

Benefits of Hiring Outside General Counsel: Part 1 - Efficiencies

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Marisol Giletto

Businesses often reach a point in their growth cycle when they start to consider the necessity for legal counsel. As the organization grows, the company starts to encounter more and more legal issues. For instance, the company may have a higher volume of contracts or it may realize that the contract forms it has been using don't address issues they have encountered; the company may need to explore financing options; the company may purchase real estate or expand operations; or the company may have issues related to hiring and terminating employees. When, as is true for many businesses, hiring a dedicated in-house counsel is not a practical or cost-effective solution, the organization should consider engaging an outside general counsel with the knowledge and experience to provide assistance with a variety of legal and business matters. Often such engagements begin on an as-needed basis to work with your business and meet specific legal needs, but the best such relationships with outside general counsel will often expand over time to encompass a more generalized counseling role.

This five-part series will discuss the advantage of engaging outside legal counsel for your business. The series is segmented into the following topics: (1) Efficiencies of Outside General Counsel; (2) Getting a Broader Perspective; (3) Cost Effectiveness; (4) Outside General Counsel as a Trusted Advisor, and (5) Outside General Counsel as a Relationship Manager. This segment focuses on the efficiencies of outside general counsel.

Efficiencies of Outside General Counsel

A cost of business growth usually includes an increase in the number and sophistication of legal issues your organization encounters. As smaller organizations grow, the business owner or an upper level manager typically manages the legal issues that arise, while still handling all of their other responsibilities for the business. The inability to dedicate sufficient time and attention to legal matters can lead to missed deadlines and other mistakes that can be very costly to the company. Even if the designated employee is a lawyer, he or she is likely to be presented with legal issues outside his/her legal experience. Your organization will save valuable resources and time by engaging an experienced attorney or law firm that routinely encounters and resolves the kinds of legal issues that your business is likely to face, while leaving you and your management team free to devote their time and attention to the growth of the business.

Sometimes a business will engage an attorney for one-time needs (*i.e.*, an employment attorney for an employee issue, a corporate attorney to review loan documents, etc.) However, managing each of these attorneys and the issues for which they were hired can also become cumbersome as the number of ongoing legal matters increases. Hiring a full-service business law firm as general counsel provides your organization with a "one-stop shop" for all your legal needs because the firm will have attorneys who practice in all of the legal areas that are most likely to be applicable to your business. Even if the law firm does not have a specific expertise, it can serve as the coordinator for other lawyers who do. Utilizing an outside general

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counsel allows you interface with one attorney to handle all your legal matters and streamline the management of lawyers.

If you have questions hiring outside counsel for your business, please contact Mariel Gilletto, corporate shareholder, at mariel.gilletto@flastergreenberg.com or (856) 382.2206.