

The Definitive Playbook for Building Legal Departments at Growth Companies

How flexible resourcing drives
smarter budgeting and better
legal outcomes



► Introduction

Even in a volatile economic environment, there are many small- to mid-market companies experiencing growth, and many anticipating a hyper-growth trajectory. The legal department is a critical function for supporting scaling efforts.

The in-house team plays a central role in driving product launches and navigating their contractual and IP nuances, negotiating merger activity, complying with regulatory measures, and addressing the labor and employment issues that are tied to growth and complicated by a post-pandemic hybrid workforce. The legal department is further tasked with handling all the business-as-usual legal matters, which have only ballooned in volume, frequency, and complexity.

The strategic, risk mitigation, and specialty demands placed on GCs are enormous, while their corresponding budgets and teams are not.

The question is this:

How can growth company GCs build the legal teams they need, but can't afford to hire through traditional channels?

The answer is flexible resourcing. GCs can establish agile legal departments with lean full-time teams to provide managerial scale and handle core competency work. This leaner team can then be supported almost entirely by a bench of trusted, on-demand lawyers for as-needed expertise, workload surges, and ongoing matters. By leveraging this model, legal leaders can build the sustainable, cost-efficient, high-performing teams they require in order to serve as strategic counselors to the business, while elevating and scaling their department's capabilities and bandwidth.

The paper that follows is a playbook for implementing smart budgeting practices to architect the high-performing, agile legal department that growth companies now require.

It covers:

- ▶ Growth-Stage Company GC Pain Points
- ▶ How to Address Pain Points, Minimize Costs, and Empower GCs
- ▶ A Growth-Stage Legal Department Case Study: By Axiom, for Axiom
- ▶ The Playbook: 3 Steps for Building an Agile Legal Pilot within a Growth Company

► Growth-Stage Company GC Pain Points

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“It became apparent that to operate at the level our business required of me, and that I demanded of myself, our team structure and model would need to change.”

High-growth companies not only move fast, they must also pivot quickly – a dynamic that has enormous consequences for the legal team.

Expertise Ebbs and Flows:

The expertise required for a product launch last month is not the same as that required to address employment issues now, nor will it be the same to resolve the data privacy issues of the hybrid workforce tomorrow. Hiring permanent headcount often only addresses past and current legal needs, and can fail to anticipate the needs and challenges of an evolving business. While all legal teams, in both large and small companies, face a similar set and breadth of issues, growth companies do not have the same depth of resources to tackle emerging issues requiring specialist attention.

Employment Compromises:

Growth companies' legal budgets are smaller, pressuring GCs to keep their departments lean and do more with less. These GCs must make forced compromises. Should they spend their limited budget on the specialists they need for distinct, but critical, initiatives? Or should they hire the generalists they require for ongoing BAU matters and law firm management? The former will never be fully utilized, and the latter will never possess the breadth of utility to address all expertise concerns.

Executive Entanglement:

GCs at growth companies often spend their time one of two ways: entrenched in the daily routine of ongoing commercial legal matters, or entangled in the yeoman's work of managing outside counsel. While law firms are an important, if expensive, part of the enterprise legal paradigm, they don't provide the resource lift legal leaders need. As they are not embedded in the enterprise, GCs must educate outside counsel about their specific business needs, and then translate their advice to business partners. In-house counsel must also ensure that said advice not only is sensible in the abstract, but aligns to the specific issue with which they are dealing and for which they will be held accountable. All of this adds greater pressure to GCs, who often find themselves managing – and herding – an ever-spreading network of outside advisors.



► Addressing Pain Points, Minimizing Costs, Empowering GCs

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“With flexible legal talent, you get access to a new type of support – advice from specialists who are embedded with your colleagues.”

GCs at growth companies can pursue a flexible, creative model for legal resourcing that enables them to be budget-conscious while also matching the right lawyer to their current legal need. Simply said, they must realize they have options now: They can look beyond the dichotomy of sending work to a law firm, or making a permanent headcount hire.

Agile legal departments, with a lean full-time team supplemented with flexible talent, is the higher standard model. It can:

Address the Ebbs and Flows:

Flexible teams can provide the support of highly qualified, commercial-ready experts for areas of greatest current need, without the expense and risk of a full-time hire. GCs can strategically spread resources across multiple practice areas, and match their deployment to the initiatives that need the most attention or the risks that need the most mitigation.

Resolve the Compromises:

By employing a lean legal team of trusted lieutenants, growth companies can leverage the benefits of both the needed full-time generalists and the expertise of flexible on-demand lawyers for ongoing or discrete legal matters and projects. This approach also provides the team with a layer of core employees who can provide managerial scale and handle core competency work, while being effectively supported by a bench of trusted on-demand lawyers who work more efficiently than outside counsel because they operate as an extension of the in-house team.

Disentangle Leadership:

The combination of a core team who can manage external counsel, and the flexible layer of lawyers who can provide specialist and ongoing support, equips GCs with the foundation to elevate their roles. GCs who employ this approach are empowered to serve as strategic counselors to their C-suite peers, and to focus on the legal strategy that will accelerate growth and help achieve corporate objectives.



Building an agile, high-performing legal team does more than just resolve legal pain points – it enables smarter, more effective budgeting, making every dollar count. At growth companies, GCs must deploy their buying power efficiently and demonstrate the value of their spend. While cost alone will never be the yardstick by which GCs measure departmental contribution, progress, or performance, true legal value includes the optimization of spend.

► **Employing Smarter Budgeting**

When it comes to effectively allocating the legal budget, the question for GCs at growth companies should be how to spend right, not less. They must analyze how they are allocating their budget and what they receive for it. Simply stated, they must look at how many hours of legal advice their spend actually buys.

► **Understanding Full-Time Talent Costs**

Building a high-performance legal department requires an understanding of the cost structures of both full-time employees and flexible lawyers. Salary and bonuses alone are a woefully insufficient measure of cost per permanent legal hire, leaving many GCs in the dark on this metric. Employing a permanent lawyer involves a host of variables in addition to salary and bonuses, including equity-related costs, benefits and taxes, bar association fees, facilities and related overhead costs, training and development expenses, hiring and recruiting, exit spend, and more. Other factors such as geographic region, industry experience, tenure, and practice area specialty also substantively influence spend per lawyer. Instead of comparing a single full-time hire to a single flexible resource, GCs should reimagine the cost of an employee as a bucket of additional budget. That budget can be used more efficiently on a single flexible lawyer, or it can be effectively divided and deployed across multiple on-demand lawyers to address numerous workstreams and sub-specialty needs. Once they have a sense of how the legal department budget is being spent, GCs can then explore how to shift spend to support flexible, specialized talent, and regularly re-evaluate their budget as needs and priorities change.

► **Demonstrating Strategic Leadership**

GCs can also embrace and involve their C-suite peers in this effort. They can collaborate on a long-term plan or a discrete pilot project that supports flexible and ad hoc needs with company leadership (particularly the CFO) to demonstrate how smarter legal buying leads to stronger risk management and better legal outcomes for a growth-oriented enterprise.



► A Growth-Stage Legal Department Case Study: By Axiom, for Axiom

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“I am a growth company CLO. I have walked in your shoes and am talking to you as a peer, not a provider.”

As the Chief Legal Officer at Axiom, Catherine Kemnitz relies on flexible legal talent to access specialized expertise. Working with on-demand talent has enabled her to serve as a strategic ally to the other members of the Executive Leadership Team, and saved Axiom over \$2 million annually over the cost of hiring a law firm.

The Challenge

As the CLO of a high-growth, mid-market company, Kemnitz needed specialized support for specific labor and employment, privacy, and product matters, but did not have the budget or volume of work to warrant a full-time hire in each area. These matters were fluctuating and unpredictable, and some of them, specifically those related to labor and employment, needed to be handled immediately, disrupting her workflow and impacting her ability to serve as strategic advisor to the business. In addition, managing outside counsel was proving burdensomely time-consuming, particularly considering the additional business context Kemnitz needed to provide outside lawyers.

The Solution

Build an agile legal department leveraging Axiom's own on-demand expert talent. Kemnitz focused on finding the right flexible lawyers who had the right expertise and experience to match Axiom's acute and emerging legal spikes, without requiring full-time engagement. As a first step, she retained two Axiom L&E lawyers with both in-house and law firm experience, who began handling employee relations matters immediately, while quickly and seamlessly learning the ins and outs of Axiom's business. Each was engaged on a part-time basis, one handling US-based issues, and one tackling international matters. She then engaged specialist Axiom lawyers in product counsel, followed by privacy support.

The Result

Working with flexible talent enables Kemnitz to more effectively utilize her resources and ensure that how she is spending her budget, building the legal department, and allocating work strategically maps to Axiom's business needs and priorities. With respect to budget, this approach provides Axiom with five times more legal support per dollar spent, compared to working with a law firm. It also affords Kemnitz the opportunity to continuously reevaluate her spend as business and legal needs change. Employing flexible talent on an as-needed basis is also driving efficiency in Axiom's use of outside counsel, as Kemnitz relies on law firms not for entire legal matters, but for specific questions informed by the new lawyers on her team. Finally, building a lean in-house team and leveraging flexible talent for specialized matters is empowering Kemnitz to be the partner to the executive team she was hired to be, and to focus on the work she finds most strategic, rewarding and impactful.

Axiom Spend Case Study

LAWYER CATEGORY	Q1 OUTSIDE COUNSEL SPEND	OUTSIDE COUNSEL HOURS	Q1 AXIOM LAWYERS SPEND	AXIOM LAWYERS RATE (BLENDED)	AXIOM LAWYERS HOURS
Axiom Attorney			\$75,025	\$185	406
Axiom Attorney			\$50,435	\$185	273
Axiom Attorney			\$21,877	\$185	118
Axiom Attorney			\$1,612	\$185	9
Axiom Attorney			\$11,500	\$185	62
Outside Counsel	\$55,313	69			
Outside Counsel	\$50,838	64			
Outside Counsel	\$11,126	14			
Outside Counsel	\$10,430	13			
Outside Counsel	\$10,828	14			
Outside Counsel	\$9,860	12			
\$148,395		185	\$160,449		867
<i>Assumes Blended Rate of \$800</i>					

Driving Enhanced Cost Savings Relative to Law Firms

Annualized Axiom Cost	\$641,797
Annualized Law Firm Costs	\$2,775,340
Axiom-Driven Savings	\$2,133,543

Building Better Buying Power Relative to Full-Time Hires

For Axiom's Annualized Legal Department Costs, You Can:

Hire 2 Generalist FTEs
\$700,000 fixed costs (minimum)

or Get the Expert Talent You Really Need to Address Your Current Legal Matters
A "bucket" of 3,469 hours at your disposal to distribute effectively and efficiently across specialized, on-demand legal expertise: L&E, Privacy, IP, etc.

► The Playbook: 3 Steps for Building an Agile Legal Pilot Within Your Growth Company

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“I am a growth company CLO. I have walked in your shoes and am talking to you as a peer, not a provider.”

Growth companies are experimental and iterative by nature. Growth company GCs interested in building agile legal departments can trial pilot programs that allow experimentation, while still mitigating against any perceived risks. Building a flexible talent pilot involves three steps:

STEP 1

Identify Positions Primed for Flexible Talent

- Review the internal legal organization chart
- Identify which open positions are “core-critical,” requiring embedded subject matter expertise and institutional knowledge
- Identify open positions that are well-suited for flexible talent:
 1. A second-level need for a competency that already exists within the full-time team
 2. Unexpected demand for critical, but not continuous, expertise
 3. A new initiative, project, or transaction requiring a surge in support
 4. Open positions that have not otherwise been labeled core-critical

STEP 2

Design the Appropriate Pilot Program for Enterprise Success

- Consider the best executive for pilot ownership, given the specific enterprise environment:
 1. A pilot owned autonomously by the GC
 2. A co-sponsored initiative with the CFO
- Communicate the intent of the pilot to stakeholders, so they become co-advocates of the initiative
- Carve out a budget dedicated to hiring flexible talent: If working with the CFO, ensure that the budget allocated to the pilot will be returned to the legal department for general spend, regardless of the outcome of the initiative. Design a pilot that does not fiscally penalize experimentation, but instead rewards it with additional investment if successful
- Commit to a specific time, investment, and funding plan: Legal will invest in flexible talent for the next “X” non-core-critical open hires over “X” period of time. Transfer a portion of law firm spend to help fund the pilot
- Calculate success: Develop and measure pilot outcomes against defined KPIs

STEP 3**Engage the
Right External
Partner**

- Contact Axiom for support, consultation, and assistance building and executing your pilot program
- Axiom offers guidance on how to:
 1. Identify positions and legal matters best primed for flexible talent success
 2. Scope and design the pilot program for growth-stage companies
 3. Create a budgetary framework: Leverage our Real Cost Calculator to compare costs between flexible and full-time in-house lawyers for specific open positions
 4. Establish benchmark KPIs beyond cost, to measure pilot results
 5. Access the right flexible talent for your specific pilot needs

To hear more from Catherine Kemnitz, watch our webinar [How to Build the Legal Team You Can't Afford to Hire](#) on demand. To work with the global leader in high-caliber and diverse legal talent and to start building an agile, high-performing legal team for your growth-stage company, reach out to Axiom today.

About Axiom:

Axiom, the global leader in high-caliber, on-demand legal talent, is innovating the way legal teams and lawyers work. Axiom enables clients to access over 5,800 talented lawyers through a curated platform and build more dynamic teams to drive better business outcomes. Axiom is deeply committed to diversity and prides itself on having one of the most diverse employee populations in the industry. Axiom works with over half of the Fortune 100 companies, and currently operates in North America, the U.K., Continental Europe, and Asia Pacific.

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