2026 State of the Corporate Law Department

GCs have worked to modernize legal operations, now they need to prove it to the C-Suite

Thomson Reuters Institute

Executive summary

Over the past several years, corporate general counsel have made a concerted effort to re-organize their law departments to better align with business needs. Outside costs — especially their spend on outside legal counsel — is being more heavily scrutinized, even as technology is brought in to make the department more efficient. Indeed, legal department culture has been adjusted to no longer be the department of *No* and instead be a business enabler.

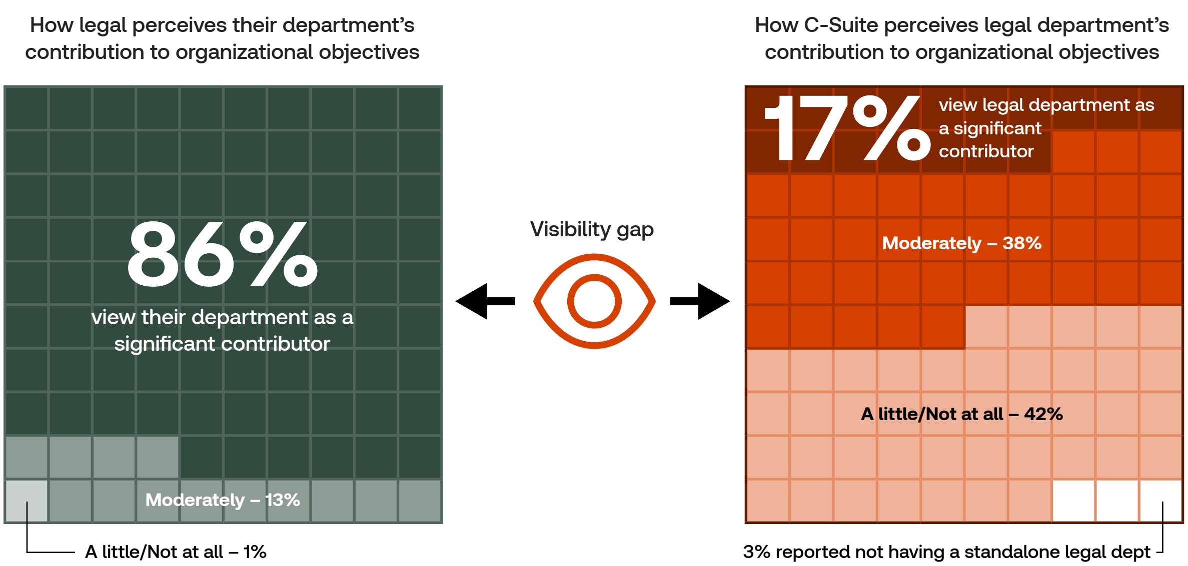
To GCs,[1] it is clear that corporate law overall has moved forward over the past few years to better adjust its operations to align with a changing business landscape. The problem is, the C-Suite may not have received the same memo.

The Thomson Reuters Institute's *2026 State of the Corporate Law Department Report* finds a visibility gap between where GCs believe their departments are, and where other business leaders believe they should be. In the midst of streamlining operations and shifting department priorities to align with the broader business, 86% of GCs surveyed say they believe their department to be a significant contributor to overall organizational objectives. However, only 17% of C-Suite executives call the legal department a significant contributor to organizational objectives. And 42% say the legal department contributes little or not at all.

To GCs, it is clear that corporate law overall has moved forward over the past few years to better adjust its operations to align with a changing business landscape. The problem is, the C-Suite may not have received the same memo.

FIGURE 1:

Perceived contribution to organizational objectives



Source: Thomson Reuters 2026

1 For the purposes of this report, GC or general counsel is intended to be inclusive of roles such as chief legal officers or any other senior leader of a corporate legal function.

This is far from saying that GCs have failed in their goal to align their legal department to the business. In fact, by and large, legal department leaders feel they have been successful in extracting value from department operations, which was a key initiative of legal functions entering into 2025. Department leaders also understand the overall objectives of the business, with that perhaps being nowhere clearer than in the investments made in AI over the past few years.

The next step for GCs, then, is to *prove* that value. Across all avenues of legal work that departments engage in today, there are areas in which they can show their worth directly to the business imperatives of the wider C-Suite. This is not an existential ask — proving value directly impacts the budget that legal departments receive, the personnel and technology resources afforded to their projects, and the impact the department can have on the company's strategic direction as a whole.

The next step for GCs, then, is to prove that value. Across all avenues of legal work that departments engage in today, there are areas in which they can show their worth directly to the business imperatives of the wider C-Suite.

This year's report, drawn directly from more than 2,300 interviews with corporate general counsel, shares practical guidance to help bridge the visibility gap while fulfilling legal departments' strategic priorities. The ultimate goal for 2026 should not simply be to protect the business or become more efficient to drive greater value for the business — they're largely already doing that. Rather, GCs and legal department leaders need to close that visibility gap and more effectively demonstrate to their organizations how the department's strategy will impact the business at large.

Key takeaways

- **Visibility gap between legal departments and C-Suites** — There is a significant disconnect between how GCs view their legal department's contribution to organizational objectives and how C-Suite executives perceive it. While 86% of GCs say they believe their department is a significant contributor, only 17% of C-Suite executives agree, with 42% saying legal contributes little or nothing at all.
- **Resource constraints and communication silos limit value delivery** — Nearly half of GCs cite staffing and resource constraints as the top barrier to delivering additional value. Beyond resources, ongoing issues with communication and integration into broader business operations persist, limiting the visibility and impact of many legal departments.
- **Moving to a more proactive risk approach** — GCs are expected to go beyond identifying and mitigating legal risks, linking overall risk prevention directly to wider business goals. This shift requires structured, ongoing dialogue with internal business units; and more than two-thirds (68%) of GCs rate internal dialogue as their most valuable source of information about emerging risks. Additionally, more than one-third (36%) of GCs identify technology as a highly valuable source for risk management.
- **Effectiveness metrics matter, both internal and external** — The most valued legal partners provide guidance that is actionable, directly relevant to business needs, and supported by consistent communication and responsiveness. Legal departments should evaluate their own effectiveness using the same metrics that are applied to outside counsel, ensuring that their advice is seen as a true business asset.
- **Alignment of legal spend with C-Suite goals** — Legal departments are moving away from wide-scale cost-cutting, focusing instead on strategic allocation of resources to support business growth and operational needs. Legal spend continues to rise in areas such as M&A and regulatory work, which is still the greatest expected area of spend growth.
- **AI is moving from implementation to strategic integration** — Legal departments are transitioning away from simply adopting AI tools for efficiency to strategically integrating AI across all aspects of their work. Nearly half (47%) of all corporate legal departments now have access to generative AI (GenAI) tools and mentions of technology as a strategic priority have doubled in the past year, according to the survey.

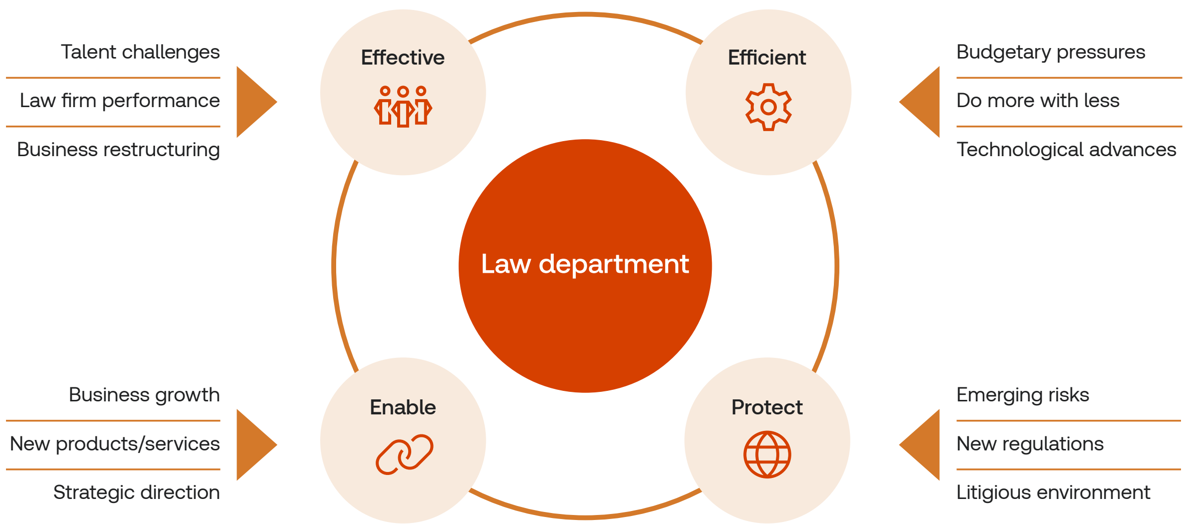
The 4 Plates: Refined strategic priorities

In the past, the Thomson Reuters Institute has broken down the corporate legal departments' operations and business imperatives into what we call four *spinning plates*, characterized by the ability to do the following:

1. Provide *effective* legal services and operational excellence
2. Offer *efficient* legal value within budget
3. *Enable* business and strategic growth, and
4. *Protect* the business's assets and competitive advantage.

Of course, these plates do not exist in a vacuum; rather, they are intermingling to create a complex dance that GCs must perform. However, it is only through keeping all of these plates spinning that legal departments can achieve their true objectives.

FIGURE 2:
Four spinning plates



Source: Thomson Reuters 2026

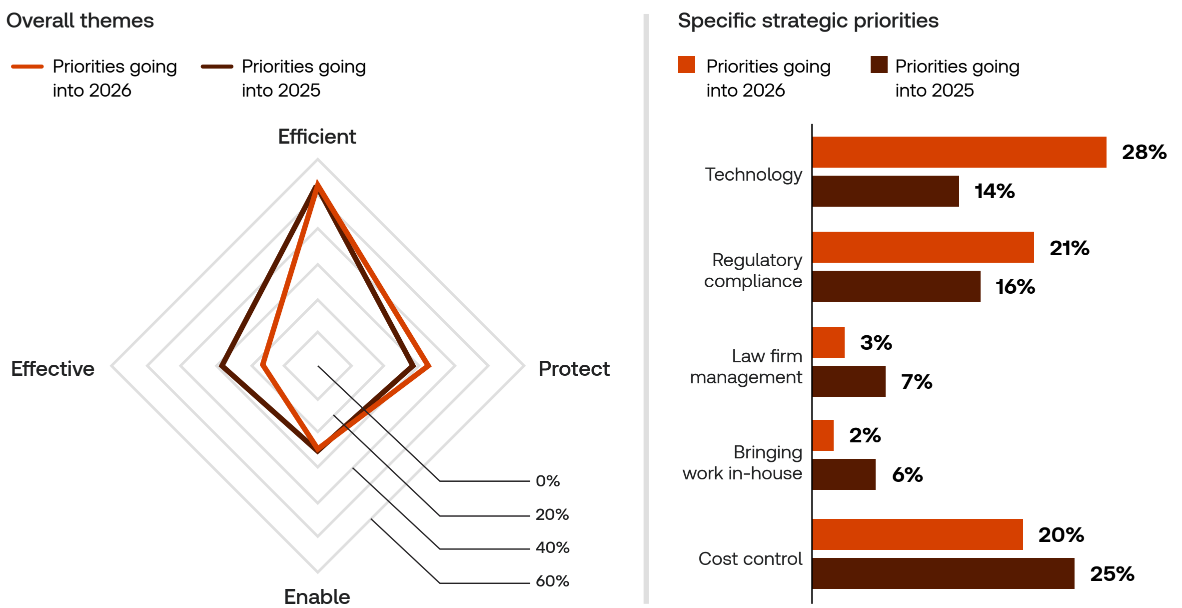
Ignoring even one of these plates, such as the need to enable business growth, risks the legal department being left out of key strategic decisions until it is too late to make an impact, or even being discounted entirely. Many GCs have horror stories about a new business direction or product line that was developed without legal consultation, with GCs feeling powerless to stop the rushing tide when it is finally brought to their attention.

GCs also need to realign these priorities as they see fit. The 2025 iteration of this report spoke to GCs' hyper-focus on *value*, which was mentioned three-times as often in interviews than in the year prior. This year, however, the primary area of focus has shifted to the need for *technology*, especially with respect to *AI*. The portion of GCs mentioning technology as one of their key strategic priorities this year doubled compared to the 2025 report, with 28% of respondents citing technology as a priority now compared to 14% the year prior. Further, 86% of those technology comments explicitly mention AI, indicating that many legal departments are moving on from mere AI adoption to finding its worth in a more strategic way.

At the same time, some of the key priorities related to value — cost control, law firm management, and insourcing — fell slightly in priority year-over-year. This does not mean these are less important key performance indicators in 2026; it could very likely mean that many of these initiatives have been instituted over the course of the past year, making them less of a priority moving forward. Regardless, it is clear that many GCs are reframing the *value* discussion to be more explicit in how that value will be achieved through *AI*.

FIGURE 3:

Shifting priorities for 2026



Source: Thomson Reuters 2026

FIGURE 4:

Most frequently mentioned strategic priorities have changed between 2025 report and 2026 report

Region	2024 (Q4) Specific strategic priorities	2025 (Q4) Specific strategic priorities
United States	Cost control	Cost control
Canada	Cost control	Efficiency
United Kingdom	Cost control	Technology
Mainland Europe	Technology	Technology
Asia	Regulatory compliance and commercial support	Technology

Industry	2024 (Q4) Specific strategic priorities	2025 (Q4) Specific strategic priorities
Finance	Cost control	Technology
Energy/Utilities/Natural resources	Cost control	Technology
Technology/Media/Telecoms	Commercial support	Technology
Pharma/Bio/Health	Cost control	Cost control
Manufacturing/Automotive	Cost control	Regulatory compliance

Source: Thomson Reuters 2026

The TR Institute's View:

The necessary interconnectedness of legal work

There may be a natural inclination to assign technology as a priority to the goal of becoming more efficient. The initial impulse for many departments in adopting GenAI tools, after all, was the promise of becoming more efficient. However, just as AI is a versatile tool that encompasses a number of use cases, so too can it be applied to each of the four plates. New technologies, for instance, can help identify compliance risks quicker than ever before by ingesting, synthesizing, and applying new regulatory standards. AI also can help with quicker communications with stakeholder demands, and it can even help develop some of the very metrics upon which the legal department will communicate its successes to the rest of the business.

Herein lies some of the downsides of separating the work of legal departments into these four distinct plates. In all of these areas, legal departments need to keep the plates spinning; but at the same time, strategic priorities and metrics for success should touch on *each* of these areas. Regulatory compliance should touch on client service just as it does on protecting the business; cost control is about finding new ways to spur business growth just as it is about creating more efficient processes. It's only by keeping *all* the plates spinning in tandem that legal departments will find success.

Now, let's take a look at how GCs today are managing to keep each plate spinning.

The Enabling Plate

Supporting business more, with less

Perhaps the most important role for the legal department in the eyes of C-Suite executives is to support what the C-Suite sees as its own most important role — enabling business growth. Legal departments are increasingly asked to partner, enable, and support business objectives ranging from M&A activities, geographic expansion, operational change, and more.

This means structuring legal services specifically around the wider company's strategic initiatives. When asked about the primary goal of their legal department, a number of GCs linked legal's role directly to sales. "To support the business as we go through a tough economic space right now," says one GC at a Canadian natural resources company.

"Find the fastest and most compliant way for the sales department to sell products," answers another GC working in pharmaceuticals in Colombia.

Another GC, at a South African manufacturer, says their department takes direct cues from company strategy when designing its own priorities. "We need to support the organization with some of its strategic initiatives that are happening at the moment," the South African GC explains. "That includes corporate restructuring, and a lot of restructuring around labor and also in the regulatory space."

In this way, GCs are hoping to directly align their own strategic priorities to better reflect that of the C-Suite. However, as noted before, these successes do not seem to be fully resonating with C-Suite members.

Part of the reason why that may be is because many legal departments face resource constraints that hamper them from fully enacting these goals.

FIGURE 5:

Top constraints holding legal departments back from delivering value

Source: Thomson Reuters 2026

It is unsurprising that the top constraint GCs see that's keeping them from being able to contribute additional value to the organization is attributed to a lack of resources. Nearly half of GCs cite staffing and resource constraints, which has been a consistent concern for many legal departments for years. Budgetary and time constraints are not far behind.

However, even beyond resourcing concerns, questions around communication persist. For years, GCs have bemoaned the idea that legal should work within a silo, performing its duties while largely disconnected from the overall business. The result has been a concerted effort to integrate legal more fully into the business — including attempting to align strategic priorities.

Yet, it is clear that a portion of both GCs and C-Suite executives believe these efforts have not yet gone far enough. Fostering these lines of communication with the rest of the business can be seen as akin to a marriage. It takes constant work, and it is not enough to reach out only when one side needs something. Legal departments have to consistently break out of their silos to build relationships across the business in order to continuously stay on top of shifting priorities and learn what actually brings value to the organization at large.

This means shifting from simply unlocking capacity to actually deploying capacity in service of business objectives. It is no longer enough to save time and money. Legal departments that are truly enabling business value need to repurpose that saved time and money in a strategic fashion.

FIGURE 6:

The evolution of delivering business value

When asked their most significant step forward in 2025 in delivering greater value, respondents described:

Stage 1: Unlocking capacity	**Stage 2:** Deploying capacity
How? • Leveraging Technology/AI • Hiring • Process improvement	**How?** • Strategic partnering • Business integration • Revenue-linked work
Frequency: Most legal departments	**Frequency:** Fewer legal departments
Example GC quote: *"We've licensed some AI legal software to try and streamline a lot of repetitive and basic stuff we're working with."* – Energy, US	**Example GC quote:** *"This year, we really advanced in connecting our legal services to revenue rather than a legal need."* – Insurance, Canada

Source: Thomson Reuters 2026

When asked about their most significant step forward in 2025 in delivering greater value, many GCs reflected on how they were able to overcome resourcing constraints. Most responses described how they were able to *unlock* capacity through the adoption of advanced technology, staff up with new hires, and make processes more efficient.

Fewer responses, however, explain how GCs *deployed* capacity by translating freed-up resources into a business impact that is more easily visible to the C-Suite. Some of the examples cited included partnering more strategically on corporate initiatives, integrating better to the business through consistent and mutually beneficial lines of communication, and focusing legal department efforts on enabling revenue generation activities.

This disparity helps explain the visibility gap, in which 86% of GCs but only 17% of C-Suite respondents say they believe the legal function contributes significantly to wider organizational objectives. Often, legal departments are putting their efforts into unlocking capacity while the business will only see where capacity is deployed.

The TR Institute's View:

Learning how to build the entire house

Drawing on an analogy, legal departments have become excellent at acquiring the raw materials for construction. By saving time and money on legal processes, GCs have helped their C-Suites become more nimble and build on the foundation that the legal departments have laid. However, it's increasingly clear that C-Suites do not simply want a foundation or raw materials. They want help building the entire house itself.

To do this, GCs need to more fully communicate how they are converting their resources into business enablement. This means providing metrics that can identify not just the reduction in resources required to deliver work, but the data that showcases the value and impact of being able to redeploy these freed-up resources. This means that GCs need to make a concerted effort to highlight legal's contributions toward business objectives — even if it is indirect or seems to be a minor role.

This may not come naturally, as legal teams are not always good at blowing their own trumpets, but it's important to reinforce the role of legal as a true partner in helping build the house. In this way, business leaders will become more accustomed to seeing legal present at strategic planning and investment discussions — not just when a crisis calls. This presence and visibility is key to forging better relationships, communication, and connectivity across the business.

The Protection Plate

Offering 21st century risk management

Protecting the business from potential threats has long been the purview of the legal department. Somebody sues the company, legal handles it. If a new compliance risk emerges, it's on the legal department to help combat it. A new regulation emerges, the legal team ascertains its implications. None of these tasks are new to in-house lawyers.

Perhaps what's new is *how* GCs are expected to tackle these tasks. Litigation risks aren't simply for the courtroom; they're potential PR and customer relationship concerns as well. GCs aren't simply asked to respond to new risks, they're expected to be proactive in identifying new potential risks. And due to the interconnected and complex global nature of regulation, compliance continues to grow as a top priority for many companies.

Simply put, protecting the business isn't as simple as eliminating threats. And C-Suites increasingly want GCs to link protection against these risks to helping the business function on a global scale.

"When we have a risky legal subject, the company never prefers just to see the legal opinion. They're also requesting you to drive them how to make a decision," says one GC at a retail company in Turkey. "It's not enough for the company just to summarize the risk, they also require the legal team to drive them with a specific guideline, like taking this step, not taking these steps. You need to be very active in decision-making, by helping the company, especially at the local level, to make the necessary decisions, considering the potential risks."

"When we have a risky legal subject, the company never prefers just to see the legal opinion. They're also requesting you to drive them how to make a decision."

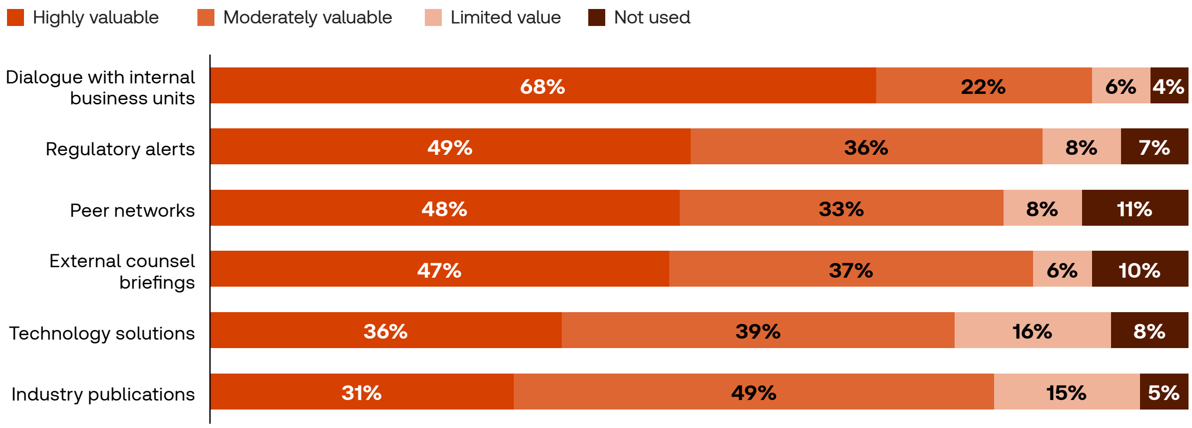
– GC at a retail company in Turkey

When protection goes right, it can almost seem invisible by eliminating threats before they occur. However, in service of elevating the legal department's successes to the wider business, GCs need to take steps to make the invisible more apparent. A more structured approach to risk management can be easier to measure and report upon, and a more process-driven approach may free up professionals' time to focus on emerging risks, which would allow GCs to be more proactive in protecting the business.

Of course, this starts with understanding the primary risks facing the business in the first place.

FIGURE 7:

Most valuable sources of information about emerging risks



Source: Thomson Reuters 2026

In order to uncover current business risks, GCs unsurprisingly turn to a wide variety of different sources, both internal and external. Everything from peer networks, to external counsel briefings, to industry publications are rated as either highly valuable or moderately valuable sources of information by at least two-thirds of GCs.

It's also not surprising, that the primary source of information remains dialogue with internal business units, rated by more than two-thirds (68%) of GCs as highly valuable. If the legal department is looking to expressly address risks posed by the wider business, company attorneys naturally need to gather information about what those risks are.

Indeed, there are a number of different ways that legal departments gather this information. Some are more formal, described by one financial services GC in Israel who noted, "We have a list of all the topics that we handle with the legal department, and we have schedules, plans, timelines, and a framework to discuss them through ongoing dialogue with our different business departments. The dialogue is normally conducted once a week, face to face."

Others, however, describe a less formal process. As one US technology GC noted, "[We're a] small organization, so walking around, saying hello to people and networking [works]. We have a lot of internal group meetings where the leadership of the divisions of our company report things."

In practice, of course, there is no single correct way to gather information about risk from the rest of the company, and the most successful GCs will approach the process with a combination of methods that works best for their organization. A few most common ways that GCs cited to gather information include:

- **Regular meeting cadence** — Weekly or monthly team meetings within legal departments to share knowledge and distribute work; quarterly business reviews and board meetings for strategic risk discussions; and one-on-one check-ins with business unit heads and vice presidents
- **Communication platforms** — Microsoft Teams is the dominant platform for chat, video calls, and file sharing; Email and Outlook remain primary for formal communications; some use Slack, SharePoint, or internal intranets for knowledge sharing
- **Cross-functional collaboration** — Legal representatives embedded in business unit meetings and investment committees; participation in executive committees and senior management forums; risk management committees with representation from legal, compliance, and audit functions
- **Informal but effective approaches** — Open-door policies and physical proximity (sitting with business teams); ad-hoc conversations and phone calls as needed; in-office interactions valued over purely virtual communication
- **Knowledge sharing mechanisms** — Internal legal knowledge bases and Wiki pages; practice groups focused on specific areas (AI, privacy, employment law); training sessions and town halls for broader organizational communication; newsletter distributions and internal alert systems

Enhance your internal dialogue approach

Strategy
Are you sufficiently embedded in strategic decision-making to spot risks and help shape strategy within organizational risk tolerance?

Structure
Do you have the right balance of formal systems (committees, established frameworks, documented systems) and informal opportunities to spot risks?

Who
Are you in dialogue with all the relevant people at the C-Suite, management, and operational levels? With which business units should you be engaging?

How
Are you using the best formats for discussion? In-person or face-to-face; digital meetings (Teams, Zoom); asynchronous digital (email, Slack, WhatsApp); knowledge platforms (SharePoint, intranet) can all be valuable in different contexts.

When
Which discussions need to be continuous, weekly, monthly, or quarterly?

Given all of these sources of information, many GCs, not surprisingly, find themselves on information overload, with little time to sort through what presents an actual issue and what may be less relevant. These GCs need to cut through the noise and tailor advice to their company. Outside counsel has long been hired to help in this area, but utilizing new technologies such as AI also presents a massive opportunity. In fact, many GCs already are having success in both gathering and synthesizing risk management information.

Currently, 36% of GCs say they identify technology as a *highly valuable* source of emerging risk information, with many specifically pointing to data repositories such as contract lifecycle management (CLM) systems and document management systems (DMS) that both contain crucial business information. Indeed, those departments that invested in these technologies early already have begun to see success.

FIGURE 8:

Stated benefits of utilizing AI in risk management

Direct benefit of using tech/AI to help spot or manage risk			**Indirect benefits**	
Macro level	**Micro/matter level**	**Synthesis & analysis**	**Error reduction**	**Freed up time**
"AI risk mapping tools, helping us to preempt and avoid risks." "Development of predictive algorithms."	"We are already developing a bot that I feed the deeds of a property into, and it knows what information I need and gives me a report on that property in eight minutes, pointing out the risks."	"Get a lot of unsolicited email blasts, daily digest and news. In terms of regulatory and terms of my industry. Using AI has helped with my efficiency in reviewing things or summarizing things."	Automation reduces risk by "simplifying workflows and reducing errors."	Increased efficiency "helps us concentrate on other aspects that we couldn't concentrate on if it wasn't for AI."

Source: Thomson Reuters 2026

According to the Thomson Reuters Institute's *2026 AI in Professional Services Report*,[2] nearly half (47%) of corporate legal department respondents say they have access to some sort of enterprise-wide GenAI tool. However, that still trails their corporate colleagues in corporate risk & compliance, in which almost two-thirds (62%) say their teams have GenAI availability. Given this disparity, some GCs do not yet have access to the AI tools that allow for this sort of wide-scale data analysis, but do see the potential benefits of eventually gaining access to these tools.

"We would like to obtain legal risk insights derived from big data analysis provided by a legal technology service provider in collaboration with law firms," said one GC. "We will then use our proprietary closed AI system to assess these risks and generate mitigation recommendations tailored to our company's business model. I believe this integrated approach, combining legal expertise and technology, will help us identify and prevent emerging risks."

2 2026 AI in Professional Services Report, Thomson Reuters Institute (February 2026); available at: https://www.thomsonreuters.com/en/reports/2026-ai-in-professional-services-report.

The TR Institute's View:

Risk prevention itself isn't the end goal

Gathering insights around potential risks is a crucial step for corporate law departments, of course, and using those insights to institute risk prevention measures is even better. However, risk prevention in itself is often not the end goal. From the C-Suite perspective, protecting the business should occur to *further* — or at least, not disrupt — the organization's wider goals. With that in mind, when communicating the legal department's risk management wins to the wider business, GCs should present their case in context with the other spinning plates — *enable, effective*, and *efficient* — rather than allowing *protect* to stand alone.

In the current data-intensive landscape, GCs that communicate effectively are going beyond simply gathering information to ask, *What's my system for filtering and contextualizing information for my specific business?* A few initial ways to re-contextualize your risk information-gathering process to better incorporate business goals, should see you:

- **Assess** your approach to gathering internal dialogue and find opportunities to enhance your internal dialogue approach. This won't just give you better information, but better relationships as well.
- **Consider** how you ask your outside law firms for updates on emerging risk and the implications for your business. Tell them clearly what you would find helpful, and what's going on within the business in order to help them understand how to tailor information to your interests.
- **Explore** how to leverage technology and AI more to improve the ways you gather, synthesize, and extract insight from across all your risk data sources.

The Effective Plate

The value of high-quality legal advice

One of the primary goals of the legal department in the eyes of most GCs is to provide *effective* legal service. This means providing high-quality and practical legal advice, positive outcomes and results, and excellent service delivery. Just as high-quality advice is one of the primary metric upon which in-house counsel measure their outside law firms, so too do in-house lawyers need to understand that providing effective legal counsel to internal stakeholders is primarily how they are measured as well.

In practice, GCs have interpreted this charge as not only effective legal advice, but *quick* legal advice. When asked what being effective means to them, the need for speed was a common refrain. “Getting quick, effective advice back to our company,” noted one US-based GC in the healthcare industry.

“Faster delivery to internal customers and stakeholders,” said one Australian tech GC.

“The main thing we always want from our providers is practical and timely advice, to be very responsive,” answered a GC at a Canadian manufacturing company. “We have quite a few things on the go, so when new things come up, things move quite quickly, and we do need urgent, quick responses often — and so we are always looking to make sure we have that, or, if we don’t, then to look for providers that will give us that.”

> **“The main thing we always want from our providers is practical and timely advice, to be very responsive.”**
>
> – GC at a Canadian manufacturing company

However, this focus may leave out one question that is simple to ask but much more complex to answer: What does *quality* actually mean? When law firms provide legal advice to their corporate clients, they do so from a position of being able to see the entire market, using their expertise as an outside observer. However, a common complaint about these working relationships from the in-house perspective is that the advice given is too often not sufficiently tailored or tied to the business context. Law firms, meanwhile, face frustrations when they aren’t sufficiently briefed or given full information, including having their clients set clear expectations up front.

Proper advice isn’t simply the quickest response or even simply the most accurate response. Effectiveness as a strategic priority takes into account multiple factors, including quality, timeliness, consistency, and applicability to the wider business. Well-managed relationships between corporate clients and outside counsel should look like they are an extension of the client’s internal team — and that requires investment and constant communication to work effectively.

In speaking with the Thomson Reuters Institute, GCs say that outside counsel accomplish some of these tasks more consistently than others.

FIGURE 9:

GCs’ views on where law firms hit or miss the mark

Project & Process Management	Communication & Responsiveness	Business Understanding & Practicality	Expertise & Execution Quality
✓ Build realistic timelines with buffer ✓ Flag at-risk deadlines immediately ✓ Assign clear ownership and backup	✓ 24-hour response time ✓ Proactive updates before client asks ✓ Consistent point of contact	✓ Translate risks to business language ✓ Offer options with trade-offs ✓ Tailor to client’s risk tolerance	✓ Tie advice to client business objectives ✓ Seek multi-layer review for critical work ✓ Analyze risks with severity & mitigation plan
✗ Miss deadlines without explanation ✗ Over-promise on turnaround times ✗ Leave client chasing for updates	✗ Assume silence means everything’s fine ✗ Go dark during critical phases ✗ Wait for client to reach out first	✗ Deliver purely technical analysis ✗ Say “you can’t” without clear alternatives ✗ Ignore commercial realities	✗ Send complex analysis to client without review ✗ Provide generic advice ✗ Rush work at expense of quality

Table stakes → True problem solving

Source: Thomson Reuters 2026

Some of these tasks represent table stakes for outside counsel, those tasks that need to be performed to be effective in the first place. Clear *process and project management*, for instance, should be a baseline expectation for any firm hired — and it should go without saying that clients should not face missed deadlines or a lack of updates. Similarly, *communication and responsiveness* is a must-have for any outside law firm, with over-communication preferred to silence.

Once those baselines are established, *business understanding and practicality* should be the next step for outside firms, even before focusing on the overall quality of legal information. Some firms provide advice explaining *how* clients should react before fully understanding *why* it matters to the business in the first place. Only by incorporating business realities into legal advice can outside firms truly become a trusted partner.

Finally, once law firms understand their clients’ business objectives is when *expertise and execution quality* come into play. Here, the most successful firms can provide effective advice that clearly ties to business objectives, rather than generic advice that could conceivably be provided to all clients the same way.

The modern GC is looking for their outside law firms to become a true business partner, problem-solving with not just the corporate legal department in mind, but the department’s end business clients in mind as well.

The TR Institute's View:

Turning outside counsel metrics in on yourself

When evaluating outside counsel, GCs consistently look for high-quality, business-oriented, and timely advice, as per the standards above. In recent years, many legal departments have even formalized this process, scoring their outside counsel on a number of these key criteria and using these figures to make decisions when determining law firm panels. At the same time, however, some in-house lawyers forget that these exact same criteria used to score their outside counsel are being applied to measure *their work* within the organization as well.

C-Suite members are looking for the exact same high-quality, business-oriented, and timely advice, and they are similarly making resourcing and budgetary decisions based on what they perceive as the effectiveness of in-house lawyers. Forward-thinking GCs would do well to not only score outside counsel on effectiveness metrics but then grade their own departments on these exact same metrics. Just as GCs want their outside counsel to provide high-value advice, they should be polling internal stakeholders to determine their satisfaction as to whether legal's answers aid the business.

Early risk detection and audit reduction rates are metrics that prove business protection; and the same matter cycle time metrics that outside counsel use can be calculated internally as well. Tools such as TRI's Value Alignment Toolkit can provide helpful — and perhaps surprising — insights into how the rest of the business may view the department's effectiveness.

Don't assume you know what business stakeholders are thinking. Find out by asking, either through a formal survey or by informal check-ins. Then create a baseline on how your department is doing, what stakeholders think it does well, what they value about working with legal, and where there are opportunities to streamline, improve communication, deliver more value.

The Efficiency Plate

Shifting priorities to improve workflows

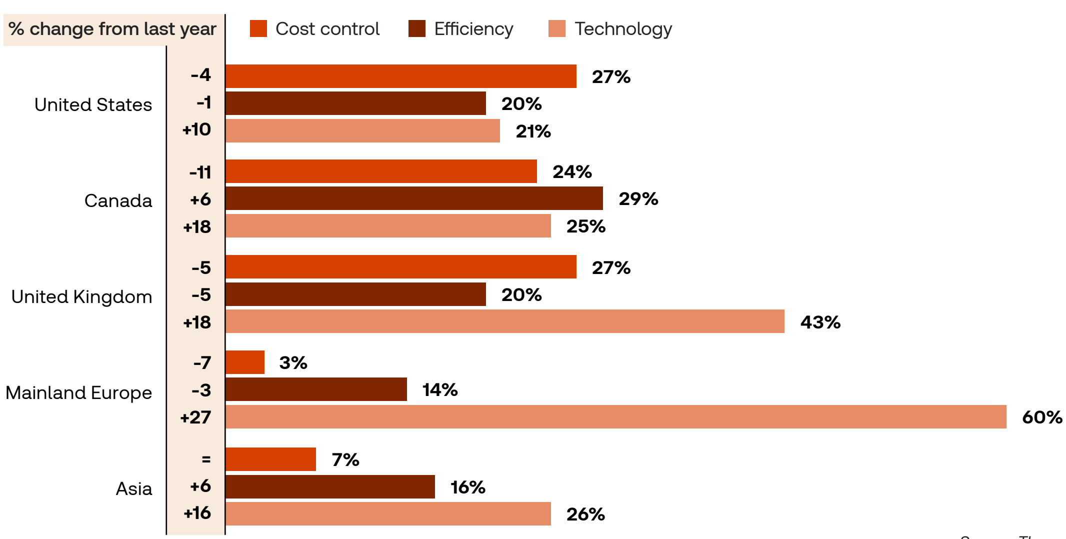
Of the four plates, efficiency continues to be the top priority among GCs worldwide. This is perhaps no surprise — GCs consistently hear that their legal departments need to do more with less, manage tightening budgets, and are encouraged to streamline processes. There is always the underlying need to perform legal work effectively and with the business in mind, of course, but efficiency seems to be where most GCs view the biggest room for improvement. As one US-based GC in the transportation field explained, their strategic priorities were "providing first class legal work at a cheaper cost."

The introduction of AI into standard legal workflows has charged this need even further. Historically, GCs have viewed AI and efficiency as largely synonymous because the primary reason for adoption of advanced technology was to do similar work more quickly. With the advent of new forms of AI, this continues to be the case, at least for now. Around half of GCs who mentioned AI as part of their strategic priorities also use cost/efficiency language.

Indeed, not all efficiency narratives are created equal. Over the past year, fewer GCs have focused on *cost control* as a standalone goal. Now, a larger proportion of efficiency goals explicitly mention technology, often AI.

FIGURE 10:

Proportion of GCs mentioning elements of efficiency in strategic plans



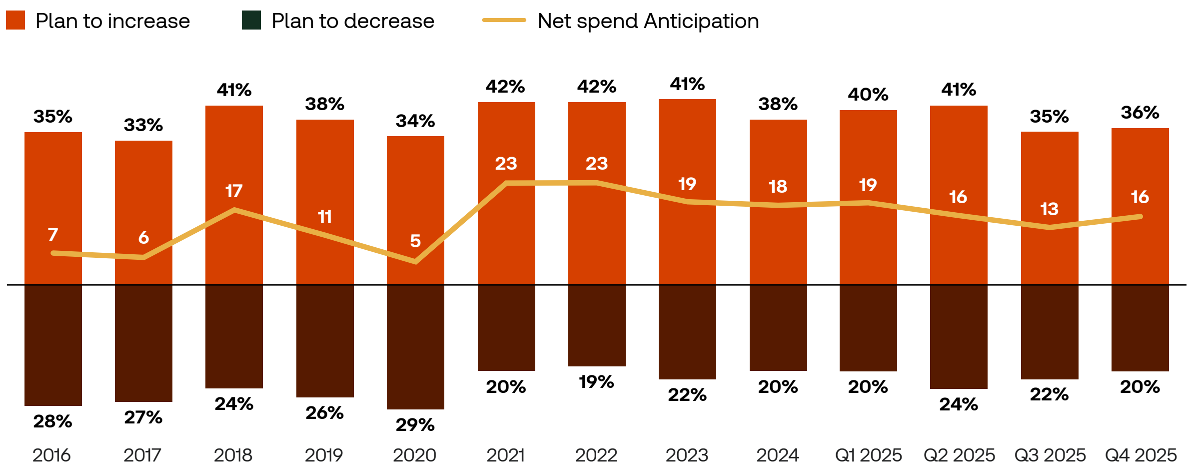
Source: Thomson Reuters 2026

Interestingly, the high focus on efficiency does not mean that GCs are necessarily cutting costs. When comparing the proportion of GCs looking to *increase* their legal spend to the proportion of GCs looking to *decrease* their spend — what we call *net spend anticipation* — overall spend continues to rise. In fact, following three quarters of decreasing net spend anticipation to start 2025, GCs indicated a modest rebound in Q4, even as broader economic signals remain mixed.

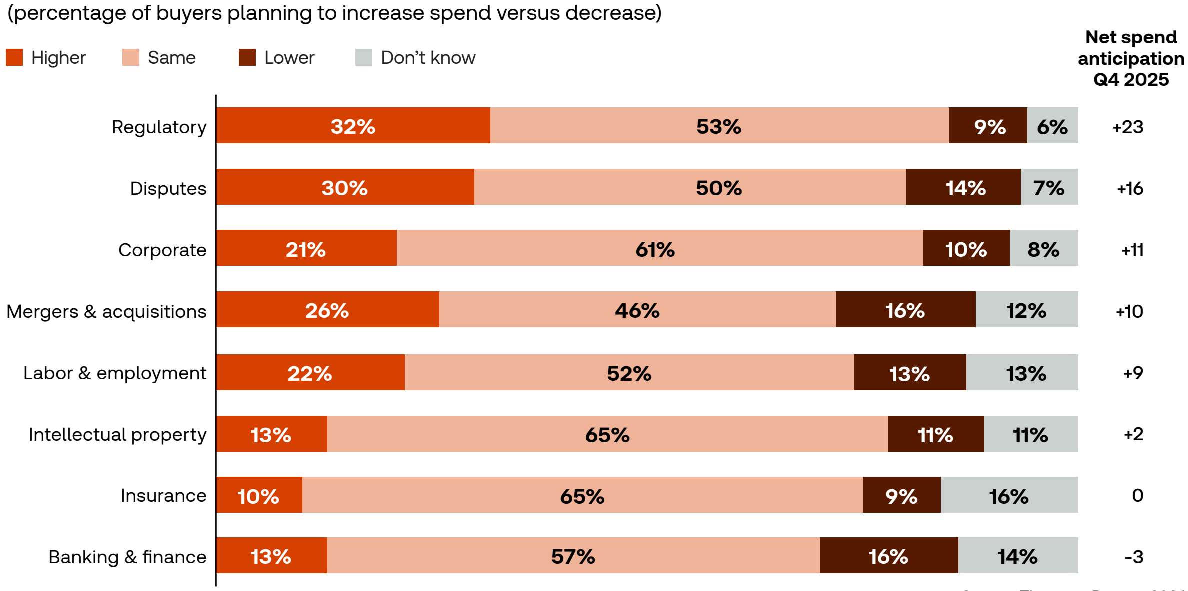
FIGURE 11:

Legal buyers' net spend anticipation, overall and by firm practice area

Total legal spend anticipation: Global cos. with $1B+ in annual revenue
(percentage of buyers planning to increase spend versus decrease)



Practice spend anticipation: Global cos. with $1B+ in annual revenue
(percentage of buyers planning to increase spend versus decrease)



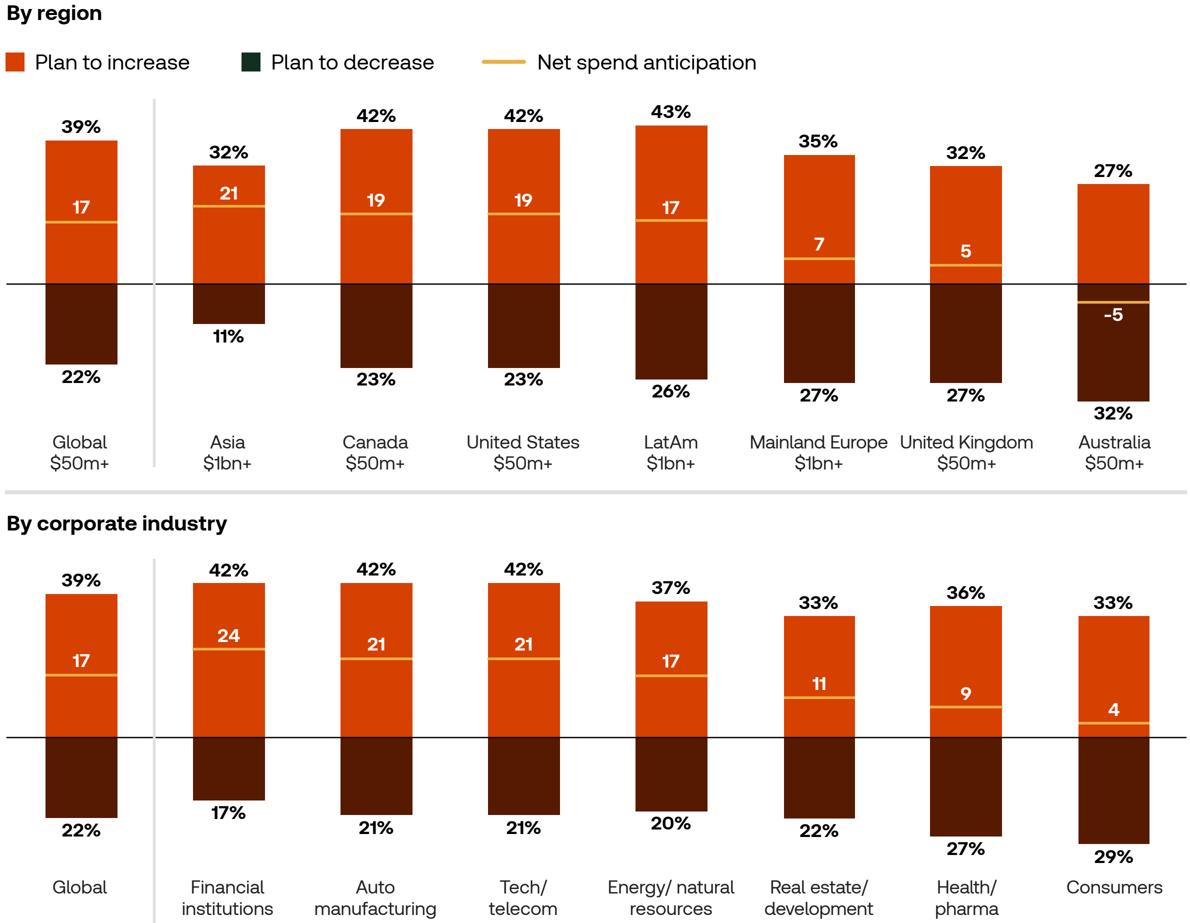
Source: Thomson Reuters 2026

This certainly does not mean GCs are spending more indiscriminately. Instead, they are prioritizing work that directly addresses emerging risks, business priorities, and operational resilience. M&A, for instance, has seen net spend anticipation rise 10-fold in Q4 2025, compared to Q4 2024. Regulatory concerns, while still the greatest expected area of spend growth, have seen net spend anticipation fall 6 points to 23 over the same time period.

Net spend anticipation also varies based on geography and corporate industry sector. The US and Asia-Pacific region, for instance, feature more GCs who say they anticipate their spend growing than does the UK. Also, a higher proportion of financial institution and manufacturing GCs, meanwhile, anticipate growing their spend than do those in the real estate or consumer/retail sectors.

FIGURE 12:

Net spend anticipation



Source: Thomson Reuters 2026

FIGURE 13:

Practice spend anticipation by industry sector

Greater than or equal +15% | 0% to +14% | Less than 0%

Practice spend anticipation 2025 $1bn+	Global	Health/ pharma	Financial institutions	Tech/ telecom	Real estate/dev.	Auto/ mfg.	Energy/ natural resources	Consumers
Regulatory	+27	+29	+29	+28	+9	+35	+28	+20
Disputes	+15	+17	+15	+11	+22	+17	+12	+12
Labor & employment	+15	+21	+7	+19	+10	+24	+2	+14
Corporate	+12	+11	+20	+11	+16	+10	+5	+13
M&A	+8	+1	+5	+11	+8	+10	+12	+6
Banking & finance	+4	+3	+25	-5	-2	-3	+10	-4
Intellectual property	+3	+11	-3	+6	-1	+6	-7	+9
Insurance	+1	+2	+8	0	+11	-1	-2	-8

Source: Thomson Reuters 2026

Naturally, resourcing also varies by size of company. For instance, for companies with between US$50 million and US$1 billion in total revenue, total legal spend is a much higher proportion of revenue, at 1% at the median. As companies grow progressively larger, this proportion shrinks. Conversely, the total number of lawyers grows. Three-quarters (75%) of companies in the smaller revenue band have 5 attorneys or fewer, while more than half (57%) of companies with revenue above $6 billion have at least 20 attorneys in their legal department.

FIGURE 14:

Legal department resourcing benchmarks by company size

Region	Revenue band (US$)	NSA	Total spend as a proportion of revenue (median)	Average proportion of spend that is external	Average proportion of spend that is internal	Number of lawyers (median)
Overall	50m - 1bn	15	1%	53%	47%	3
	1bn - 6bn	16	0.18%	56%	44%	8
	6bn+	15	0.04%	54%	46%	30
United States	50m - 1bn	20	1.07%			
	>1bn	18	0.19%			
Canada	50m - 1bn	16	0.78%			
	>1bn	22	0.15%			
United Kingdom	50m - 1bn	1	0.75%			
	>1bn	8	0.11%			
Australia	50m - 1bn	-2	0.76% (low base)			
	>1bn	-7	0.11% (low base)			
Mainland Europe	>1bn	8	0.08%			
Asia	>1bn	20	0.05%			
Latin America	>1bn	16	0.03%			

Source: Thomson Reuters 2026

Taken together, these figures paint the picture of GCs not necessarily decreasing spend but rather looking to align their spend with precepts of the larger business strategy. While many legal departments are trying to shed their derogatory designation of *cost center* by communicating the strategic added value they bring to the business, the reality is that as an enabling function the legal department can't get away from the responsibility of managing a budget. This means that cost control should still be a clear area of focus for GCs — but one that can be done in a more business-attuned way.

The TR Institute's View:

Presenting efficiency with a business focus

Given the consistent business imperative for legal departments to trim costs, it may surprise some GCs to hear that their efficiency measures are not fully understood by the business. Even if legal departments are able to shed the *cost center* label, GCs should be positioning the department's efficiency metrics in the context of larger business goals, rather than in the language of the legal department. For instance, GCs can:

- present legal spend in the context of the business by showing it as a percentage of revenue;
- use benchmarks provided in this report to show how their own metrics compare to those of organizations of similar size, location, and industry sector; and
- calibrate the department's benchmarks and goals accordingly, when the business changes in size and scale. (For example, if the business aims to grown by US$1 billion in two years, a GC could proactively display the investment increase needed for legal to support that growth effectively.)

Our research demonstrates that GCs are focusing on efficiencies gained through technology more than ever before. However, focusing solely on efficiency could also be a double-edged sword — legal departments risk inviting *more* resource cuts when they only showing what they've accomplished through AI-enabled tasks and workflows. Instead, GCs should showcase how the efficiency that AI delivers has enabled departments to do more for the business, such as providing better quality and more accurate work, quicker response times to stakeholders, more easily accessible risk identification, and more.

AI's rise as a strategic priority

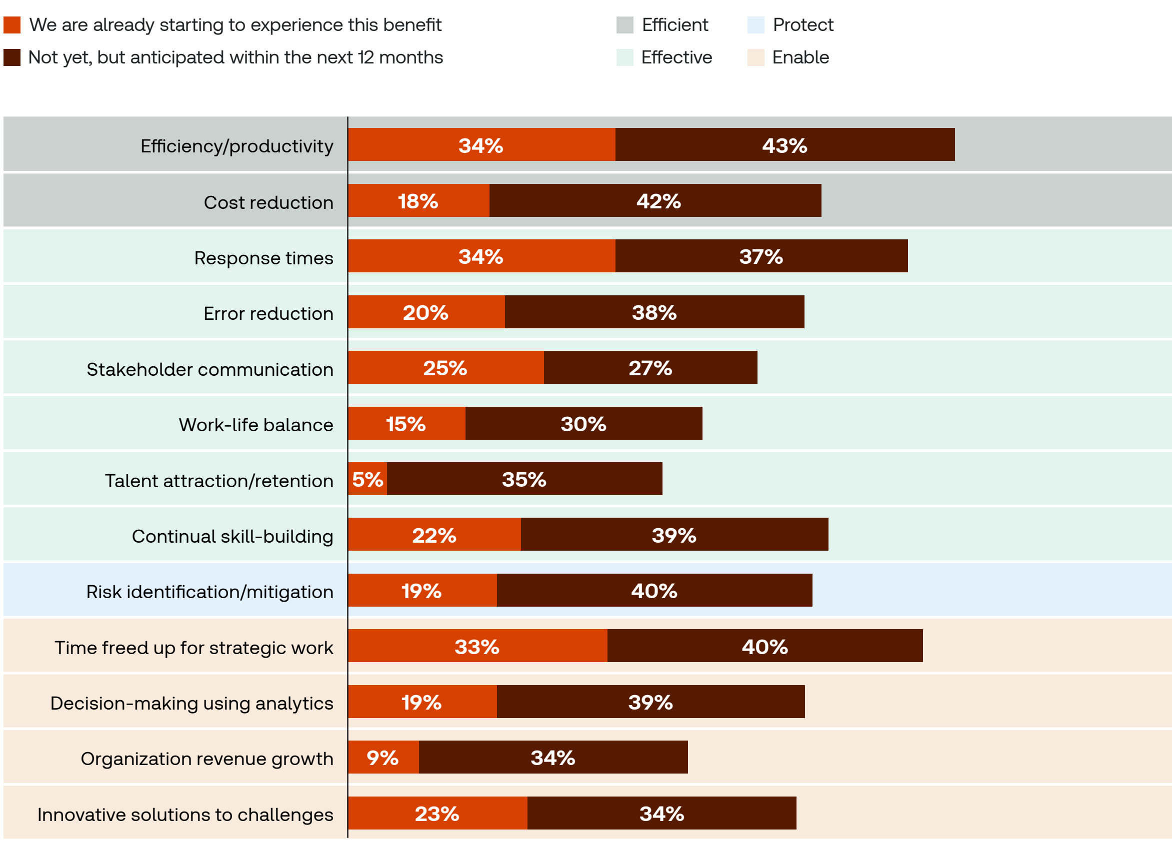
Take a listen to quarterly earnings statements — or even watch commercials for your favorite TV show — and it's no surprise that AI is top of mind across the business world. Corporate law departments are no exception. The portion of GCs mentioning AI as a strategic priority in our survey has doubled within the past year, with almost half of GCs now mentioning AI within interviews.

At the same time, GCs are also adjusting how they *talk* about AI. Previously, most GCs used aspirational framing around AI, indicating what they were hoping the technology could do for them in the future. Over the past year, however, more than half of GCs that talk about AI as a strategic priority have used *implementation* language, including words *like use, implement, adopt*, and *deploy*. Similarly, while about half of GCs still frame AI within an efficiency lens, an increasing number are focused on business implications of the technology. In particular, a number of GCs point to AI regulatory preparedness, especially around the European Union AI Act, as an area of focus.

With this move from AI awareness to implementation, many are already beginning to report that benefits of AI are already being felt in their legal department, according to data from the Thomson Reuters *Future of Professionals Report 2025*.[3] Further, these reported benefits span all four plates — *efficient, effective, protect,* and *enable*.

FIGURE 15:

Reported benefits felt from AI implementation



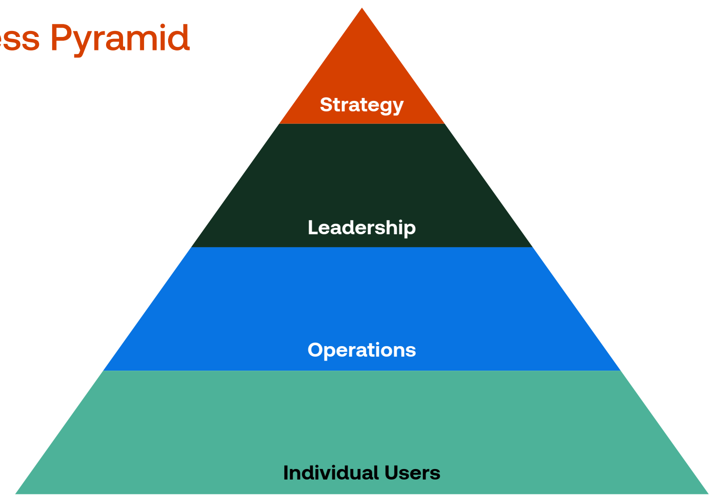
Source: Thomson Reuters 2026

3 *Future of Professionals Report 2025*, Thomson Reuters (June 2025); *available at*: https://www.thomsonreuters.com/en/c/future-of-professionals.

Now is the time for GCs to take the next step and move from AI implementation to strategy. Importantly, a proper AI strategy does not live on its own but instead advances as a direct result of everything that has come before it — the work of the legal department's attorneys and professionals, the daily operations and processes of the department, and the GCs guiding the department's overall vision. There is no silver bullet for AI. Instead, its adoption and implementation must be carefully planned in order to receive all of the benefits across the various plates outlined above.

FIGURE 16:

The AI Success Pyramid



Source: Thomson Reuters 2026

Indeed, the rise of AI creates a whole new set of needed skills for both law department attorneys and department leadership. And it's important to remember that AI is simply one tool among many, and its ultimate success will be determined by how it integrates with and augments the work that attorneys perform on a daily basis. With that in mind, GCs should focus on a few key areas to better their departments' chances of AI success:

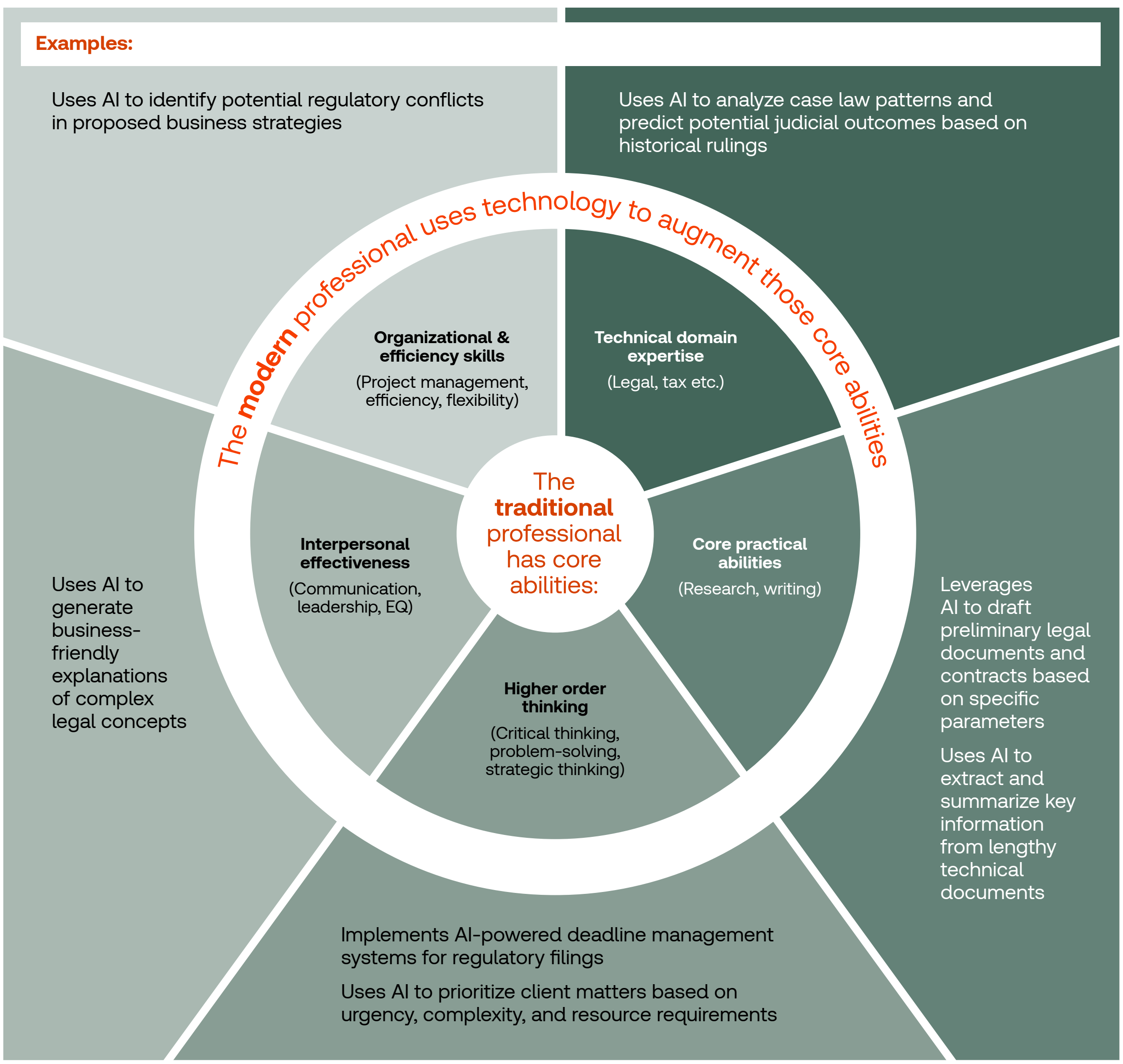
- **Learning** — Most departments have a basic AI understanding and a culture to encourage change, but not the *depth* of understanding to go from AI *literate* to AI *fluency*. Be sure to check where your team is on this learning curve.
- **Empowerment** — Important in driving experimentation, identifying new and interesting use cases, and motivating curiosity. Ask yourself, does the legal team feel encouraged to explore new ways of working and empowered to make changes?
- **Ownership** — The legal team should feel they have input into how AI will be used, which in turn will make them more likely to speak up, share ideas, concerns, and insights. This ownership process shapes AI plans and helps bring others along.
- **Accountability** — Those team members who have personal goals that are linked to AI adoption are more likely to become top learners and regular users, which leads to greater benefits.
- **Usage** — Regular use drives adoption. So, you should build AI into your team's daily habits. Ask, how many of the legal team have tried AI? How many are using it regularly?
- **Expectations** — Strike a balance between encouraging uptake and setting clear expectations around adoption. For example, you can start with open encouragement, access to tools and training to build momentum, then shift to a formal expectation around AI usage. Be clear that when targets are set, usage is tracked and individuals are accountable; then, follow up on low or no usage individuals to determine gaps.

In general, legal professionals are optimistic about AI's impact on their own work. Almost three-quarters (72%) of corporate legal professionals said they believe GenAI should be applied to legal work, and 60% said they feel either excited or hopeful for its prospects, according to the *2026 AI in Professional Services Report*.[4] For most, there is an understanding that AI is going to be a part of what they do, coupled with a readiness to learn more.

For GCs, then, the question becomes how to develop AI skills within already established department frameworks in order to best augment how lawyers work. If implemented correctly, AI impacts not only improve the end work product, but such impacts can change how lawyers perform their jobs. Developing AI skills allows lawyers to perform the work they do best, while also assuaging potential fears that they may be replaced by technology.

FIGURE 17:

How AI augments professionals' skills



Source: Thomson Reuters 2026

4 *2026 AI in Professional Services Report.*

This also extends to working with outside counsel. Currently, more than half of corporate counsel said they believe their outside firms should be using AI; however, two-thirds (67%) of corporate counsel also said they do not know how their outside firms are approaching it.[5] There remains a communication gap — one that the GCs surveyed say comes from hesitance or caution.

"We do not ask and they are shy to provide answers because they are already under a lot of pressure because their rates are so high," reported one GC. Another said: "Conversation has been only high level. We generally know what AI they are using but not how they are using it. Striking is, that the billing has remained the same as it did before, so either they are not using AI tools efficiently, or then they are just doing double work."

About three-quarters of corporate counsel said they expect their outside firms to take the lead in the AI conversation. But that does not mean that GCs should eschew the conversation, particularly if firms are not forthcoming.

About three-quarters of corporate counsel said they expect their outside firms to take the lead in the AI conversation.[6] But that does not mean that GCs should eschew the conversation, particularly if firms are not forthcoming. Those GCs that want their outside firms to embrace AI should be open and transparent, conveying that they believe AI can assist with most tasks, while placing a strong emphasis on verifying the output and keeping the firm attorney's expertise above all else. This conversation should also include a free discussion on AI's capabilities and of the supervision techniques deployed for AI work.

5 *Ibid.*

6 *Ibid.*

Bringing it all together

General counsel are doing good work. They're focusing on enabling key principles of the business, becoming more efficient in the department's daily work, protecting the business from both current and foreseen threats, and working with outside counsel to provide effective legal guidance. Looking solely at their own internal metrics, it's clear that legal departments are accomplishing many of the goals that GCs have worked toward for the past several years.

Now, GCs' next goal should be to make everyone outside their own walls see this value. Even if the legal department has spent a large amount of time and effort aligning its priorities and work products to the needs of the business, GCs still need to *prove* that alignment by properly communicating the department's value to the C-Suite and elsewhere.

GCs' next goal should be to make everyone outside their own walls see the legal department's value.

In practice, the day-to-day for many in-house lawyers contains tasks that are *task-based*: We support M&A, we conduct risk reviews, and we analyze contracts. Some may have even progressed to the next step, taking into account the beneficiaries of these tasks: We support new business opportunities, we protect the business from competitive threats, and we scrutinize for unfavorable business terms within contracts.

To truly demonstrate value, however, GCs and in-house lawyers need to communicate through the language of the business and answer the clear question: *Why does what we do matter to the strategic objectives of the business? How are we helping the business achieve its preferred outcomes?*

FIGURE 18:

Moving from task-focused communication to outcome-focused communication

Level	Label	Description	Example
1	Task Listing	Lists legal work types without context	"M&A, litigation, compliance"
2	Task + Operational	Adds how they do work (efficiently)	"Minimize litigation and become more efficient"
3	Service Orientation	Adds for whom they do work	"Support the business on new opportunities"
4	Strategic Alignment	Connects to organizational strategy and goals	"Ensure our priorities align with the strategic priorities of the business"
5	Outcome-Focused	Ties to business outcomes	"Enable the business to fulfill its goals and not block company growth"

Source: Thomson Reuters 2026

By filtering the legal department's activities through a business lens, GCs will be better able to explain the value that legal provides to the rest of the business. In doing so, GCs will not only be identifying and communicating more of that invisible value, but they will also make legal's work more meaningful to team members by helping them see how it all fits into the bigger picture of the business.

This also means that GCs need to institute metrics for success that translate to the rest of the business. Emerging strategic initiatives such as AI, for example, can provide the legal department with efficiencies and cost savings that GCs desperately need; but if the department's measures for success simply reflect cost savings and are not connected to business outcomes, then any success story won't be understood by the C-Suites.

Without doubt, 2026 is a complex time to be a GC, given the fluid nature of regulation, continuously tightening budgets, and AI innovation poised to re-shape the nature of work.

Without doubt, 2026 is a complex time to be a GC, given the fluid nature of regulation, continuously tightening budgets, and AI innovation poised to re-shape the nature of work. Even with these swirling winds, however, GCs have all the tools at their disposal to achieve success. And perhaps even more importantly, GCs have all the tools to *explain* their successes to other internal stakeholders. And it all starts with learning the language of the business.

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