



# More Diversity, More Experience: Meet the Fortune 500 General Counsels

**Russell Reynolds Associates' 2023 Annual Report**

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2022 was yet another challenging year for general counsels (GCs) of large public companies, with macroeconomic and geopolitical issues having direct and dramatic impact on corporations. The war in Ukraine and broader geopolitical uncertainties have forced leaders to take [immediate crisis decisions](#), especially those that have offices or facilities near the front lines. Economic uncertainty has continued, and worsened due to the energy crisis, signs of a recession, and high inflation. In fact, our Q4 [Global Leadership Monitor Survey](#) found **61%** of CEOs believe that we are currently in

a recession. Overall, economic uncertainty was the #2 issue affecting organizational health, closely following the availability of key skills and talent, during the fall of 2022. Simultaneously, investor pressure to increase diversity in the C-suite has remained, and the general counsel role continues to be a meaningful way to diversify Fortune 500 leadership teams. Last year, **67%** of the 43 GCs appointed to Fortune 500 companies were female, reaching an all time high. In an equally powerful development, **38%** were ethnically diverse.

## Methodology

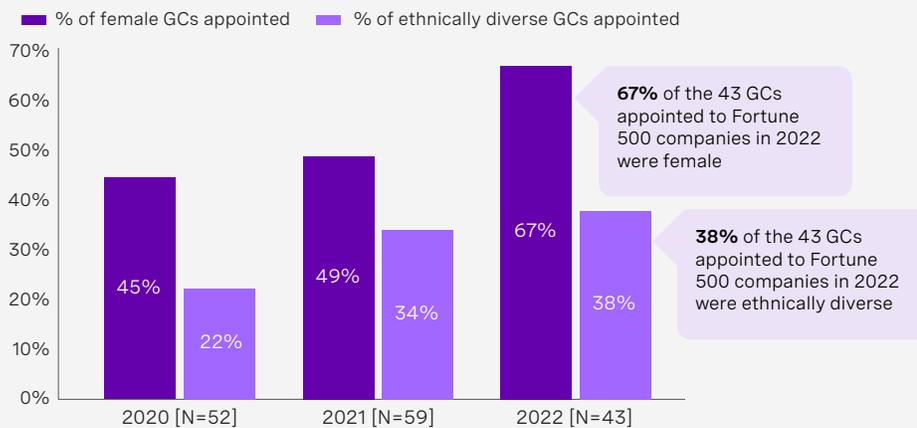
- This analysis is based on Fortune 500 general counsel route to the top data as of December 31, 2022, and includes 487 GCs
- The cohort covers all sectors, including Consumer (20%), Financial Services (20%), Healthcare (9%), Industrial and Natural Resources (38%) and Technology (13%)
- The cohort is 39% female and 20% ethnically diverse
- Note: Determination of whether a particular GC qualified as ethnically diverse was based on publicly available information, including, without limitation, trade journals, press releases and news reports that reference the ethnicity of the individual

While gender and ethnic diversity over the past few years has been promising, diverse legal leaders continue to face several barriers in their route to the top legal job. While CEOs and CHROs continue to refine C-suite succession, there is a lot that they, along with GCs developing their own successors, can examine further.

Our third annual report analyzing the Fortune 500 general counsel cohort aims to:

1. Illustrate bright spots and areas for improvement in the diversity of Fortune 500 GCs
2. Reveal companies' preference for GCs with prior experience in the role and industry, and how such criteria may hinder the development of internal successors as well as limit the diversity of potential candidates
3. Uncover strategies to address these issues

#### General counsel turnover and composition over the last three years



Source: Russell Reynolds Associates analysis of Fortune 500 General Counsels, 2023

# Overview of the diversity and experiences of Fortune 500 GCs

## Snapshot of the general counsel cohort

### Diversity

39% 20%

Women

Ethnically diverse

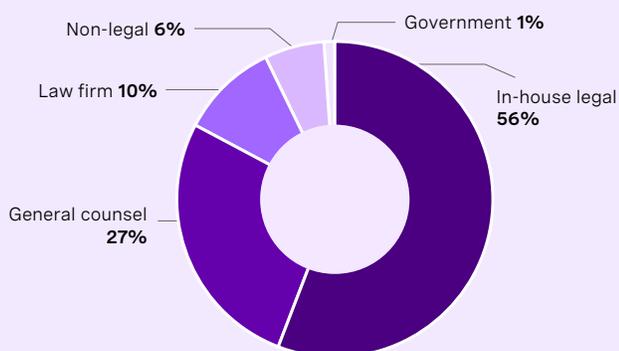
### Role structure

36% 62%

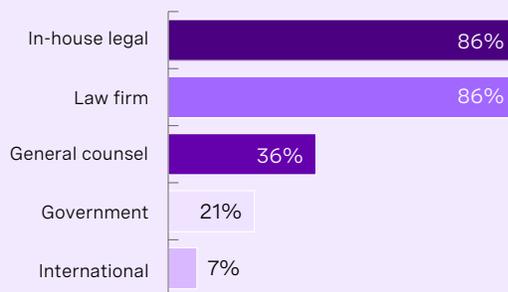
Have compliance responsibility

Have corporate secretary responsibility

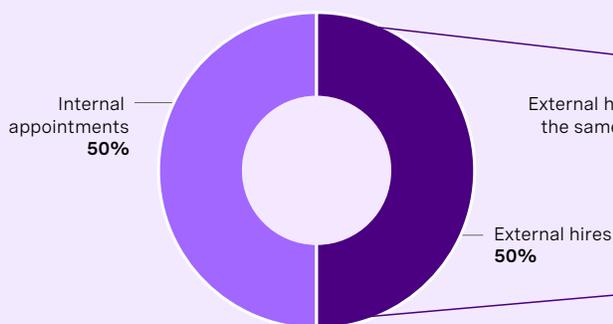
### Immediately prior roles



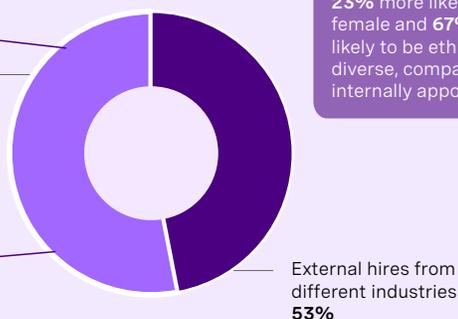
### Key foundational experiences



### Half of the cohort is externally appointed to the GC role



### 47% of externally appointed GCs have prior industry experience



Externally hired GCs are 23% more likely to be female and 67% more likely to be ethnically diverse, compared to internally appointed GCs

### Education

35%

Have a JD from a top 10 US law school

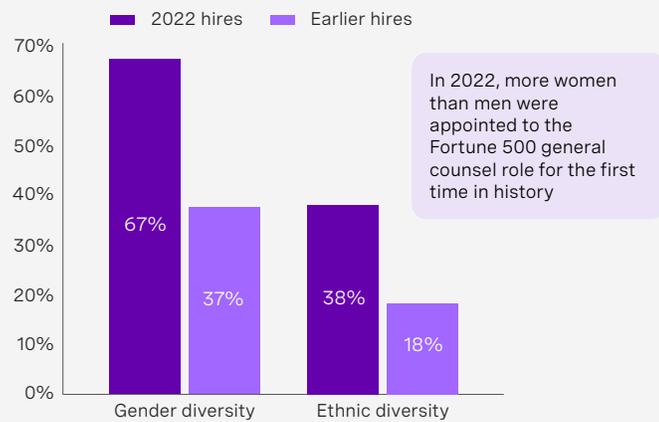
17%

Have an Ivy League undergraduate degree

# Fast facts about GCs appointed in 2022

**More women than men were appointed to the Fortune 500 general counsel role for the first time in history.** 38% of appointed GCs were ethnically diverse for the first time in history. This was an increase of 12% over 2021, which was already a high water mark at 34% of appointments.

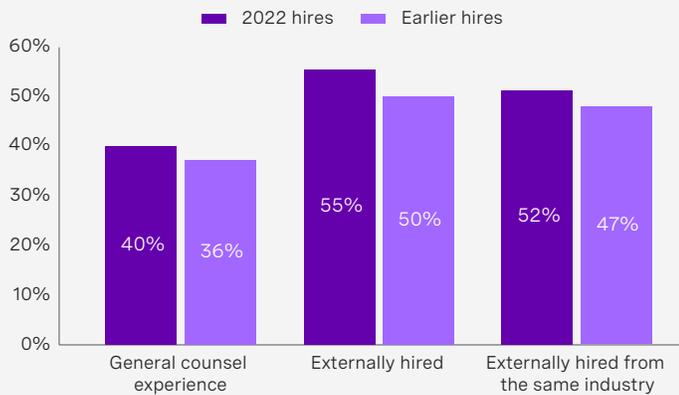
## 2022 hires were more diverse than ever before



## Compliance responsibilities moved out from under the GC role in 2022, while corporate secretary remained largely consistent



## 2022 saw more seasoned GCs, who are outsiders with industry experience, take the top job



# Overview of differences by industry

	Consumer	Financial Services	Healthcare	Industrials	Technology
<b>Diversity</b>					
Gender diversity	50%	33%	35%	39%	32%
Ethnic diversity	24%	16%	23%	18%	22%
<b>Role definition</b>					
Includes compliance	40%	19%	9%	52%	29%
Includes corporate secretary	73%	49%	58%	63%	63%
<b>Key prior experiences</b>					
General counsel	40%	34%	44%	31%	42%
Industry experience when externally hired	42%	48%	69%	49%	34%
<b>Churn in the last 5 years</b>					
	58%	51%	58%	60%	57%
<b>Externally hired</b>					
	54%	51%	60%	44%	49%
<b>Key takeaways</b>					
	<ul style="list-style-type: none"> <li>Reached gender parity and highest levels of ethnic diversity</li> <li>With less heavy regulation, role frequently includes compliance and corporate secretary</li> <li>Moderate emphasis on GC or sector experience</li> </ul>	<ul style="list-style-type: none"> <li>Lowest levels of ethnic and gender diversity</li> <li>Low likelihood to have compliance and moderately likely to have corporate secretary</li> <li>Priority on sector over GC experience</li> <li>At 51%, lowest turnover in last 5 years</li> </ul>	<ul style="list-style-type: none"> <li>Greater progress with ethnic than gender diversity</li> <li>Least likely to include compliance in remit but highly likely to have corporate secretary</li> <li>Most likely to be a seasoned GC with sector experience given heavy and specific regulatory pressure</li> <li>Given pressure on sector and GC experience, most likely to have been externally hired</li> </ul>	<ul style="list-style-type: none"> <li>Highest turnover with the most roles going to internal successors and lowest emphasis on GC experience, likely reflecting commercial and operational focus of role</li> <li>Most likely to include compliance in role and highly likely to include corporate secretary</li> <li>Among the lowest in terms of ethnic diversity with better than average gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>Lowest level of gender diversity</li> <li>Greater emphasis on experienced GCs and less on sector experience</li> <li><a href="#">Premium placed on government experience;</a> 1/3 have this skillset, which is the highest across sectors</li> </ul>

# Barriers to diversity among Fortune 500 general counsels

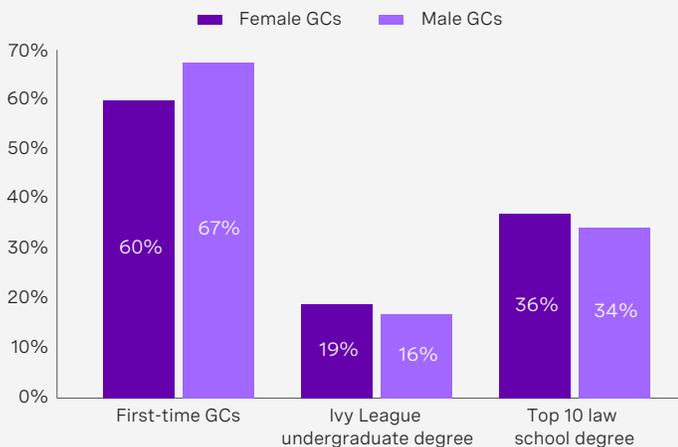
While gender and ethnic diversity among GCs at Fortune 500 companies has improved over the years, diverse leaders continue to face a higher bar, as explained in our [flagship Fortune 500 general counsel report](#) published in 2021. Additionally, tough market conditions that allow no time for learning on the job leave companies wanting leaders with prior GC or sector experience. This creates a situation where diverse talent may be overlooked.

## 1. Higher bar for gender and ethnically diverse hires

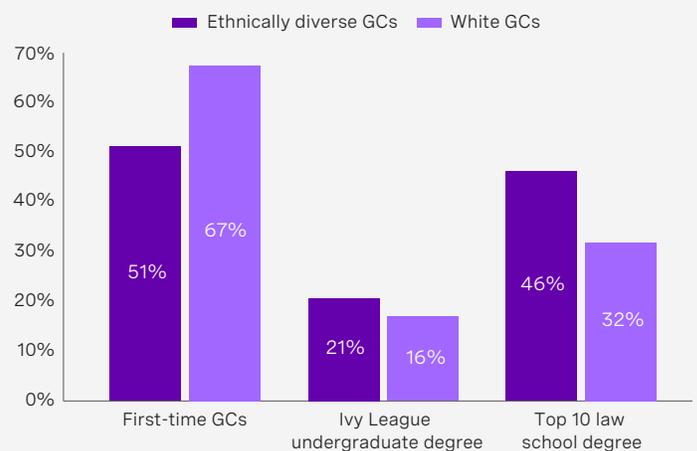
Female legal executives below the GC level are less likely to get the opportunity to step into the top legal job compared to their male counterparts. 67% of male GCs are first timers in the role, vs. only 60% of female GCs. When appointed, female GCs have stronger educational credentials—they are more likely to have Ivy League undergraduate degrees, and come from one of the top 10 US law schools, compared to male GCs.

Similarly, ethnically diverse legal executives below the GC level face more stringent standards from companies. Only 51% of ethnically diverse GCs (EDGCs) are first timers in their roles, compared to 67% of white GCs. This is, once again, despite having stronger academic backgrounds.

Higher bar for female GCs at Fortune 500 companies



Higher bar for ethnically diverse GCs at Fortune 500 companies



Source: Russell Reynolds Associates analysis of Fortune 500 General Counsels, 2023 (N=487)

## 2. An increasing preference for experience in the GC role

The Covid-19 pandemic, followed by reinvigorated social justice movements, geopolitical crises and significant economic uncertainty, has made the job of the GC ever more complex. GCs hit the ground running from day one, navigating fast-changing regulatory environments. It is not surprising then, that only 56% of GCs appointed post the start of the pandemic (March 2020) are first-timers in the job, compared to 67% of those appointed pre-pandemic.

Such a preference, while grounded in practicality, slows down progress towards diversity goals. Companies looking solely for seasoned GCs could also overlook qualified talent who are ready to step up into the top job.

### Stronger preference for seasoned GCs post the start of the Covid-19 pandemic (March 2020)



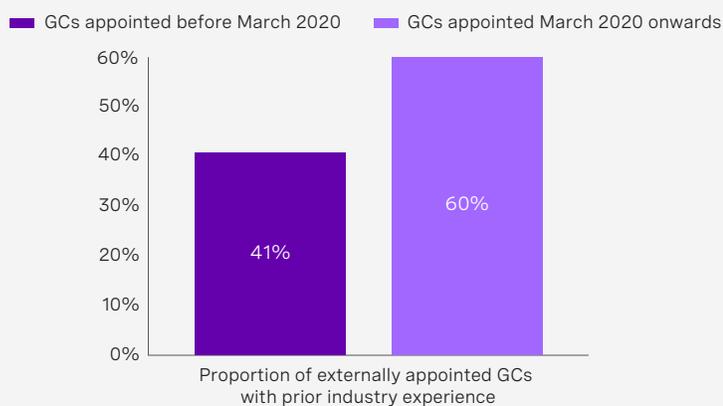
Source: Russell Reynolds Associates analysis of Fortune 500 General Counsels, 2023 (N=487)

## 3. A stronger desire for industry experience

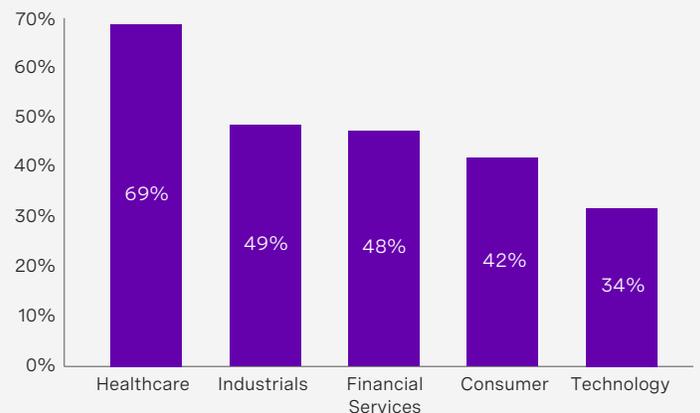
GCs with prior experience in a sector are able to quickly understand their company's regulatory environment and hit the ground running. In a tough business environment where most leaders have little time to learn the job, and particularly in highly regulated sectors, sector experience continues to be an important consideration.

Preference for industry experience varies greatly depending on the industry in question. Healthcare has a strong preference for GCs with prior industry experience, whereas the technology sector is more open to GCs with experience across other sectors, especially when trading this off for government experience, as shown in our [recent report on the profile of high growth technology GCs](#).

### Stronger preference for GCs with industry experience post the start of the Covid-19 pandemic (March 2020)



### Preference for GCs with industry experience by industry



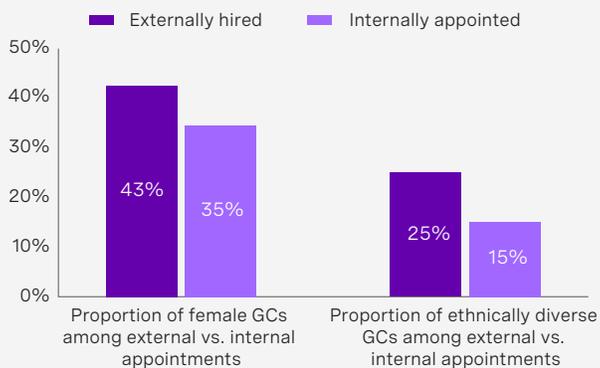
Source: Russell Reynolds Associates analysis of Fortune 500 General Counsels, 2023



#### 4. Slower diversity progress for internally promoted GCs

Fortune 500 companies have struggled to promote women and ethnically diverse lawyers from within at the same rate as which they have recruited them externally. There are a variety of root causes for this. The most forward-thinking companies are fast-tracking their way to [Diversity, Equity and Inclusion \(DE&I\) maturity](#) by increasing leadership accountability to the success of DE&I efforts; developing leaders who role model inclusive behaviors and translate DE&I goals into daily practices; and ensuring diverse representation at the highest levels of the organization, as well as in the hiring process. Many are [scoping great talent in](#) by ensuring diverse in-house hiring teams, interviewing for competencies vs. solely checking the box on experiences, and assessing candidates on shared values, rather than the vague concept of “culture fit” to tackle affinity and confirmation bias. They are also focused on internal executive development, including mentorship and sponsorship, of next-generation legal talent.

#### Fortune 500 companies tend to look externally for diverse talent



# Looking ahead

We noted several best practices for general counsel succession in our [flagship](#) and [second](#) annual reports analyzing the experiences and diversity of Fortune 500 GCs.

## **Advice for leaders before, during and after a GC succession process**

- 1. Bolster internal executive development by starting early**
- 2. Manage an inclusive and equitable external search process**
- 3. Commit to building a more inclusive organizational culture that supports both development and hiring efforts**
- 4. Be aware of the advantages and risks new general counsels bring, whether promoted internally or hired externally, and accordingly de-risk them**

Executive appointments always introduce a level of risk to organizations. In challenging macroeconomic and geopolitical environments, tolerance for potential failure—and willingness to invest in stretch candidates—gets reduced. As a result, companies will revert to what seems lower risk: an experienced GC with industry experience and a demonstrated track record of success. This preference, while

grounded in market realities, creates fewer opportunities for next-generation talent, who may begin to look externally if not given opportunities to step up into C-suite roles.

The most forward-thinking leaders will keep this in mind and address it proactively, even if they still prefer to hire seasoned GCs with sector experience. They may consider creating expanded roles for the experienced GCs such as the addition of ESG strategy, P&L ownership, government affairs, communications, or other areas that play to the strengths of accomplished GCs. This would make the role more attractive to experienced GCs looking to expand their impact, as well as to gain experience and demonstrate capability as a broad enterprise leader to position themselves for corporate boards in the future. It simultaneously creates opportunities for ready-now, next-generation GCs to own the legal function and gain board and executive exposure in a structure where they report to a leader with a broader role encompassing legal and other functions.

In today's market and talent landscape, companies that attract and engage experienced executives who can hit the ground running—while also developing and retaining a strong bench of next generation talent—will come out ahead.

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# About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory firm. Our 600+ consultants in 47 offices work with public, private, and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic, sustainability, and political trends that are reshaping the global business environment. From helping boards with their structure, culture, and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led.

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