



How Flexible Talent Can Rescue Legal Departments from the **Great Resignation.**

Three simple steps for immediately
integrating on-demand talent into
your legal team.



HIGHER
STANDARDS
WELCOME

► Introduction

The media is calling it the “Great Resignation.” Between April and September 2021, more than 24 million employees left their jobs, an all-time record. More recent data indicates the trend is continuing at a similarly accelerated pace.¹

Economists are calling it the “Great Upgrade,”² arguing that the current workforce dynamics are less about quitting, and more about workers finding “better” jobs. Data from the Economic Policy Institute, which shows that hiring actually exceeds quitting ratios in almost all sectors, would substantiate that theory and the related nomenclature.

As it pertains to legal, we’re calling it the “Great Reflection.”

We’re not seeing lawyers question whether or not to continue the practice of law, but rather reflect on how, why, where, and for whom they practice it. As a result, workplace movement and turnover for lawyers reached new heights toward the end of 2021.

These shifts shouldn’t come as a surprise. Employees’ priorities and goals have evolved into something radically different from their pre-pandemic aspirations. Like other workers, lawyers are rejecting workplaces, practices, and remuneration that don’t align with their personal goals.

The pandemic taught the world that flexibility in how we work is essential and meaningful. The Great Reflection is now teaching us that flexibility is more than just whether lawyers are remote or onsite. The sum total of career reflection, and the related desire for flexibility and autonomy, goes well beyond where lawyers sit in



What does this mean for in-house teams?

It means more lawyers are going to leave for greener pastures (whatever “greener” means to them).

Call it a resignation, an upgrade, or a reflection, but workforce dynamics will continue to hit in-house leaders hard. Talented lawyers will leave. Finding experienced, high-caliber replacement lawyers will be harder and harder for most companies and, in some cases, their salary demands will be much higher.

1. US Bureau of Labor Statistics: <https://www.bls.gov/news.release/jolts.nr0.htm>

2. Forbes Article: <https://www.forbes.com/sites/richardmcahey/2022/01/20/a-great-upgrade-not-a-great-resignation-workers-quit-for-new-and-often-better-jobs/?sh=7536cd306eac>

their chairs. Legal professionals of all stripes are rethinking what they work on, who they work with, how busy they want to be, and what their schedule look like. They're reconsidering how much life they want to sacrifice for money. They're taking harder and longer looks at the ethos of the organizations that employ them.

The paper that follows examines the Great Resignation's impact on in-house hiring. It argues that the legal industry's current economics and resourcing shortages will usher in a new era of flexible talent.

In doing so, the paper explores:

1

The True Costs of the Great Reflection and Resignation

- In-House Hiring Hurdles
- Increasingly Expensive External Interim Options

2

The Era of Flexible Talent

- Building Modern Departments with Blended Fixed/Flexible Teams
- Comparing the Cost Structures of Fixed and Flexible Lawyers

3

More than Money: How Flexible Talent Optimizes Risk and People Management

- Risk Management
- People Management

Finally, the report also provides a playbook for how legal leaders can immediately incorporate flexible, on-demand talent into their teams with three simple steps.

▶ The True Costs of the Great Reflection and Resignation

IN-HOUSE HIRING HURDLES

2021 saw unprecedented levels of attorney movement,³ including record levels of attorney exits to firms, in-house roles, or additional non-law firm positions.

Every exit comes at a significant cost to the employing organization. First, there is the loss of a resource and a capable member of the team to handle a portion of the aggregate workload and/or required expertise. There is also the loss of knowledge capital. Every resource who leaves an organization takes with them historical knowledge of the business, its culture, and its processes, potentially leaving critical knowledge gaps in the organization.

The hole the departing lawyer leaves must be somehow filled. Even in normal circumstances, that replacement takes both time and energy. Data suggests that it typically takes over six weeks to fill an open legal position, and 11 weeks to fill one at the managerial level.⁴

But we're not in normal circumstances – we're in an open war for talent. Legal recruiters say we have transitioned from the “robust” employment market that marked the pre-pandemic industry to a market that is “off the charts.”⁵ Demand, particularly for seasoned in-house attorneys, has outstripped supply, which in turn means it's taking much longer to find talent.

Once found, it's also taking longer to fill open seats. Qualified candidates fielding multiple offers are extending the negotiating process by weeks or months. Even once an offer is accepted, legal leaders need to consider the time it will take to accommodate a notice period at the candidate's current employer.

Then there's the actual cost of the hire. Over the past few years, industry dynamics have shifted toward bringing more work in-house, in an attempt to save money and mitigate expensive Big Law fees. But given the number of open positions, in-house recruiters must now compete with law firms for talent, particularly at the associate level, where firms have been aggressively increasing compensation.⁶ Therefore, in-house legal leaders must contend with the bonuses and perks, counteroffers, and accelerated promotion schedules law firms are offering talented lawyers in an attempt to retain them.

The bottom line? It's more expensive to hire in-house.

3. Leopard Solutions Article: <https://www.leopardsolutions.com/index.php/in-the-news/lawyer-movement-continues-to-rise-at-unprecedented-rates-in-2021/>

4. Survey: <https://mbchamber.mb.ca/2011/08/03/it-takes-average-of-six-to-eight-weeks-to-fill-open-positions-in-the-legal-field-robert-half-survey/>

5. BC Law Article: <https://bclawcareers.org/2021/11/30/tight-job-market-puts-law-firms-in-scramble-for-talent/>

6. Leopard Solutions Article: <https://www.leopardsolutions.com/index.php/in-the-news/lawyer-movement-continues-to-rise-at-unprecedented-rates-in-2021/>

INCREASINGLY EXPENSIVE EXTERNAL INTERIM OPTIONS

Historically, many in-house teams turned to outside counsel as an interim stopgap to offload work while looking to replace a departing lawyer. It's always been an expensive option, but it's one that has only grown more expensive: Law.com recently reported that many law firms are planning to raise rates by 5-10% in 2022,⁷ with some anticipating even greater increases, on top of similar rate increases in the prior year.

Even if in-house leaders are willing to stomach these price increases, there are still no assurances they can find a law firm with an available bench to handle their overflow work.

ACCORDING TO THE SAME LAW.COM REPORT:

“

“Law firms just don’t have enough folks to go around and pick up all of the commercial work that’s floating around... because everyone is looking to hire the same people.”⁸

► The Era of Flexible Talent

BUILDING MODERN DEPARTMENTS WITH BLENDED FIXED/FLEXIBLE TEAMS

The traditional legal resourcing process is a binary paradigm – it’s staff up (internally) or send out (to an external law firm).

Most GCs, however, recognize that the right legal resource is no longer a binary choice. The right legal resource when dealing with attrition and talent shortages is on-demand, flexible legal talent. Flexible talent can map the right legal talent to the right legal matter, in a “right-now” manner.

In a traditional hiring setting, it takes most legal departments between six to nine months to find and ramp a permanent in-house lawyer. We addressed the finding issues earlier in this report, but there are also considerable issues onboarding even the most talented lawyers, given a lack of industry experience, an unfamiliarity with departmental processes, or, in the case of ex-law firm hires, the absence of in-house acumen.



7. Law.com Article: <https://www.law.com/americanlawyer/2021/11/03/aggressive-rate-hikes-expected-in-2022-as-demand-surges-and-supply-lags/>

8. Law.com Article: <https://www.law.com/2021/11/09/as-the-talent-war-stokes-paranoia-about-exits-law-firms-employ-risky-retention-strategies/>

Because flexible talent providers hire lawyers with in-house perspective and experience, pragmatism, and comfort with quick learning curves, the ramp time is significantly shortened. Onboarding flexible lawyers takes only a few days, and can sometimes be accomplished on the same day of the request.

Almost all GCs understand flexible talent as an easy answer to the resourcing gaps caused by attrition.

Innovative GCs, however, are not just hiring one on-demand lawyer for resourcing gaps or overflow work. Facing an avalanche of legal matters, these legal leaders know they need an ever-increasing range of in-house expertise to meet a highly variable workload. But they also know that the war for talent and continuing budget pressures have made hiring a wide and deep bench impractical, at best.

Instead of turning to flexible talent to fill a one-off position, they are using this moment in time to fundamentally re-examine the economics and future composition of their legal team. Forward-looking GCs are exploring more efficient ways of aligning legal matters to various legal resources.



The Great Resignation is ushering in an era of flexible talent, with GCs engaging on-demand lawyers for open positions instead of investing in full-time hires. These modern, blended departments can not only better address attrition, they can better support scale.

COMPARING THE COST STRUCTURES OF FIXED AND FLEXIBLE LAWYERS

The first step in building a modern legal department is to gain a better understanding of the cost structures of both fixed (permanent) and flexible lawyers. Salary and bonus alone are a woefully insufficient measure of cost per fixed lawyer, leaving many GCs in the dark on this metric. Employing a permanent in-house hire involves a host of variables in addition to salary and bonus, 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.

► To help shine a light on the true costs of legal hiring, Axiom designed the Real Cost Calculator.

This proprietary tool enables GCs to identify hidden hiring expenses and compare the cost of fixed talent to equivalent flexible resources.

The Axiom Real Cost Calculator

Example 1

The banking client requires a New York-based capital markets lawyer with 11-15 years of experience. The calculator compares the cost of hiring a full-time lawyer versus engaging flexible talent.

The calculator estimates the savings from engaging an Axiom lawyer as **\$85,000 annually**, or a **lifetime savings of \$255,000**.

1 LAWYER QUALIFICATIONS AND OTHER INPUTS

Country	U.S.	Practice area	Capital Markets
State	New York	# of new hires	1
Industry	Banking	Do you pay severance?	No
Lawyer years of experience	11-15	Average in-house tenure	3

2 HIRE A NEW IN-HOUSE ATTORNEY

Average Annual Salary	\$275,000	
Bonus	\$96,250	35%
Benefits & Taxes	\$68,750	25%
Equity	\$55,000	20%
Facilities Costs	\$27,500	10%
Training & Development Costs	\$13,750	5%
Hiring Costs	\$41,250	15%
Exit Costs	\$4,583	5%
Bar Dues and Other Costs	\$8,250	3%

3 FINANCIAL SUMMARY: FULL-TIME VS. FLEXIBLE TALENT

Cost of Hiring an In-House Attorney	
Annual	\$590,000
Lifetime	\$1,770,000
Cost of Using Axiom	
Annual	\$505,000
Lifetime	\$1,515,000
Savings from Using Axiom	
Annual	\$85,000
Lifetime	\$255,000

Example 2

The software client requires a California-based intellectual property lawyer with 7-10 years of experience. The calculator compares the cost of hiring a full-time lawyer versus engaging flexible talent.

The calculator estimates the savings from engaging an Axiom lawyer as **\$55,000 annually**, or a **lifetime savings of \$165,000**.

1 LAWYER QUALIFICATIONS AND OTHER INPUTS

Country	U.S.	Practice area	Intellectual Property
State	California	# of new hires	1
Industry	Software	Do you pay severance?	Yes
Lawyer years of experience	7-10	Average in-house tenure	3

2 HIRE A NEW IN-HOUSE ATTORNEY

Average Annual Salary	\$295,000	
Bonus	\$88,500	30%
Benefits & Taxes	\$73,750	25%
Equity	\$44,250	15%
Facilities Costs	\$29,500	10%
Training & Development Costs	\$14,750	5%
Hiring Costs	\$44,250	15%
Exit Costs	\$29,500	30%
Bar Dues and Other Costs	\$8,850	3%

3 FINANCIAL SUMMARY: FULL-TIME VS. FLEXIBLE TALENT

Cost of Hiring an In-House Attorney	
Annual	\$630,000
Lifetime	\$1,890,000
Cost of Using Axiom	
Annual	\$575,000
Lifetime	\$1,725,000
Savings from Using Axiom	
Annual	\$55,000
Lifetime	\$165,000

*Inputs and percentages presented are illustrative and fully customizable; actual costs may vary.

Instead of comparing a single fixed hire to a single flexible resource, the Real Cost Calculator also encourages GCs to 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 emerging specialty needs.

▶ More than Money: How Flexible Talent Optimizes Risk and People Management

While flexible talent enables more value from every budgeted dollar, cost alone will never be the yardstick by which GCs measure departmental performance. True legal value involves the optimization of spend, risk, and people management, the latter of which is particularly relevant in a talent market where demand outweighs supply. That said, all three are equally important measures that reveal the benefits of engaging a blended team of fixed and flexible talent.



RISK MANAGEMENT

As the pandemic has revealed, unprecedented legal issues often emerge suddenly. Legal departments that rely on permanent employees alone do not possess the speed or flexibility required to address emerging issues in a fast-changing marketplace.

As events unfold, legal needs to change just as rapidly. GCs must be able to match the right in-house-ready talent to current legal matters in a real-time and reactive manner.

Legal departments with access to an already-integrated, flexible bench have the muscle memory needed to seamlessly respond to an unexpected event at scale. The ability to sync resources to a fast-changing landscape significantly enhances risk management and measurably improves legal outcomes.



PEOPLE MANAGEMENT

GCs must also consider how to create value through the operational management of their talent. A blended team of fixed and flexible staff drives enhanced value creation.

We already know that flexible talent mitigates the attrition issues associated with the Great Resignation. A well-honed bench of flexible talent, composed of lawyers with institutional knowledge of the legal department and the organization it serves, can immediately and seamlessly onboard to fill gaps.

But the talent management benefits go well beyond that. The integration of flexible lawyers within the department ensures that the core team remains focused on the work that directly aligns with the strategic objectives of the enterprise. In addition, leaner permanent teams create more growth opportunities for talented lawyers within the internal structure.

Finally, hiring is a significant commitment. Flexible talent provides a “try-before-you-buy” cushion, giving GCs the opportunity to assess the types of softer skills that are only appreciable once a lawyer is in-seat. Trialing talent before converting that lawyer to full-time employment is not only an overlooked benefit to flexible talent, but is also a risk-mitigating, pragmatic model for legal team hiring.



How to Start

3 Steps for Piloting Flexible Talent During the Great Resignation

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:**
 - An immediate attrition-related resource gap
 - A second-level need for a competency that already exists within the full-time team
 - Unexpected demand for critical, but not continuous, expertise
 - A new initiative, project, or transaction requiring a surge in support
 - 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:**
 - A pilot owned autonomously by the GC
 - A co-sponsored initiative with the CFO
 - A pilot in cooperation with the legal ops team
- ✓ **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 an “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 can offer guidance around:**

- Identifying positions and legal matters best primed for flexible talent success
- Immediately onboarding lawyers to address attrition-related resourcing gaps
- Scoping and designing the pilot program
- Creating a budgetary framework, leveraging our Real Cost Calculator to compare costs between flexible and fixed lawyers for specific open positions
- Establishing benchmark KPIs, beyond cost, to measure pilot results
- Accessing the right flexible talent for your specific pilot needs

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.

@ AXIOM@AXIOMLAW.COM

+1 (917) 237-2900

WWW.AXIOMLAW.COM/CONTACT-US

