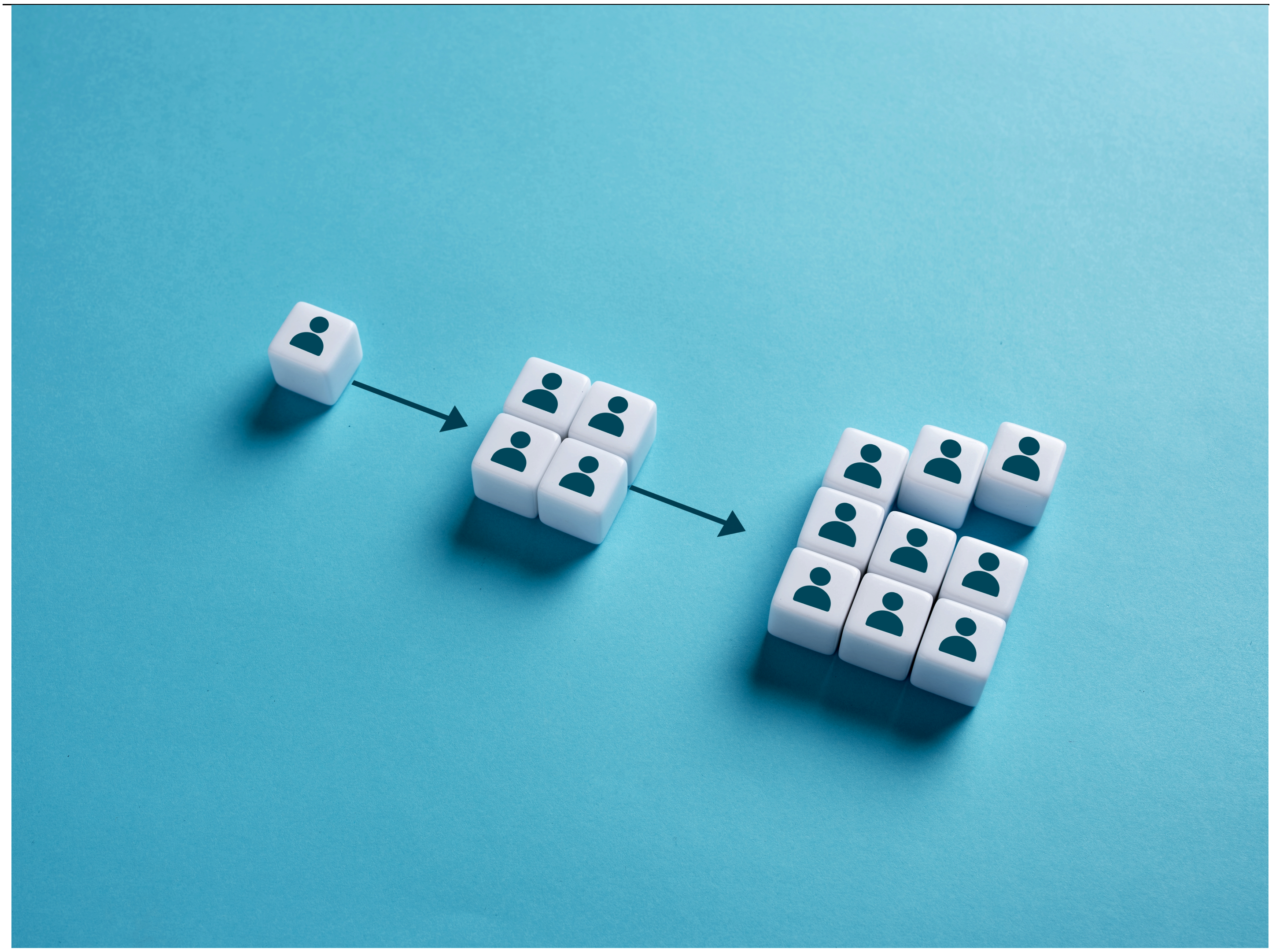
The Business Case for Expanding Your Legal Team

Law Department Management



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It's become increasingly common for general counsel and chief legal officers with overworked departments to be faced with a CEO who is reluctant to add headcount to the legal team. Many of these GCs and CLOs worry that their team is spread too thin, but without a budget to increase their headcount or outside counsel spend they feel stuck. If you've found yourself in this situation, below are some tips for how to help you make the case for bringing in an additional team member.

Present a business case, not a staffing request

Focus your talking points on the potential for advancing growth, revenue, and speed while lowering legal risk. Show your CEO the positive ROI that will come from adding an additional attorney, as that will probably resonate well with most CEOs and CFOs who feel that their own teams are also overworked. CEOs and CFOs aren't likely to be persuaded by arguments that your legal team is overwhelmed and burnt out, because they likely feel the same about members of their own team. Instead, if you can make a business case that company growth and revenue will advance by adding a member to the legal team, that will likely be more persuasive than an emotional plea.

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Demonstrate that company revenue and growth are being delayed

Perhaps your company has doubled the size of your sales team in recent years but not added an additional attorney to help with reviewing and negotiating sales contracts. In that case, you can explain to your CEO that several years ago your team received an average of X sales contracts per week for review, but that number has increased to Y recently, yet you have the same amount of legal resources available to review sales contracts. You can explain that as a result of this, turnaround times have slowed by x number of days, and since the average contract brings in $y per day, your company is losing $y/day in revenue due to the increased volume of sales contracts per attorney available to review them. You may also want to talk about the delay in closing deals such as acquisitions because of the lack of resources to help with due diligence, drafting, etc., because every CEO knows that time is the killer of all deals and that acquisitions offer a huge opportunity for revenue generation.

Consider the immeasurable cost of lost institutional knowledge and a decrease in morale when team members lose a trusted colleague who moved on for greener pastures.

Show that a lack of adequate resources to engage in legal issue spotting has/could cause the company to lose money

When your team is spread thin, they need to go into triage mode and focus on the highest-risk matters. That means they may overlook a legal risk in a proposed social media post or low-dollar value contract, but those small oversights could lead to costly litigation or regulatory inquiries. Even if a lawsuit is frivolous or a regulatory-inquiry results in a dead end, the cost of legal representation in connection with those matters could add up to be more than the cost of paying the annual salary for another lawyer. If this has happened in the past, make sure to go into your conversation prepared to share the details of the past incident to use as an example, including the financial impact.

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Present the case that an internal hire would save the company money by reducing outside counsel spend

Outside counsel rates have been on the rise lately. If you can track the amount of outside counsel spend that could be saved by bringing work in-house, you can show that in the end the department's total costs will go down by bringing in an additional attorney. Again, make sure you go into the conversation with specific details and numbers available.

Demonstrate that attorney turnover will cost the company money

Everyone knows that when employees feel overworked and don't see an end in sight, they start to look for a new job. CEOs also understand that turnover costs the company money. Look for examples of attorneys who have already left the company because they felt overworked, and how much the estimated cost was to replace them. The measurable costs may include everything from additional outside counsel fees while the position is vacant and also while team members are interviewing, onboarding and training a new hire, to signing bonuses and relocation fees that may need to be paid to bring in someone new. If you find yourself in the unfortunate position of needing to replace an overworked employee who resigned, consider tracking the additional fees spent on outside counsel during the transition, as well as other out-of-pocket expenses, so you can use this information the next time you want to ask for an increase in headcount. Also, consider the immeasurable cost of lost institutional knowledge and a decrease in morale when team members lose a trusted colleague who moved on for greener pastures.

Explain that a lack of redundancy is presenting an increase financial risk

CEOs typically understand the risk of having the company overly-dependent on one single employee, and that situation is more likely to occur when teams are understaffed. If there is only one person on your team who has crucial knowledge or a critical skillset, consider what would happen if that employee were to resign or become incapacitated or otherwise become unavailable. When you have a right-sized team, you're able to minimize the risk that the loss of any one employee could have devastating consequences for the organization.

Be prepared to discuss the economics

Go into the meeting prepared to answer questions about the finances involved in adding a team member. You can let your CEO know what the cost will be to add someone to the team, and how much money will be gained from adding that person. Money may be gained by shortening contract turnaround times, closing deals sooner, identifying areas of legal risk before they become official disputes or litigation, and reducing outside counsel spend. Most CEOs value revenue, speed, efficiency, and value.

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Present a clear ROI

To show the value of adding an internal employee, calculate what the cost would be to have outside counsel do all of the work that could be done by an internal employee, and compare that to the cost of bringing on a full-time employee.

Explain how AI can be a resource to assist but not replace

Today, you will undoubtedly be asked, what about AI? AI can increase the capability of existing lawyers, but the most successful legal departments are not replacing attorneys with AI. Instead, they are reallocating attorney time away from document review, information gathering, repetitive drafting, routine research, etc. and toward, strategic advising, risk management, executive counseling, negotiation, and business partnership. AI should be used as leverage rather than headcount.

If you find yourself in need of presenting the case to add a member to your team, keep in mind that with corporations focused on revenue-generation and growth, it’s become common for the legal department to be seen as a drain on company resources. This makes it difficult for many GCs and CLOs to get permission to expand their teams, and as a result, many legal departments are now expected to support growing businesses without a corresponding growth of team members to handle the increased legal work. Many legal department leaders have tried unsuccessfully for years to make the case for increased headcount, but their chances for success could increase if their requests are accompanied by clear data supported by concrete examples and a compelling ROI analysis.

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Ashoo Sharma

General Counsel

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As General Counsel for four real estate brokerage brands across Georgia and Alabama owned by HomeServices of America, a Berkshire Hathaway company (Harry Norman, Realtors, BHHSGA Properties, RealtySouth, and Roberts Brothers), Ashoo Sharma oversees all legal and compliance matters. As part of the senior leadership team, she also impacts company culture goals and for this work earned the Diversity Champion awards from Fulton County Daily Report and Atlanta Business Chronicle. For her professional excellence and industry impact, she has earned several awards, including 2024 RISMedia Newsmakers “Crusader” award, “Georgia Rising Stars'' by Super Lawyers, "GC Impact Award" by Fulton County Daily Report, Top 50 Corporate Counsel by OnConferences, GC Powerlist Atlanta award by The Legal 500. Sharma serves on Georgia's Association of Corporate Counsel Board, was member of Georgia's 2024 prestigious Leadership of Atlanta Class, and serves on Emory's Board of Visitors and University of Georgia Law School's Corporate Counsel Advisory Board. As part of her civic duties, she was appointed by Georgia's Governor appointed to the Equal Opportunity Commission's Advisory Board to help safeguard Georgians from housing discrimination and most recently, appointed as Georgia advisor to the US Commission on Civil Rights. Established in 1957, the U.S. Commission on Civil Rights is an independent, bipartisan federal agency charged with advising the President and Congress on civil rights matters and issuing an annual federal civil rights enforcement report. Sharma is often asked to speak on panels regarding industry best practices and is considered a legal and civic leader in Georgia.

Kimberly D. Lerman

Partner

Legacy Executive Search

Kimberly Lerman is a seasoned legal professional with over 25 years of experience. She currently serves as a legal recruiter at Legacy Executive Search. Her career has spanned both law practice and legal recruitment, providing her with a unique perspective on the industry. Lerman has dedicated the past decade to attorney recruitment, specializing in placing legal professionalism various roles across multiple sectors. Her placements include roles such as general counsel, associate general counsel, division general counsel, and senior counsel in industries ranging from financial services to hospitality. Before starting her recruiting career, she practiced law for fifteen years. Her legal career culminated in her role as Vice President & Associate General Counsel for a large company based in Atlanta. She also acquired valuable experience as a litigation associate at well-known law firms, including King &Spalding and Eversheds Sutherland. Lerman holds a J.D. from Duke University School of Law and a B.A. from Emory University, where she graduated magna cum laude. She remained actively involved with both institutions, co-chairing the Duke Atlanta Women's Forum and serving as a Duke Law Atlanta Board member. Lerman also volunteers with Emory Connects, mentoring students interested in pursuing legal careers. Outside of her professional life, Lerman is an accomplished athlete and outdoor enthusiast. She has completed 21 Ironman® triathlons and enjoys various activities, including scuba diving, stand-up paddleboarding, hiking, and nature photography. She also dedicates time to mentoring busy professionals who strive to balance endurance sports with their careers and family commitments. She currently serves on the Board of Officers for the Southern Appalachian Bicycle Association, demonstrating her commitment to community engagement and passion for outdoor activities.