

Is The In-House Legal Market Improving?

By: Vanessa Vidal

The legal job market has never picked back up since the recession, and talks of market improvements have been rather more wishful thinking than reality. In short, the legal job market has been grim. Yet, there might be a glimmer of light on the horizon coming from in-house legal department: is the in-House legal market improving?

A recent survey from HBR Consulting, a consultant to law firms and law departments, shows that in-house hiring may be on the rise. This is a trend that we have been noticing at ESQ Recruiting as well.

What's prompting a rise in hiring at corporate legal departments? A concerted effort by companies to reduce their legal expenditures and reliance on outside law firms. Legal work has not lessened, if anything, it has increased as a result of recent regulatory changes. As a result, companies are seeking to bring more of the work in-house, which could mean more in-house jobs.

Companies also seem to be on the rebound. According to the annual Association of Corporate Counsel survey, only 54 percent said that their department has been affected this year by the economic downturn—a significant drop from the 74 percent reported in 2009. In addition, the survey also indicate that CLOs were planning to add staff in the coming year, 37% more than reported in 2009, 2008, or 2007.

It also looks like corporate legal departments are willing to spend a little, to save a lot more. The Altman Weil and LexisNexis Martindale-Hubbell survey found an overall increase in law department spending of 7.9 percent to an average spending of \$914,000 per lawyer for fiscal year 2005. Outside legal costs rose by 5.5 percent to an average of about \$602,000 per lawyer. The survey also found a 19 percent increase in internal hiring with lawyers per billion of revenue rising from 2.93 lawyers per billion in revenue to 3.49 lawyers per billion in revenue.”

The results of the 2011 HBR Law Department Survey compiled information from 219 companies in 20 industries. Seventy percent of the participating companies had revenues at or above the Fortune 500 level. Key findings from the survey include the following:

- More than 50 percent of companies reported an increase in worldwide legal staff between 2009 and 2010.
- More than 80 percent of companies said their legal needs are increasing.
- More than 40 percent of companies plan to increase the number of internal lawyers by an average of 10 percent in the next year.
- About 60 percent of survey participants cut outside legal spend by an average of 3 percent between 2009 and 2010.

What does this mean? Corporate legal departments are opening their doors, which is a good sign, but that does not mean that the market is necessarily looking very rosy. Those positions are still few, very competitive, and companies are setting the bar very high for new hires. The good news is that the trend is looking to continue, which may lead to more opportunities for lawyers seeking in-house positions.