

what we heard

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# General Counsel Roundtable – Hong Kong, Shanghai, Beijing

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*April 11-13, 2017*

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In April 2017 Egon Zehnder brought together a notable group of General Counsels and Legal/ Compliance Heads in Hong Kong, Shanghai and Beijing to discuss the challenges and opportunities facing GCs in Greater China. Several themes emerged during the roundtable events—themes that are relevant to any GCs in the region.

### Talent: Retention of Millennials

Retaining high potential young talent inside the legal function is a huge challenge for all GCs. For starters, it is challenging to create a fast career progression in a typically flat legal function. Making things more complicated is the boom of local startups and aggressive PE & VC players in the Greater China market with the ability to lure away top legal talent.

Many of the GCs in our group are actively seeking advice on how to motivate and retain this generation. Millennials value training and development and they want to be seen and led as individuals. They tend to expect instantaneous and on-going recognition and rapid career progression. While some GCs stress the need for young legal professionals to learn the ropes through apprenticeship and discourage opportunistic career movers, others are experimenting with different leadership styles to connect with millennials and build an emotional bond with them.

At the meetings, GCs cited three strategies that they are using to develop and retain young legal talent:

- Providing an increasing scope of responsibilities to develop junior team members
- Providing opportunities to rotate to headquarters or other regions; moving millennials ‘around’ instead of ‘up’ to keep them from being bored
- Creating an environment and culture of autonomy, empowerment and flexibility

### Constant Disruption

Most GCs have mentioned that their companies are going through massive business transformation in Greater China, where e-commerce and the Internet of Things are revolutionizing market behaviors. Today’s legal counsels must commit time and resources to learn the various commercial and operational aspects of the enterprise and contribute to business discussions that go beyond traditional legal responsibilities, such as government affairs, corporate communications and global M&A.

China’s SOEs (State Owned Enterprises) and local Chinese firms involved in overseas M&A are seeking seasoned GCs and legal executives to advise their operations in foreign countries. This points to increasing demand for senior legal professionals in the next few years.

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### Cyber Security and Data Privacy

In our discussions, it was clear that the legal professions need to develop a proactive strategy and response to the emerging waves of risk and technology driven change. GCs reported concern about ambiguity in local laws and regulations around cyber security and data privacy - which is complicated further by the speed of change in the digital space. Some firms turn to local law firms who specialize in cyber security, while others leverage their global legal function to share knowledge and experiences. The ability to engage and influence local government on the development of more sophisticated legal systems and frameworks is an increasingly critical skill for GCs in China.

### Compliance: Still Top of Mind

Some of the other themes discussed at the roundtables included anti-corruption efforts, compliance, reputation risk, heightened regulatory scrutiny and shareholder activism. In an increasingly VUCA world (volatile, uncertain, complex, ambiguous) that we are facing, GCs need to stay current on all the dynamic changes and ensure their legal & compliance teams are equipped to respond effectively.

Overall, compliance is still the most significant challenge for most GCs, and the scarcity of high caliber compliance talent keeps our GCs awake at night. An increasing demand for compliance professionals has been observed across all industries in major global markets including the US, Europe and the Middle East. The Asia-Pacific region is no exception.

Given the ambiguity of local laws, the ongoing development of regulations and legal systems, and heightened anticorruption regulations, big corporations in Greater China need compliance officers with extensive experience and relevant degrees. Some GCs think of the compliance function as a potential career path for in-house lawyers. Indeed, the chief compliance officer role in large corporations could help legal professionals gain the experience necessary to land a General Counsel role in the future.

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