



The Real Costs of Full-Time vs. Flexible Lawyers

How Flexible Talent Powers
High-Performance Legal
Departments

► Introduction

Today's GCs struggle with increased demands and smaller budgets. Facing an avalanche of legal matters, they need an ever-increasing range of in-house expertise to meet a highly variable workload, yet budget pressure renders hiring a wide and deep bench impractical. The COVID economy has only amplified these issues, escalating enterprise risk at a time when companies have grown increasingly cost-sensitive.

Innovative GCs are responding to this new normal by transforming the way legal resources are aligned to legal matters. They are building agile legal departments with lean full-time teams to provide managerial scale and handle core competency work. This leaner team is supported, almost entirely, by a bench of trusted, on-demand lawyers for as-needed expertise, workload surges, and ongoing matters.

Many other GCs are just beginning their journey to flexibility. These in-house leaders are embracing the learnings from COVID and engaging on-demand lawyers for open positions, instead of investing in full-time hires, to better support the changing demands on their teams.

No matter where GCs reside on the spectrum of flexibility, they all share a recognition that a blended team of full-time and on-demand lawyers minimizes risk, maximizes the value of the in-house team, and optimizes spend. As the economy reboots for growth, these leaders understand that flexible talent is not only the modern approach to hiring, but is also the key to building high-performing legal departments.

► Assessing the Costs of Full-Time vs. Flexible Lawyers: The Axiom Real Cost Calculator

Building a high-performance legal department requires an understanding of the cost structures of both full-time and flexible lawyers. Salary and bonus alone are a woefully insufficient measure of cost per full-time hire, leaving many GCs in the dark on this metric. Employing a full-time lawyer 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 full-time 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 sub-specialty needs.

► The High-Performance Legal Department: How Flexible Talent Optimizes Spend, Risk, and People Management

Cost alone will never be the yardstick by which GCs measure departmental contribution, progress, or performance. True legal value involves the optimization of spend, risk, and people management. All three are equally important measures that reveal the benefits of transitioning from fixed to flexible talent:

RISK MANAGEMENT

Unprecedented legal issues often emerge suddenly. Legal departments that rely on full-time employees alone do not possess the speed or flexibility required to address emerging issues in a fast-changing marketplace.

As events unfold, legal needs 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 full-time and flexible staff drives enhanced value creation.

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

Investing in flexible talent also mitigates the attrition issues with which many legal departments struggle. The costs of replacing internal hires and retaining external counsel in the interim can be steep. Moreover, it typically takes over six weeks to fill an open legal position, and 11 weeks to fill one at the managerial level.

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 while mitigating attrition issues.

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 Building a High-Performance Blended-Team Legal Department

Most legal departments leverage all three pillars of the larger legal ecosystem:

→ **FULL-TIME EMPLOYEES**

A GC and lean team of legal lieutenants hired around the core competencies and strategic requirements of the business

→ **LAW FIRMS**

Retained for bet-the-company matters, including select deals and specific litigation scenarios

→ **AXIOM**

A network of vetted, curated, in-house-ready, on-demand lawyers to flexibly respond to real-time needs

The highest-performing departments are those that balance more weight on the most flexible pillar. While experiments with on-demand talent may seem antithetical to the conservative nature of traditional GCs, pilot programs help mitigate 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:**
 - 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
- Scoping and designing the pilot program
- Creating a budgetary framework, leveraging our Real Cost Calculator to compare costs between flexible and full-time lawyers for specific open positions
- Establish benchmark KPIs, beyond cost, to measure pilot results
- Access 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

