provision of legal services
- 4 Conducting analysis (data, root cause, etc.) to determine key drivers of spending and identify ways to reduce costs (prevention, leveraging, technology etc.)
- 5 Disciplined use of a structured knowledge management system



1st

The top management practice employed to improve efficiency / effectiveness in the legal team was outsourcing specialist work to law firms.

Digitising/automating the provision of legal services did not feature in the top 5 in 2019.



What alternative staffing arrangements have you used in the last 12 months?

- 1 None. Have not used any alternative staffing
- 2 Secondments
- 3 Contract lawyers
- 4 Shifting work from lawyers to paralegals or non-legal staff
- 5 Other



1st

Most GCs reported they had not used alternative staffing arrangement in the last 12 months.

Current technology systems

 What technology systems do you have in place to support efficient / effective legal operations?

1	Electronic signatures
2	Document management
3	Collaboration
4	Contract management
5	Knowledge management

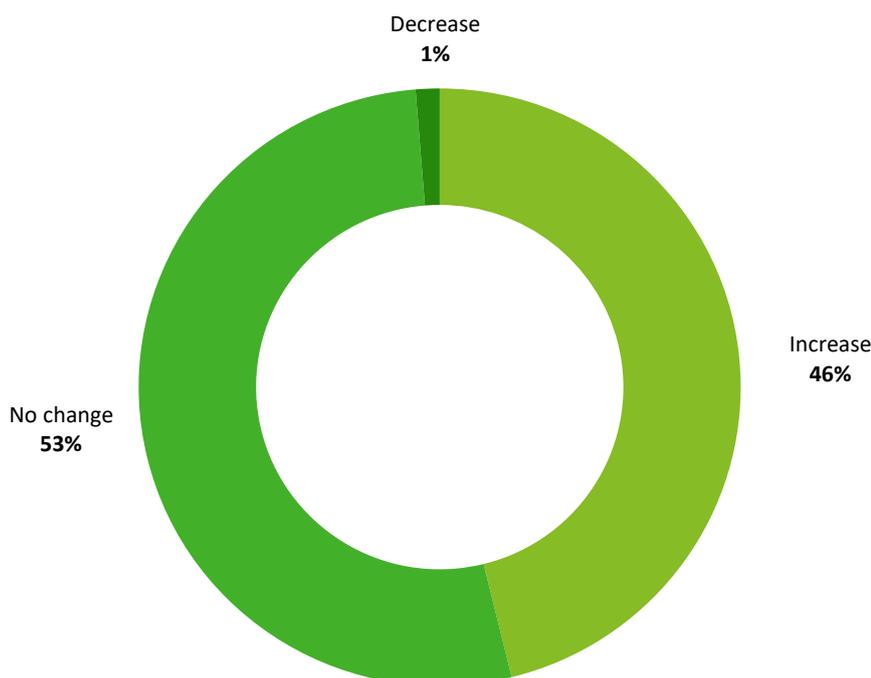


1st

GCs reported that electronic signatures were the most common technology system in place to support efficient/effective legal operations.

Future investment in technology

 How do you expect investment in technology for the legal team to change over the next 12 months?



99%

of the respondent GCs expect their investment in technology will remain the same or increase over the next 12 months.



What new technology systems would make the biggest impact to support efficient / effective legal operations in your organisation?

- 1 Contract management

- 2 Document management

- 3 Digital platform for management of legal requests

- 4 Matter management

- 5 Knowledge management



1st

Contract management systems were identified by the respondent GCs as the new technology that would make the biggest impact to support efficient/effective legal operations in their organisation.



Who are the decision-makers in your organisation when it comes to the technology investment in the legal team?

- 1 Chief Financial Officer or Chief Operating Officer

- 2 General Counsel / Legal Team

- 3 Chief Information Officer / Information Technology Department

- 4 Other

- 5 Records Management



1st

Chief Financial Officer or Chief Operating Officer were identified by the respondent GCs as the most common decision-makers in their organisation when it comes to the technology investment in the legal team.

Workload, wellbeing and efficiency

No matter the size or composition, in-house legal teams typically manage an extensive workload. External pressures, for example from business and regulatory change, have placed additional demands on organisations, and specifically their in-house legal teams.

From the survey results, it was clear many general counsels were struggling with issues around workload and wellbeing of their teams. Many of the in-house counsel we spoke to identified with this comment made by one of the survey respondents:

"... we are under resourced and are making tough prioritisation decisions now to preserve wellbeing and prevent burn-out..."

Linked to team wellbeing is a concern that we may drop a ball because we have too many in the air."

General Counsel, Auckland

In-house lawyers continue to be in demand, with many in-house teams growing but often being asked to do more for less with increasing workloads. To proactively manage workload demands, in-house teams need to encourage early engagement and be agile and adaptable when offering advice and manage client expectations in relation to workloads and prioritise self-care to support and improve the wellbeing of team members.

Frieda Winstanley, ILANZ Committee member

In a post-pandemic world, with re-defined expectations of employee wellbeing, what must in-house legal teams do to ensure people are not overloaded? Does technology have a role to play in increasing efficiency and enabling greater productivity?

We explored these questions in our interviews with General Counsels across various industries.

"Businesses are only getting busier inside. We are so busy responding to day to day stuff we don't have time to take a step back and think about how to improve efficiency."

General Counsel, Private Sector

Team size

Many in-house legal teams are relatively small, with 61% of those surveyed working in teams of 10 people or less. One of the in-house counsel we interviewed made the point that when benchmarked to in-house legal teams overseas, in-house legal teams in Aotearoa are very lean.



"Using international benchmarks our team of 20 should be 85"

General Counsel, Private Sector

However, the feeling that there are too few staff to cover too much work has led to anxiety among some in-house lawyers. GCs are acutely aware of this issue, and some organisations have taken proactive steps to manage and mitigate feelings of being "snowed in".

Growth

With greater demands on in-house lawyers, it is no surprise that 40% of the respondent GCs reported there has been an increase in full time equivalent (FTE) employees in their team over the last 12 months – up from 31% in 2019. The respondent GCs also had a positive outlook on the number of FTE employees forecast to work at their organisation, with 45% of the respondent GCs expecting the number of FTE employees to increase over the next 12 months compared to 29% in 2019.

Workload, wellbeing and efficiency (continued)

Management

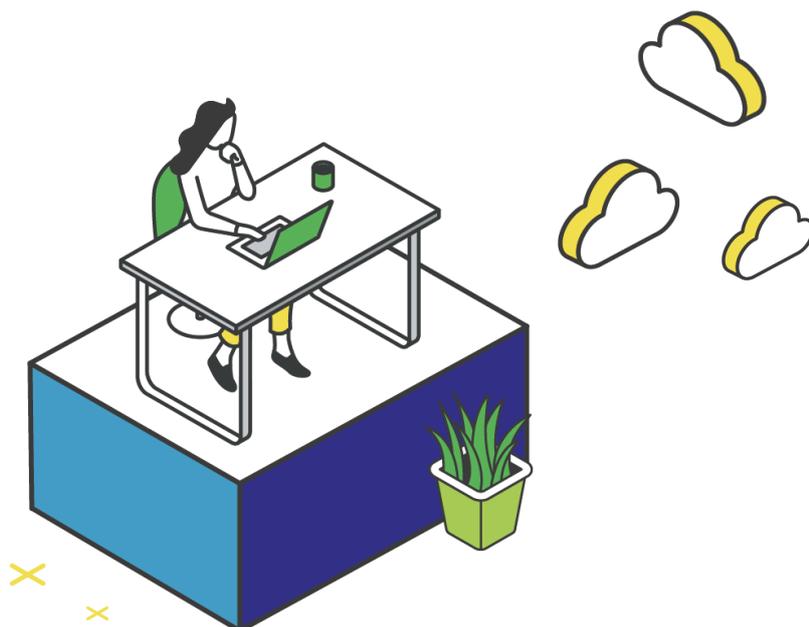
While further growth is expected in the size of some in-house legal teams, the in-house legal counsel we spoke to were clear that they would never have enough people and resources to respond to every request in a timely manner. Some of the general counsels who felt they were managing this issue well had clear principles and tactics:

- **Reduce the volume at source:**
 - Agreeing the priorities for in-house legal with the Chief Executive and ensuring the balance of the Senior Leadership Team were aware of these priorities;
 - Being clear with the business that only the priorities would be completed (i.e. not doing low-value work) and adhering to a defined operating model;
 - Using an informed client model so that the business can go to “self-serve” remedies first - primarily through education, templates, etc.

“It’s key to get clarity on what your engagement and operating model is. What work do we do, and what work do we not do?”

General Counsel, Private Sector

- **Better managing the work that must be done:**
 - Cultivating workplace environments where staff feel empowered to prioritise their wellbeing;
 - Enabling lawyers to feel more confident in passing work on to other team members and being mindful of skill and knowledge gaps;
 - Encouraging the team to leverage external legal providers. One senior in-house lawyer expressed frustration that team members were concerned about well-being, but materially underspending budget on external legal providers – the suggestion being FOMO (fear of missing out) may be a driver.



Wellbeing

The pandemic has pressed organisations to pay close attention to the wellbeing of their staff. The in-house counsel we spoke to explained that in-house legal teams have changed or are changing how they operate with the specific objective of improving well-being. Common approaches being used include:

- Flexible working arrangements;
- Communicating the available support systems at the organisation;
- Embedding inclusive and de-stigmatised workplace cultures towards mental health;
- Modelling appropriate workplace behaviours throughout all levels of the team.

Concerns around wellbeing, and mutually beneficial working arrangements that promote wellbeing have become a priority in recent years. The Deloitte 2023 Global Human Capital Trends Report found that more people are advocating for new or realigned workplace models that support their needs and wellbeing. Our research indicates that 64% of workers have considered, or would consider, looking for a new job if asked to return to the office full-time. Technology is also advancing rapidly as an essential component of workplace design. This goes beyond collaboration tools and includes a vast array of work-related technologies. The vast majority of organisations we surveyed are trying to create a workplace where workers can thrive by redesigning their existing business processes or reimagining the work itself.

**Hamish Wilson, Deloitte Partner,
HR Transformation**

Workload, wellbeing and efficiency (continued)



Technology

Technology was identified by many in-house counsel as a way to improve operating efficiency.

The respondent GCs reported that the following are the top five technology systems that would make the biggest impact to support efficient / effective legal operations with their organisation:

- Contract management;
- Document management;
- Digital platforms for management of legal requests;
- Matter management;
- Knowledge management systems.

“The matter management system has saved our legal team a huge amount of time”

General Counsel, Private Sector

Interestingly, these are not new technologies. The in-house legal counsel we spoke to offered a range of reasons why there are challenges in getting technology that could materially improve efficiency for in-house legal teams. These included:

- IT resources being focused on the business, with the in-house legal team being seen as a low priority. One in-house counsel we spoke to said that IT never bring them ideas;
- Financial constraints;
- Not having the capacity to work “on the team” and/or implementing new technology.

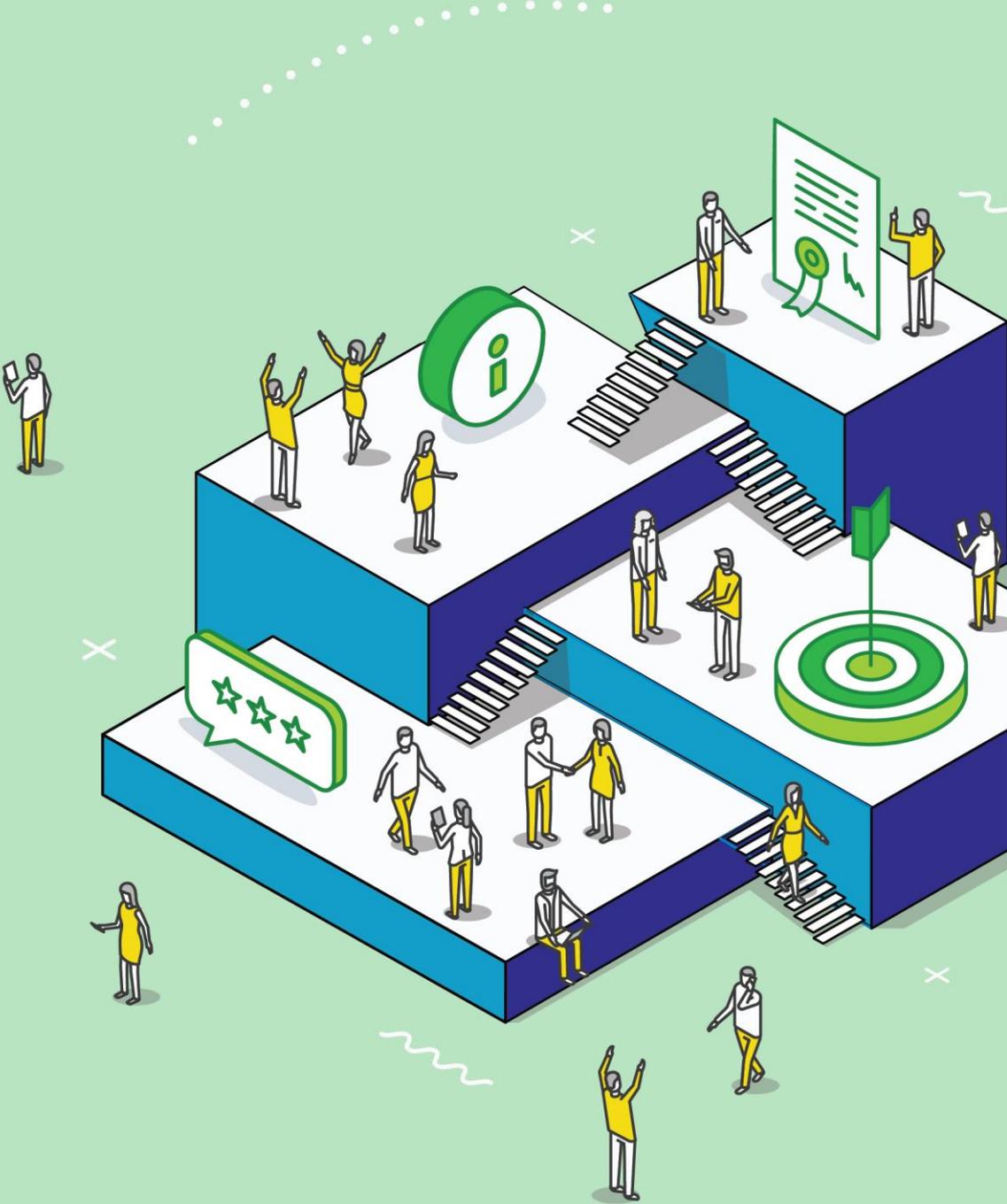


There is an art to getting access to the technology needed, and cooperation across the organisation is necessary to get the technology implemented with legal requirements considered. Most in-house legal need to drive the change – waiting for thinly resourced IT teams to bring solutions to in-house legal is unlikely to be successful. Similarly, relying on software vendors to ‘solve’ the problem carries a high risk of the wrong solution being implemented.

The key to a successful outcome is partnering with a trusted technology advisor who can help you define the need, scan the market taking account of the organisational wide technology strategy, assist with the business case, assist with negotiations and the implementation and change management process.

Amy Dove, Deloitte Partner, Forensic

External legal support



External legal budget

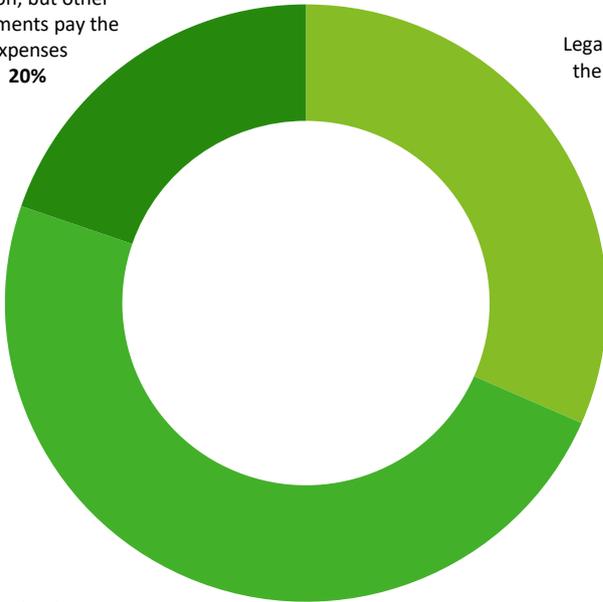


Who controls the external legal budget in your organisation

Legal team makes the decision, but other departments pay the expenses
20%

Legal team controls their own budget
31%

Combination between legal and business
49%



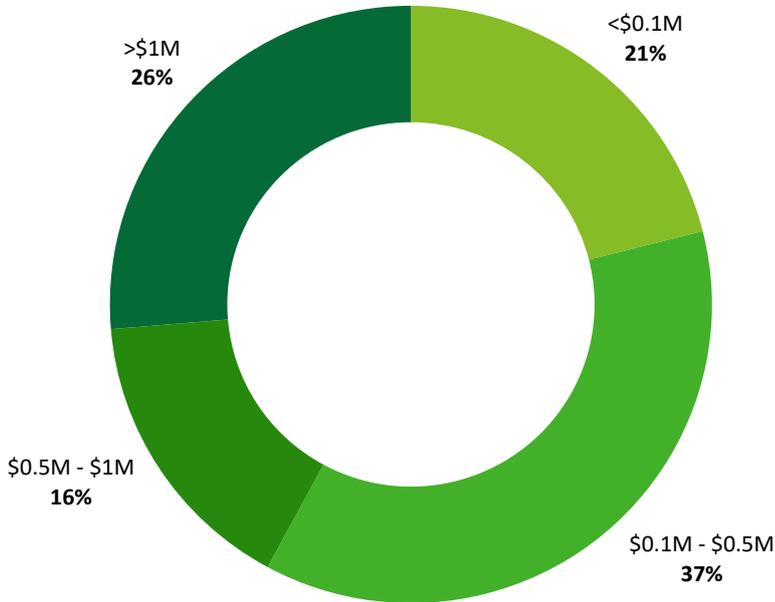
49%

of respondent GCs reported that external legal budget is controlled in a combination between legal and business.





What was your organisation's approximate aggregate level of spend on external legal professional service providers over the last 12 months?

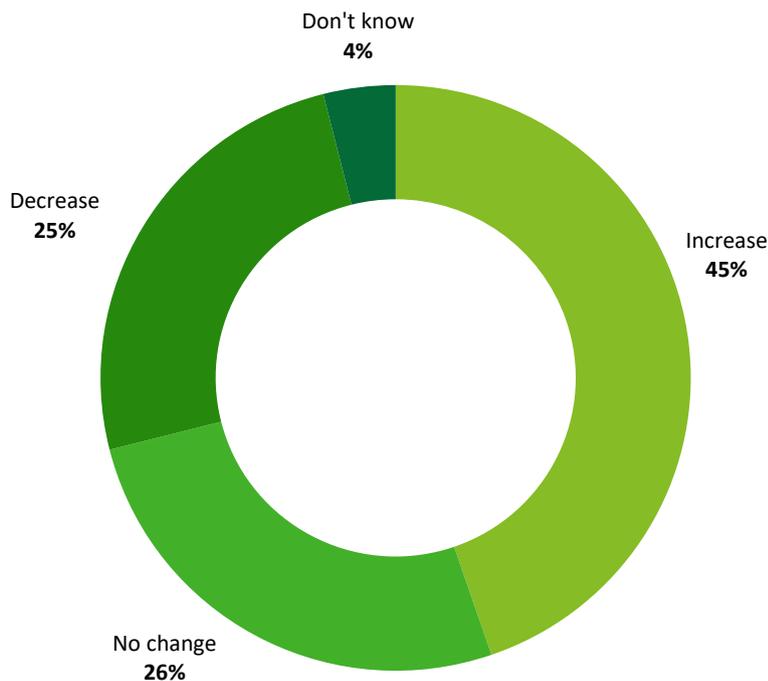


26%

of the respondent GCs reported spending more than \$1m of external legal professional service providers over the last 12 months.



Over the past 12 months, how has your legal team's external legal spend changed?



45%

of the respondent GCs reported that the external legal spend has increased over the past 12 months.

Reasons for obtaining external legal support

 Please rank the reasons for engaging external legal counsel

- 1 Expertise – external law firm had specific expertise not covered internally
- 2 Capacity – insufficient capacity in-house to service all of the demand
- 3 Risk management – wanted to share risk with external law firm
- 4 Geographic coverage – business needs legal support where the legal team has no/limited presence
- 5 Other



1st

Respondent GCs ranked expertise as the top reason for engaging external legal counsel. This has **remained the top reason from 2019.**

Areas of spend for external legal support

 Please rank the following areas of spend for external legal support over the last 12 months

- 1 Corporate / commercial
- 2 Employment & labour
- 3 Regulatory
- 4 Litigation
- 5 Intellectual property



1st

Respondent GCs ranked corporate/commercial as the top area of spend for external legal support over the last 12 months. This has **remained the top reason from 2019.**

Control of external legal spend

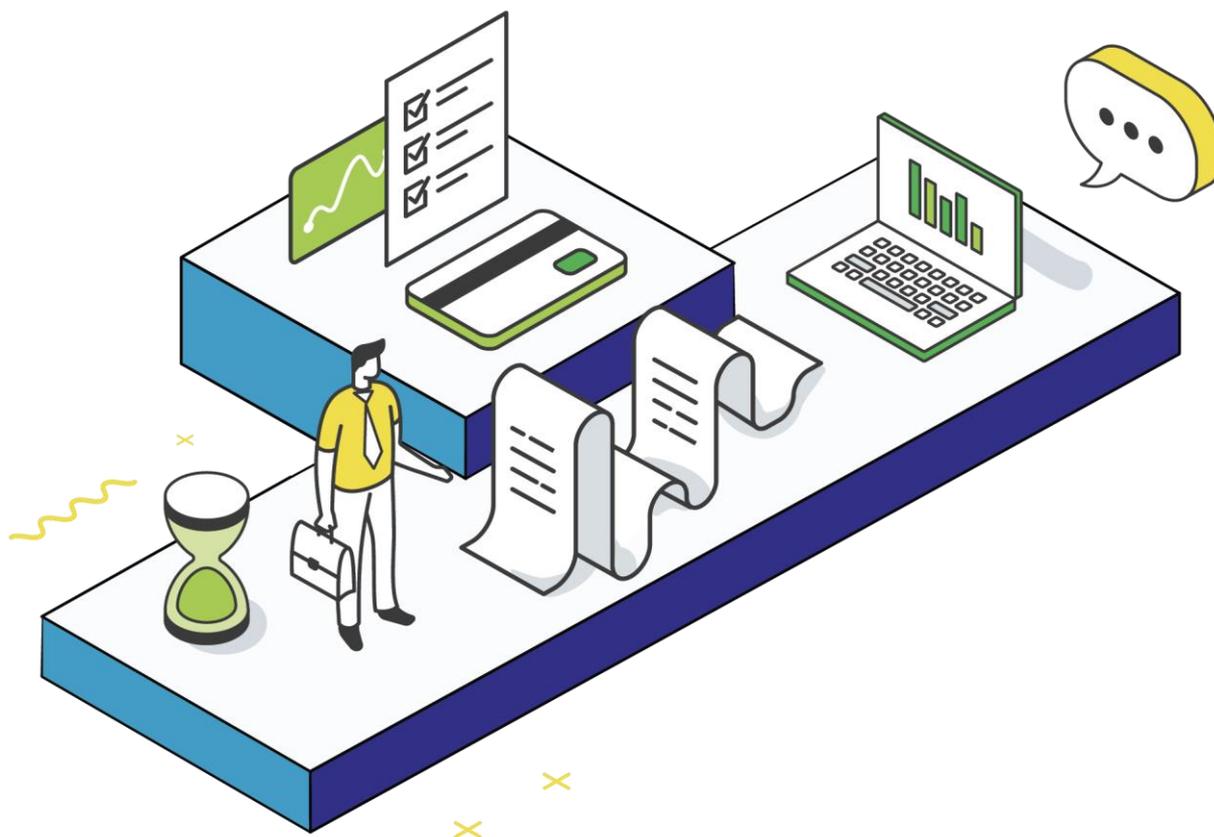
 What management practices are you employing to control external legal costs?

- 1** Assigning a senior member of the legal team to take responsibility for outside counsel management (set guidelines, negotiate fees, conduct RFPs, conduct reviews etc.)
- 2** Sending all / most work to preferred provider panels
- 3** Requiring detailed quotes from providers
- 4** Regularly reviewing overall law firm performance and providing feedback
- 5** Conducting after-action reviews (discussion of what went well and what needs improvement at the conclusion of matters)



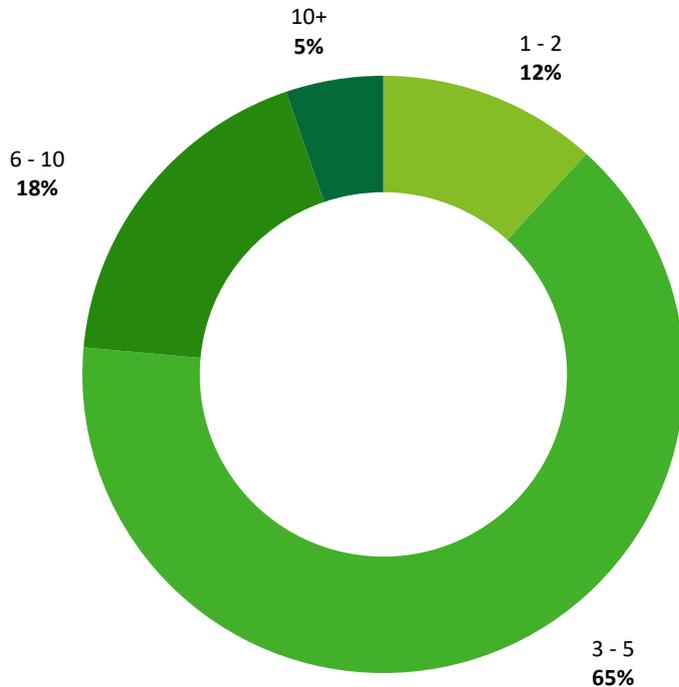
1st

Respondent GCs ranked assigning a senior member of the legal team to take responsibility for outside counsel management as the top management practice to control external legal costs. **This was ranked the 4th practice in 2019.**



Number of external legal providers and level of satisfaction

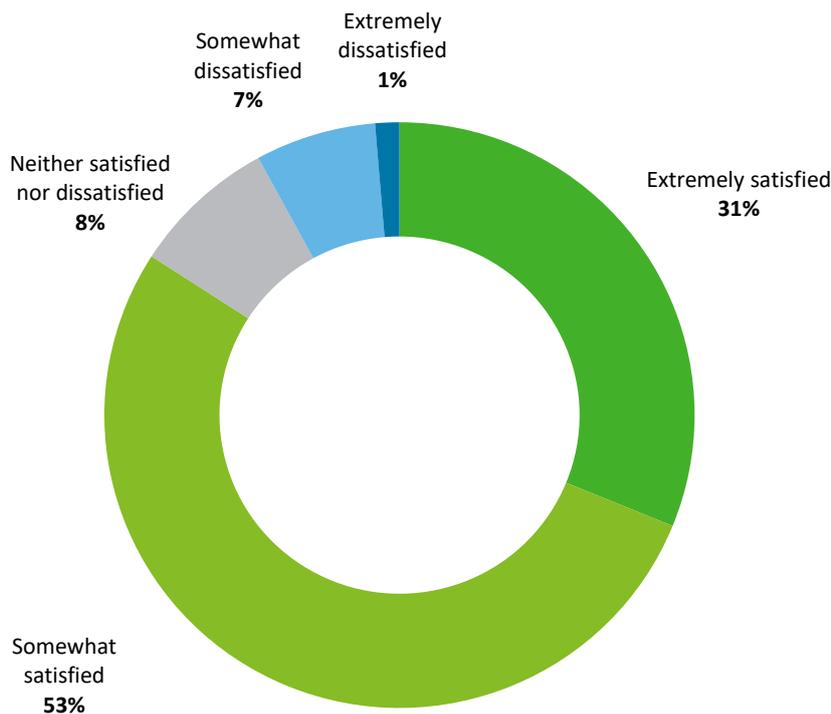
 How many external law firms service your organisation's needs?



65%

of respondent GCs reported using between 3-5 external providers or less as compared to **56% in 2019.**

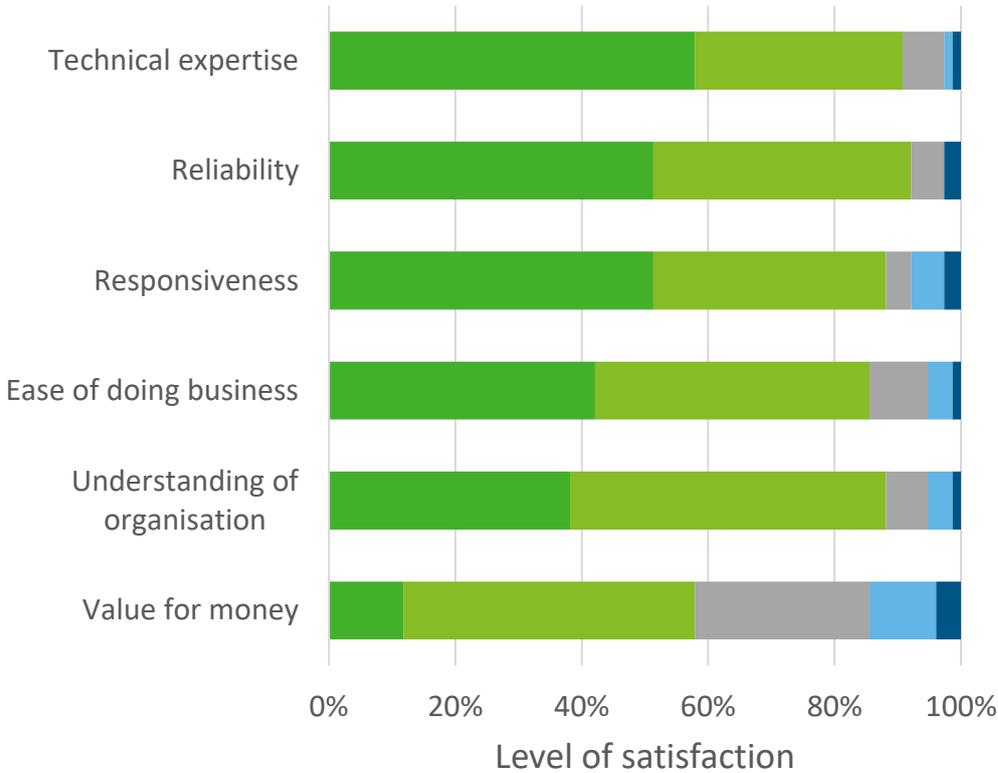
 How would you rate your level of satisfaction with your current external legal providers – overall?



31%

of the respondent GCs indicated they are extremely satisfied with their external legal providers overall as compared to **39% in 2019.**

 How would you rate your level of satisfaction with your current external legal providers by category?

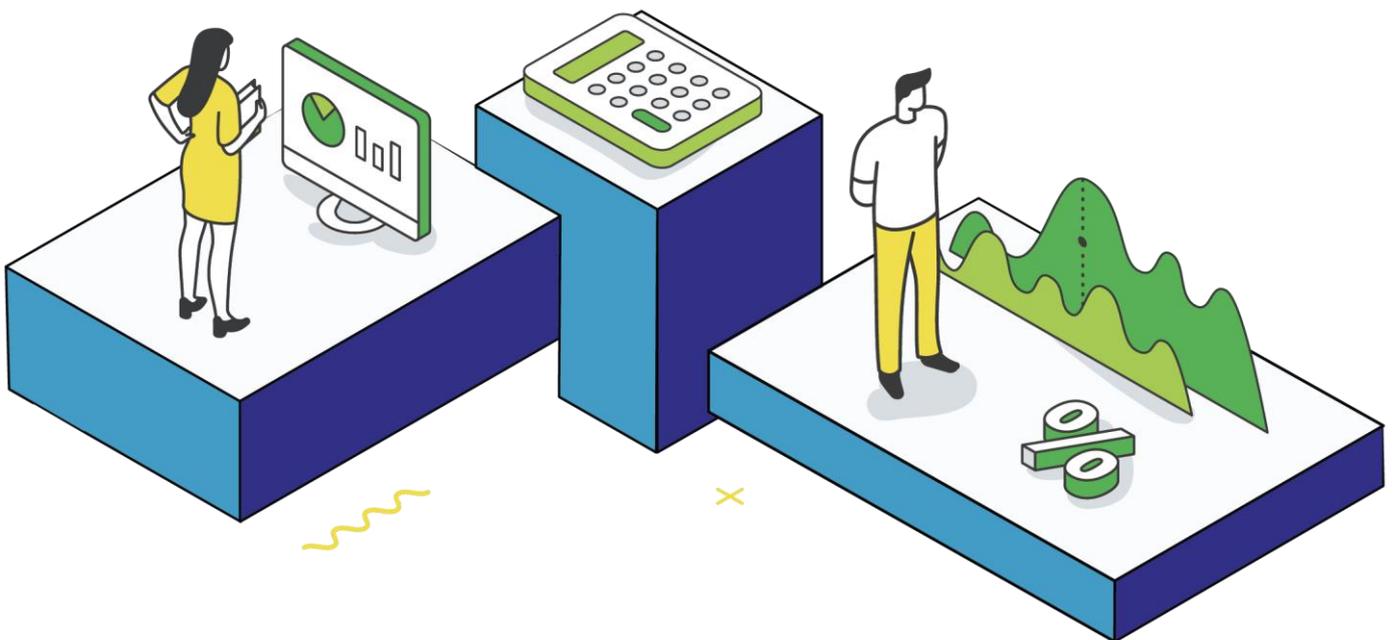


- Extremely satisfied
- Somewhat satisfied
- Neither satisfied nor dissatisfied
- Somewhat dissatisfied
- Extremely dissatisfied



11%

of the respondent GCs were extremely satisfied with the value for money provided by current external legal providers.



Getting better value for money from external legal providers

External legal counsel were rated most highly by the respondent GCs in technical expertise, responsiveness and reliability. The area where external legal counsel scored the lowest was value for money.

The legal counsel we spoke to who had high levels of satisfaction around value for money of external legal providers highlighted the importance of the relationships and communication.

One legal counsel we spoke who did see great value for money with external legal providers explained the in-house legal team had worked hard to achieve this. The key ingredients included:

- **Relationships:** Having a strong relationship with the external legal providers;
- **Extension of the in-house team:** The external legal providers are seen as, and treated as, an extension to the in-house team;
- **Clear communication:** Organisations and in-house legal teams need to tell external counsel what they need from them. The more information external legal have, the better service they can provide;

- **Low risk model:** The realisation that the relationship functioned more effectively when “arm’s length risk aversion” was removed. The contracts between the organisation and the law firms backed this up, with a ‘low-risk’ model (i.e. the standard of ‘good’ meant mistakes may be made and there was low-risk for the law firm, both relationship wise and in terms of liability for the external law firm if a mistake was made pursuing a standard of ‘good’, instead of ‘perfect’);
- **Concise legal advice:** The in-house legal counsel was delighted when the external legal advice was a single word “Yes”. This was the result of clear communication with the preferred legal providers that in-house counsel were not interested in lengthy legal advice, rather they expected the preferred legal providers to be pragmatic and focus on efficiency. The reply “Yes” was to an email the in-house counsel had sent setting out his thoughts on an issue asking if the external legal provider agreed;
- **Contracted service provider model with bulk pricing:** The external legal providers are often engaged to assist on say 30 similar files – with an overall price agreed. The external legal providers are then incentivised to complete the work as efficiently as possible.

Exceptional value for money?

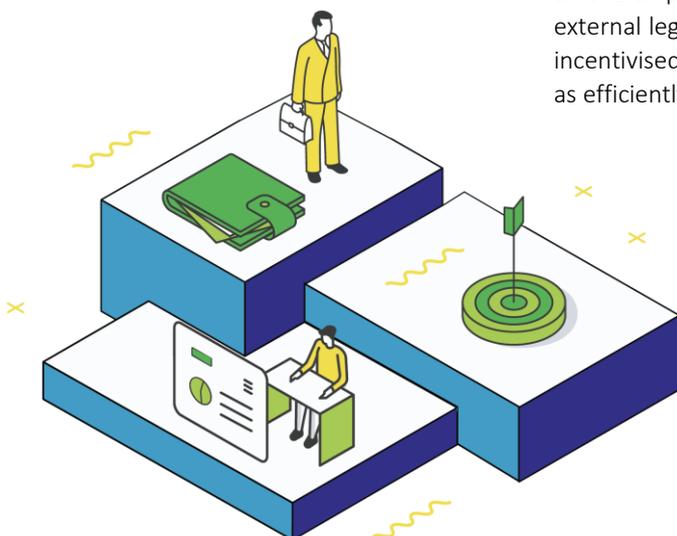
Finally, while external legal counsel can seem expensive, some of the in-house legal counsel we spoke to commented that local external legal providers provide exceptional value for money on the international stage. One general counsel explained he had found he could generate material savings by using New Zealand law firms to take the leading role in international projects, rather than instructing overseas law firms directly.

Technology offers an excellent opportunity to improve efficiency and value for money of external law firms.

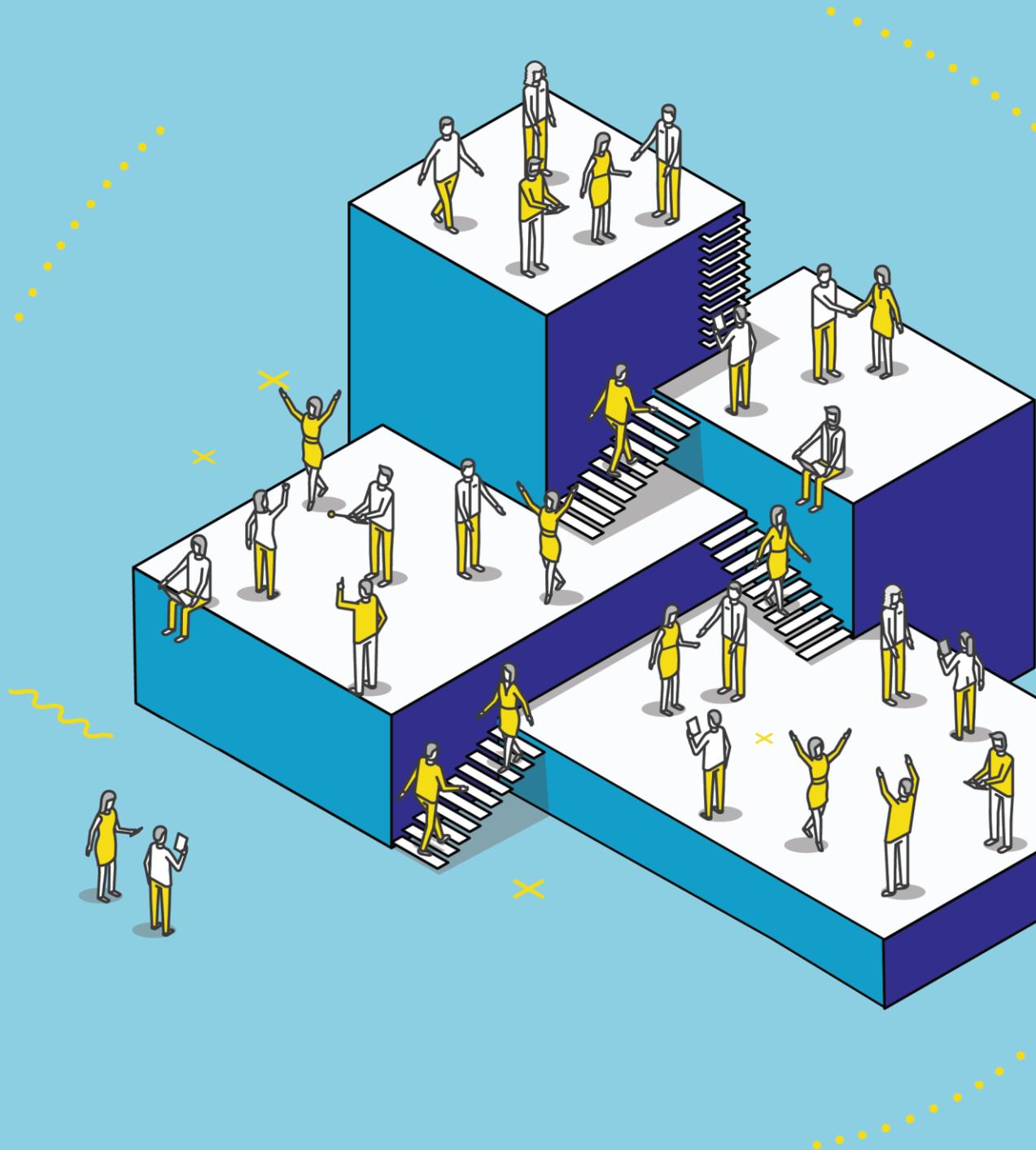
For example, there are often significant efficiency gains available in projects involving large volumes of documents (e.g. many litigation, investigation, and regulation matters). These projects typically involve the processing and review of large volumes of diverse data include email, mobile, IM, documents, etc. The use of technologies such as email threading, clustering and machine learning, are encouraged by the High Court rules and offer significant improvements in efficiency and accuracy.

We are increasingly seeing in-house counsel taking a more active role in the technology provider being used on these projects given the vast gains that are possible as well as the privacy and cyber risks involved in handling vast volumes of sensitive data.

Jason Weir, Deloitte Partner,
Forensic



About Us



About ILANZ

The In-house Lawyers Association of New Zealand (**ILANZ**) is here to help connect, support and lead the in-house legal community within Aotearoa New Zealand. Now a section of the New Zealand Law Society, ILANZ was established in 1987 to meet the professional needs of in-house lawyers, including practice-sharing, networking and professional development.

It recognises the distinct needs and concerns of lawyers providing professional legal services to their employers. ILANZ members work across the private sector, public sector, not-for-profit and other organisations – making up nearly 29% of the legal profession in Aotearoa New Zealand.

Visit www.ilanz.org for more information.

Grant Pritchard

President

ILANZ

ilanz.president@lawsociety.org.nz

ILANZ Committee Members:

Hiramai Rogers (Vice President)

Benjamin Jacobs (Treasurer)

Saar Cohen-Ronen (Secretary)

Bram Van Melle

Frieda Winstanley

Kirsty Millard

Lynda Frew

Sophie Mearns

Sophie Mentink

Bev Armstrong

In-house Lawyers' Section Manager

ILANZ

bev.armstrong@lawsociety.org.nz

ilanz@lawsociety.org.nz

About Deloitte

For over 175 years, we have worked with leaders around the world—from the Global 500® to private businesses—to help them build better futures. To support their people. To succeed. All while caring for our communities.

Our existence is driven by one purpose: to make an impact that matters. To us, that means lasting results for our clients and their businesses, ideas and actions that look out for the greater good. It is empowering our people and promoting their growth.

Deloitte is the leading professional services firm globally with over 300,000 experts who shape the future by delivering real, measurable results. We work with the legal community in Aotearoa, across Asia Pacific and globally on a range of matters including:

- **Disputes, class actions and regulatory notices.** We regularly work with in-house legal, IT and external legal providers to efficiently collect, process, analyse and review large quantities of data with enhanced accuracy and improved efficiency.
- **Remediation and claims.** We have significant expertise and infrastructure to assist on a wide range of remediation projects and tasks, including the remediation of processes, quantifying loss, and managing claims processes.
- **Cyber and privacy.** We help clients to proactively improve their management of cyber and privacy risks and we leverage our expertise and technology to support clients respond to incidents.
- **AML/CFT and sanctions.** Our Financial Crime experts assist clients enhance their management of AML/CFT and sanctions obligations and remediate historic issues.
- **Management of fraud and corruption.** We work with many clients to prevent, detect, investigate and remediate fraud and corruption issues.
- **Whistle-blower services.** Conduct Watch is used by many organisations in New Zealand and Australia to provide a trusted and anonymous platform for concerns around issues such as bullying, corruption, fraud, health and safety to be shared.
- **Legal modernisation.** We work with legal teams to modernise the delivery of legal services.
- **Climate and sustainability.** We helps organisations to achieve their climate and sustainability goals.
- **Regulatory programme transformation and recovery.** We works with clients to design resilient and sustainable solutions into operations to meet regulations (e.g. CCCFA, CoFI, Health and Safety, etc), provides playbooks and delivery methods for compliance and assurance by design, and programme design and recovery services, backed by tooling and accelerators.



Jason Weir, Partner
jasweir@deloitte.co.nz
+64 21 535 705



Ian Tuke, Partner
ituke@deloitte.co.nz
+64 21 270 1153



Lorinda Kelly, Partner
lorkelly@deloitte.co.nz
+64 21 886 049



Amy Dove, Partner
amydove@deloitte.co.nz
+64 21 043 8932



David Seath, Partner
ituke@deloitte.co.nz
+64 21 270 1153



Catherine Law, Partner
catlaw@deloitte.co.nz
+64 27 489 9833



Anu Nayar, Partner
anayar@deloitte.co.nz
+64 21 207 9573

Other Subject Matter Experts



Lisa Tai, Partner
lisatai@deloitte.co.nz
+64 21 152 5174



Lee Gray, Partner
leegray@deloitte.co.nz
+64 21 845 586



Hamish Wilson, Partner
hawilson@deloitte.co.nz
+64 21 241 3923



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organisation”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s more than 345,000 people worldwide make an impact that matters at www.deloitte.com.

Deloitte New Zealand brings together more than 1600 specialist professionals providing audit, tax, technology and systems, strategy and performance improvement, risk management, corporate finance, business recovery, forensic and accounting services. Our people are based in Auckland, Hamilton, Rotorua, Wellington, Christchurch, Queenstown and Dunedin, serving clients that range from New Zealand’s largest companies and public sector organisations to smaller businesses with ambition to grow. For more information about Deloitte in New Zealand, look to our website www.deloitte.co.nz.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organisation”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.