



## Eight Best Practices for Conducting a Successful General Counsel Search

The general counsel is a critical member of a corporation's senior leadership team — yet the function is often the most difficult to evaluate. While a CEO routinely relies on the company's general counsel for top-flight legal and business advice, in this age of global complexity, governance challenges, regulation and litigation, the general counsel is also the member of senior management to whom the CEO and the board of directors will turn in critical situations. General counsel today need to offer sophisticated, nuanced and practical advice to senior management and the board, often under acute time pressure.

General counsel also manage a legal department and deal with government regulators at both the federal and state levels. In addition to excellent technical skills, these interactions require subtler skills of intellectual sophistication and judgment. Unlike the evaluation of candidates for the heads of operational functions, it can be difficult to quantify these intangible skills when assessing candidates for this position, thus increasing the challenge for a CEO in hiring a superb general counsel.

Our experience completing countless Fortune 500 general counsel searches has given us insight into the practices best suited for ensuring that a general counsel search concludes with the hiring of a highly skilled lawyer who will be an invaluable member of the senior management team. While every search is different, the following eight best practices should serve as practical pointers for conducting a successful search for a general counsel:

# 1

## INVOLVE SENIOR MANAGEMENT FROM THE START

A general counsel search is most successful when the search firm meets with the CEO and several other members of the senior management team at the outset of the search. This initial meeting enables the search consultants to fully understand management's vision for the role and the opportunities and challenges that potential candidates will face, both when interviewing for the position and over the long term should they become the general counsel. Additionally, and perhaps most importantly, the search professionals will gain insight into the personality and style that will work best with the CEO. Building a consensus upfront on what type of person will be a good fit for the company will focus the search and lead to a more efficient and effective process.

# 2

## PRIORITIZE KEY COMPETENCIES

Most companies seek to hire a lawyer general counsel who is already a sitting general counsel of a similar or otherwise relevant company who brings extensive legal experience, gravitas and stature to the position. The pool of candidates with this experience is often narrow, especially as management typically requires that the new general counsel come from a company of comparable or larger size. As this can be challenging, it is important that management identify those additional competencies that are truly important, be they bet-the-company litigation experience, Sarbanes-Oxley expertise, an intellectual property background or international exposure. Requiring these or other skills may narrow the pool of candidates unnecessarily and can derail the process before it begins, particularly in light of the importance of finding a candidate who is also a good cultural fit. Prioritizing requirements can keep the search moving forward by allowing the company to identify a slate of qualified, appropriate candidates but who may not possess every attribute on the company's "wish list."

In our experience, keeping a critical position open for months while searching for the "perfect" candidate can result in frustration for the company and lead to potentially negative reaction in the market. Being realistic at the outset and setting meaningful priorities will result in a strong initial pool of candidates, one of whom will make an excellent placement.

## ENGAGE THE CEO DURING THE PROCESS

In conducting a general counsel search, the goal is to recruit a general counsel who will ultimately be a trusted adviser and true confidant, a consigliere, to the CEO. Since the CEO is the ultimate decision maker in the general counsel search, the process goes faster when the human resources executives encourage and facilitate CEO involvement in initial meetings and regular progress calls instead of only including the CEO in the kickoff meeting or the final candidate interviews.

## MAKE ALLOWANCES FOR CHILDREN AND COMMUTING

Because highly qualified general counsel candidates tend to reach their ideal experience level at an age when they have teenage children, candidates are often unwilling to consider a move during the school year. Luring talent in these circumstances may be difficult unless the company is willing to wait until the school year ends or show flexibility regarding a commuting arrangement. Commuting arrangements of up to a year are becoming common and, in some cases, new general counsel commute for up to two years. It is also important that all parties agree on what constitutes acceptable commuting in terms of the number of days in the office.

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### GO FOR THE GRAVITAS

As stated above, management and the board turn to their general counsel not only for day-to-day legal advice, but also for advice on profound company issues that have wide-ranging and critical implications for the company. To gain the confidence of management and the board, candidates must be seen as having the potential to serve in this trusted adviser role. Therefore, the position usually requires gravitas and stature, as it can take many years to gain the sound legal judgment that will enable a general counsel to be truly influential at the highest corporate level.

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### THINK ABOUT THE REALITIES OF RELOCATION

As it is with other members of senior management, relocation is often a deal breaker for highly qualified general counsel candidates. In addition to having a spouse who may not be able to move, candidates often have high school-age children for whom relocation is very difficult. If the company is not in a major metropolitan area or is in a more rural location, no matter its size or success, location can deter some candidates from choosing to make a move. In addition, as corporate relocation packages have become less attractive, the cost of relocation to the candidate has also risen — often to the point where the candidate will decline the position. It is therefore important for companies to be realistic about relocating candidates and to carefully consider qualified candidates who may not meet every aspect of the position specification, yet are willing to relocate. It is also critical for the search consultant team to have a solid understanding of the company's location, including its culture, schools and housing opportunities.

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### BE READY TO INVEST

The general counsel today is compensated at a level similar to other members of the senior management team and is often one of the five most highly compensated company executives. Given the high compensation lawyers command — especially partners of law firms — it is important for management to accept that it will need to offer a highly competitive compensation package to attract top general counsel talent — especially when the company is in a troubled situation or has other challenges in attracting candidates.

## 6

**BE AWARE OF DIVERSITY**

CEOs today quite appropriately want the initial focus of a general counsel search to be on presenting strong diversity candidates. The pool of diversity candidates with general counsel experience, however, is still quite small: Minority general counsel make up less than 8 percent of Fortune 500 general counsel. The numbers go up considerably when diversity also includes women, but they are still only a fraction of sitting Fortune 500 general counsel. These lawyers are in demand and are routinely contacted for general counsel positions. Therefore, it is especially important to identify those unique characteristics of the company and the position that will pique the interest of this highly sought-after segment of the general counsel world.

## 7

**CONSIDER INDUSTRY CROSSOVER**

While it is usually a client's preference that the new general counsel come from a company within the client's specific industry, the rampant M&A activity of the past decade has resulted in far fewer companies in each industry sector from which to lure talent. When candidates in a company's primary industry are in short supply (with the exception noted below), it is often appropriate to look to related industries for prospects. If a company is highly regulated, candidates from other highly regulated sectors, such as telecom, oil and gas, and consumer foods would bring the deep Washington, D.C., experience that is at the heart of the need for a regulatory background. Conversely, there can also be crossover between industries that are not highly regulated, such as consumer staples and much of the industrial sector. Life sciences and financial services general counsel searches, however, usually require that the search stay focused on industry-specific companies in light of the highly technical regulatory nature and product complexity of these sectors.

## 8

**DEVELOP FROM WITHIN**

General counsel are typically adept at serving as mentors and developing internal talent, often resulting in strong internal candidates for the general counsel position. If a company consistently needs particular experience or expertise that might be hard to find in external candidates — such as very specific international or sector experience — developing promising internal candidates will enable the company to be better prepared for the future. Ongoing executive assessment of promising internal candidates should be a part of every company's long-term succession planning process. Executive assessment allows a company to identify a successor's areas of development and potential challenges, so that the company can better develop internal candidates before a general counsel retires or departs.

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While not an integral part of the hiring process, for a placement to be truly successful it is also critical that the company and the newly hired general counsel focus on and follow through with a thoughtful onboarding process. Whether hiring internally or externally, gaining a thorough overview of the company, the board of directors, the senior management team and the legal department will enable the new general counsel to get up to speed quickly as a critical adviser to the company. By sharing these best practices, we hope that management will be able to conduct a smart, focused and expedited search when hiring a new general counsel.

## ABOUT THE LEGAL, COMPLIANCE & REGULATORY PRACTICE

As members of Spencer Stuart's Legal Regulatory & Compliance Practice, we bring to each of our searches thorough knowledge of the legal function, long experience in conducting general counsel searches and unusually deep insight and access to the candidate pools in corporations, law firms and government. We are committed to quality, speed, a strong and diverse slate and client communication. In addition to general counsel assignments, we regularly work on searches for other senior lawyers, including the chief compliance officer, corporate secretary, chief patent or IP counsel, chief regulatory counsel and other members of a company's legal department. Spencer Stuart also works with clients on executive assessments for succession planning and leadership development.

In a complex global business environment with increased scrutiny around governance issues and stringent regulatory demands, recruitment of world-class general counsel and senior in-house lawyers is critical. Our Legal, Compliance & Regulatory consultants, most of whom are former practicing lawyers, bring a sophisticated understanding of the legal role in the corporate world and extensive senior-level legal search experience to each assignment.

## ABOUT SPENCER STUART

At Spencer Stuart, we know how much leadership matters. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning 56 offices, 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment and many other facets of organizational effectiveness.

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