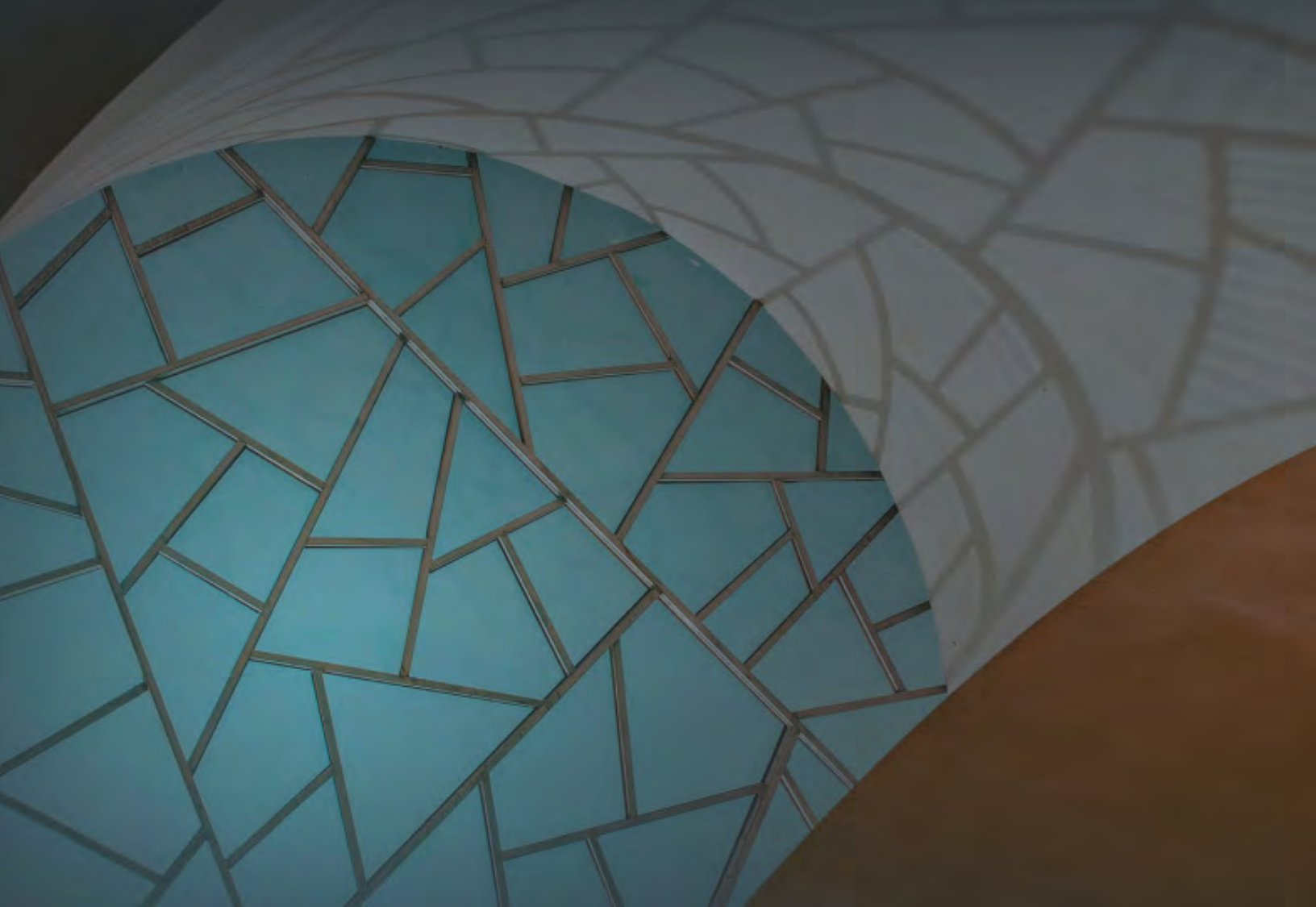


**mod|Counsel**

# A growth company guide to managed legal services

**CHOOSE EFFICIENCY WITH A FIXED FEE LEGAL TEAM**





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## Unlock the value of fixed-fee concierge law firm support

In an economically turbulent time, the right legal coverage can make the difference between making intelligent business decisions to expand growth or facing dire challenges when there is little room for error. Companies can't afford extra revenue to cover mistakes or space to leave their business exposed.

Companies have historically turned to hiring an internal general counsel or enlisting staff augmentation services to protect their legal interests. But a new era demands we think differently. You can unlock benefits by working with outside execution-based legal teams that are as invested in your business as you are.

Uncertain times call for confidence. Difficult markets have produced some of the most valuable companies still thriving today. Companies need an edge to become the next success story. Advisors with deep experience in both law and industry now provide these ambitious growth businesses with turnkey support to meet new challenges.

There is a better option to serve your legal needs, and it all starts with concierge fixed-fee services. In this whitepaper, we'll explore the data behind why it's more important than ever before to have the kind of counsel that works best for your business and how a concierge legal support team can provide your organization with the coverage and risk protection it needs without breaking the bank.

# 1. Businesses need confidence in the face of the unexpected

The Greek philosopher Heraclitus said, **“There is nothing permanent except change.”** Thousands of years later, those words still ring true. If the past few years have taught us anything, change is always around the corner.

## Legal costs are trending up — even amidst economic uncertainty

Alongside inflation, legal costs are only expected to rise. With Big Law charging upwards of \$2,000 per hour,<sup>1</sup> the cost of being unprepared is sky-high. In the face of challenges, many legal chiefs plan to combat rising outside counsel costs by bringing more work in-house or shifting more work to alternative legal service providers, which advocates say can handle some matters better and more cheaply than law firms.<sup>2</sup> Additionally, in Thomson Reuters Institute’s 2023 Report on the State of the Legal Market, research revealed that at a practice level, though decreased spending was predicted for banking, finance, and insurance, increased spending was anticipated in regulatory as well as labor and employment work.<sup>3</sup>

## Data and privacy changes are imminent

On top of economic and social uncertainty, new laws around data and privacy are driving activity for the legal industry with the raising of the “digital curtain.”<sup>4</sup> In a 2022 survey, chief legal officers named cybersecurity, regulation and compliance, and data privacy as the three most important issues they’re encountering.<sup>5</sup> 2023 promises to be full steam ahead, with many states poised to take matters into their own hands,<sup>6</sup> and 65% of the world’s population having some form of protection under national or regional privacy law, according to Gartner.<sup>7</sup>

### Legal leaders are facing challenges

66%

Anticipate that industry regulations will cause the biggest legal challenges this year

55%

List data protection rules as a cause for legal concern

According to the Association of Corporate Counsel’s 2022 Chief Legal Officer Survey.<sup>8</sup>

<sup>1</sup> Strom, Roy. Bloomberg Law: [“Big Law Rates Topping \\$2,000 Leave Value ‘In Eye of Beholder.’”](#)

<sup>2</sup> Knockless, Trudy. AM Law: [“‘We Will Have to Do More With Less’: Pressures From All Directions to Test Legal Departments in 2023.”](#)

<sup>3</sup> Thomson Reuters Institute: [“2023 Report on the State of the Legal Market: Mixed results and growing uncertainty.”](#)

<sup>4</sup> Rahnama, Hossein and Alex “Sandy” Pentland. Harvard Business Review: [“The New Rules of Data Privacy.”](#)

<sup>5</sup> Association of Corporate Counsel: [“Key Findings 2022 ACC Chief Legal Officers Survey.”](#)

<sup>6</sup> Thompson Hines. IAPP: [“2023 US State Data Protection Laws – A Summary of Opt-Out Rights and Preference Signal Requirements.”](#)

<sup>7</sup> Gartner: [“The State of Privacy and Personal Data Protection, 2020-2022.”](#)

<sup>8</sup> Association of Corporate Counsel: [“2022 ACC Chief Legal Officers Survey.”](#)





## Employment law is trending

Between turnover and new laws for employers, such as labor transparency requirements where roughly 1 in 4 workers will be covered by a state or local law that requires businesses to be transparent about their pay ranges,<sup>9</sup> it's no wonder that companies are seeking counsel for employment issues.

As state and local requirements change at breakneck speed, organizations must ensure that HR departments and in-house legal teams have the support they need to keep up with a changing employment landscape.

## Contract processing speed is pivotal

If inflation keeps rising or revenue trends continue to slump, it will be more critical than ever to process contracts as efficiently as possible to ensure a smooth continuation of business. Forbes reported that “57% of the businesses surveyed said they had seen revenue slow because of inefficiencies in the contracting process.”<sup>10</sup>

## Workforce on the move leaves businesses unprotected

The legal industry has not escaped the shuffle of workers affecting other sectors due to pandemic-based changes, retirement, or other attrition factors. Following the “Great Resignation,” employees are still on the move, with one in five workers searching for their next opportunity.<sup>11</sup>

Attorney turnover continues to be a leading concern: Thomson Reuters noted that following 2021, when turnover for law firm associates appeared to be rising at an alarming pace — 24% for associates by year's end — 2022 saw a slight decrease in turnover rate for associates slowing to 20.1% by November. However, it remains at higher levels than seen in the past decade.<sup>12</sup>

And, it doesn't show signs of letting up; in late 2022, nearly 80% of in-house lawyers reported being stressed or burned out,<sup>13</sup> signaling the importance of business leaders planning for legal coverage and protection. In addition to burnout, layoffs are now percolating throughout the legal industry.<sup>14</sup>

## As they say, the best defense is a good offense

A proactive legal solution will help you confront unexpected challenges — without wreaking havoc on your bottom line. Concierge legal services can provide your organization with the counsel it needs to withstand threats and protect the success of your business.

<sup>9</sup> Liu, Jennifer. CNBC. “[Here are all the new salary transparency laws going into effect in 2023.](#)”

<sup>10</sup> Barton, Kate. Forbes. “[How Legal Departments Can Turn Barriers Into Opportunities.](#)”

<sup>11</sup> Kochhar Rakesh, Kim Pakar and Ruth Igljelnek. Pew Research Center: “[Majority of U.S. Workers Changing Jobs Are Seeing Real Wage Gains.](#)”

<sup>12</sup> Thomson Reuters Institute “[2023 Report on the State of the Legal Market: Mixed results and growing uncertainty.](#)”

<sup>13</sup> Moran, Lyle. Legal Dive: “[Nearly 80% of in-house lawyers report being stressed or burned out.](#)”

<sup>14</sup> Patrice, Joe. Above the Law. “[The Drumbeat Of Layoffs Getting Louder.](#)”

# Building a better workplace for women and minorities

**modCounsel is a law practice that is 100% minority-owned and 50% women-founded.** The legal industry has a long reputation of not being hospitable to the promotion and retention of women and minorities. So we're raising the bar because we believe that:

## Inclusive teams achieve more in the long run

A change in design is well overdue: there are alarming rates of attrition in law practice by experienced women attorneys. The proportion of women partners at law firms has grown minimally since the 1990s, despite women and men associates being hired at about equal rates, per the ABA Journal. Women made up 15% of partners in 1999; today, 24% of partners are women. The rate of attrition is highest among women of color.<sup>15</sup>

Organizations should take note and make an effort to retain and grow a diverse workforce. Those that do experience a higher return in the long run. According to a study by McKinsey, companies in the top quartile for gender diversity on executive teams were 25% more likely to have above-average profitability.<sup>16</sup>

## Diversity improves quality of work product

53% of women feel they are being used as a token representative of diversity.<sup>17</sup> Organizations that go this route are missing out on the competitive edge. In the same McKinsey study, "Companies with more than 30% women executives were more likely to outperform companies where this percentage ranged from 10 to 30, and in turn these companies were more likely to outperform those with even fewer women executives, or none at all."<sup>18</sup>

At modCounsel, we're diverse by design, embracing a changing tide in legal — **just like our clients.**

**100%** underrepresented minority and women managed firm

**75%** women

**70%** global workforce

<sup>15</sup> The Business Journals – Bizwoman: "[Here's why some experienced women lawyers are walking away from law firms.](#)"

<sup>16</sup> McKinsey & Company: "[Diversity wins: How inclusion matters.](#)"

<sup>17</sup> Lean, Rachel. Law.com: "[Where Are All the Women? Clients Are Monitoring Law Firm Gender Diversity. Are You?](#)"

<sup>18</sup> McKinsey & Company: "[Diversity wins: How inclusion matters.](#)"

## 2. Finding the legal support option that fits your organization

There was a time when you could do two things to ensure your company had legal coverage: hire in-house or use an outside law firm. The first option meant a permanent and expensive addition to payroll, between salary, overhead, and benefits. The second option, bringing in outside legal counsel, required time-consuming vetting, a high hourly rate, often overwhelming invoice charges.

Today's businesses often only have room to pay for the support they need — not an inflated salary for someone they only use part of the time or outrageous fees. Fortunately, more options are now available for the modern organization.

### To retainer or not to retainer?

When businesses hire an attorney or firm on retainer, they typically deposit an upfront fee. They have an agreement that defines what the retainer is and how to proceed if the fee is depleted. Each time legal service is used, the amount is subtracted from the retainer until the end of the month. The client will be billed for additional expenses if the work performed exceeds the retainer in a given month.

If an organization has a firm on retainer, there should be an attorney available immediately whenever advice is needed or if legal issues arise. This arrangement works well for businesses with cash flow; however, rates will only rise.

Recently, the 100 largest law firms achieved their largest rate increases in over a decade. The rates surged more than 6% in 2020 and grew by another 5.6% through November of last year, both being increases that haven't been seen since 2008.<sup>19</sup>



While it's possible to find an attorney or firm you trust that truly understands your business, this is an expensive option for most organizations. On top of retainer fees, attorneys bill hourly, which is challenging to budget for.

<sup>19</sup>Strom, Roy. Bloomberg Law: ["Big Law Rates Topping \\$2,000 Leave Value 'In Eye of Beholder.'"](#)

## Check your retainer: you might be paying more for less experience

- Amid a battle for talent, rates for associates with around three to six years of experience increased faster than for other cohorts, driven primarily by the significant compensation increases that law firms gave to their associates during 2022.<sup>20</sup>
- While law firms have been aggressive in their rate increases in the last few years, associates have seen some of the biggest jumps in billing rates.<sup>21</sup>



## Does it make sense to hire in-house?

An organization hires in-house counsel to handle various legal issues affecting the company, generally ranging from employment to tax and regulatory matters. These attorneys are considered employees, have no other clients, and work solely for the company. They handle all legal matters for the business or work as part of management to oversee work outsourced to independent firms or attorneys.

While a salaried position has to be available to get the job done on-demand and can be accounted for as an annual, budgeted expense, there are a few limitations to consider when evaluating if in-house counsel is right for your business.

### In-house considerations:

- **Your in-house team is only as good as the experience it has.** Because the legal needs of growth companies can vary widely from day to day, you may find your general counsel or legal team doesn't have the specific experience you need for the breadth of legal situations you're likely to encounter. This may lead to the need to bring in additional outside counsel, increasing your overall legal spend.
- **Overhead expenses can add up.** From the salary, benefits, and office space to the technology, subscriptions, and even travel costs for your in-house legal team, it can quickly become quite expensive to pay for this kind of employee.

<sup>20</sup> Thomson Reuters Institute "2023 Report on the State of the Legal Market: Mixed results and growing uncertainty."

<sup>21</sup> Maloney, Andrew. ALM Law.com: "Associate Billing Rates Are Growing Faster Than Partner Rates."

## By the numbers: Hiring in-house adds up for businesses of all sizes

An in-house team of only five people composed of attorneys and support staff can end up costing nearly \$1 million — if not more — before overhead or benefits, and they might still need to bring in additional assistance to work on matters beyond the scope of their expertise.

# Different sized companies have different demands when it boils down to their legal representation needs:



### Small

Companies with compact executive teams and deep founder involvement, need affordable and flexible legal skillsets with a business mindset



Revenue = Under \$20 Million



<100 FTEs



Average SC/ASTGC salary = \$176,500 to \$278,736<sup>22</sup>



Services required:

- Entity formation
- IP setup
- Basic contracts
- Compliance



### Medium

Organizations with a mature executive team that are emerging globally require growth-minded, efficient, and responsive legal support



Revenue = \$100 Million



+/- 500 FTEs



Average DGC/AGC salary = \$282,478 to \$504,612<sup>23</sup>



Services required:

- Handbooks
- Policies
- Workforce reductions
- End-to-end contract negotiations



### Large

Private equity or public organizations that reach 20+ legal departments focus on diversity spend, strong references, and specialization



Revenue = \$500 Million to \$1 Billion



+/- 3,000 FTEs



Average CLO/GC salary = \$533,099 to \$746,919<sup>24</sup>



Services required:

- Procurement
- Legal contracts
- Privacy governance
- Fractional GC support

<sup>22</sup> Major, Lindsey & Africa: "2022 In-House Counsel Compensation Survey."

<sup>23</sup> Major, Lindsey & Africa: "2022 In-House Counsel Compensation Survey."

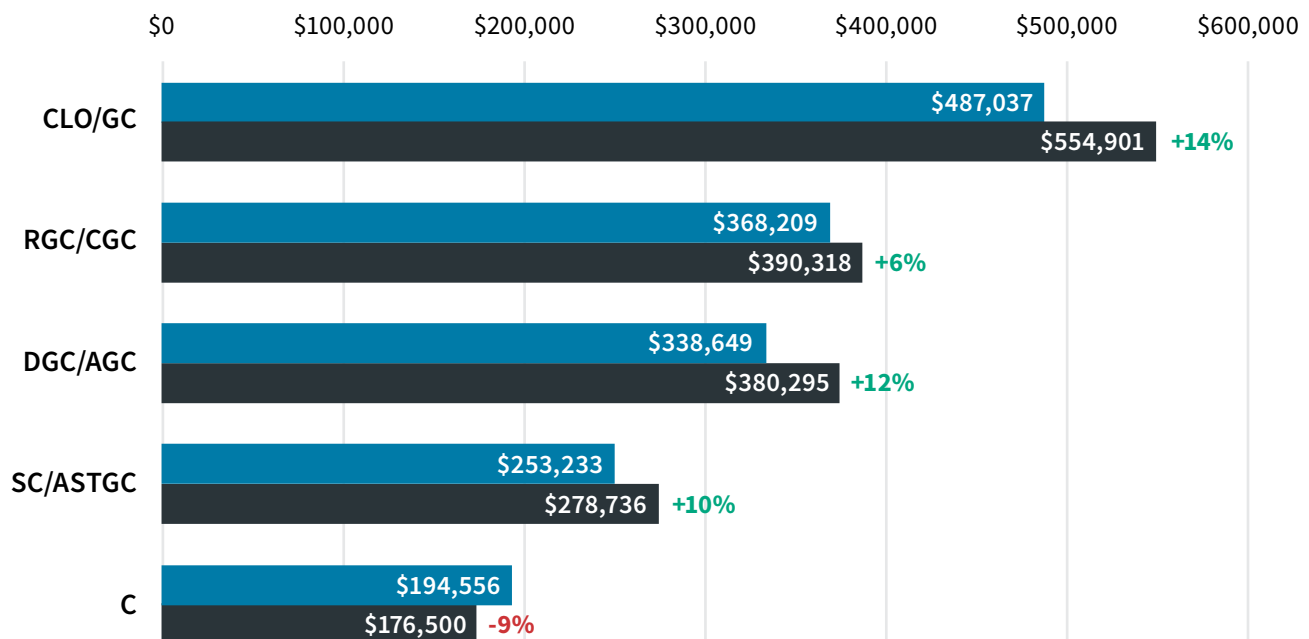
<sup>24</sup> Major, Lindsey & Africa: "2022 In-House Counsel Compensation Survey."



## On the rise: In-house lawyer salaries rise

Data from the 2022 In-House Counsel Compensation Survey revealed that companies worldwide have steadily increased the base salaries and bonuses for in-house lawyers. For starters, the total actual cash (TAC) compensation paid to general counsel and chief legal officers has risen by 15% around the globe since 2020.<sup>25</sup>

### Global Average TAC by Role 2020 vs. 2022



CLO/GC = Chief Legal Officer/General Counsel

RGC/CGC = Regional General Counsel/Country General

DGC/AGC = Deputy General Counsel/Associate General Counsel

SC/ASTGC = Senior Counsel/Assistant General Counsel

C = Counsel

2020

2022

**For today's businesses, quality legal isn't a nice-to-have; it's a necessity.** But, if you're trying to stretch your dollars as far as possible and have top-tier support, a fixed-fee provider can deliver the most value, giving you an entire team for the cost of a single individual.

<sup>25</sup> Major, Lindsey & Africa: "2022 In-House Counsel Compensation Survey."



## **A fixed-fee solution provider can provide optimum value**

In-house teams cannot keep pace with the risk appetite of a growth company. Businesses need to make smarter choices to support their current teams or prepare the organization until they are ready to protect the investment of in-house counsel.

Bloomberg Law reports that “In-house attorneys should partner with firms that understand their company’s business model at a granular level... the top law firm isn’t always the best fit, and very specialized legal firms and advisers can often be more helpful.”<sup>26</sup>

## **Flexibility to get exactly — and only — what you need**

For the same fixed rate, our team shapeshifts to meet the changing needs of growth companies. Starting from low thousands of dollars and saving anywhere from 23–74% in cost, modCounsel makes quality legal accessible with the flexibility to scale up or down just as you would with hourly models. Our solution leverages a global workforce, is designed by experienced in-house counsel and uses what is working already in the the legal ecosystem. Our clients from private ventures to public market companies consider modCounsel before calling their outside firm or making a premature in-house hire.

## **At modCounsel, efficiency is in our DNA. With our fixed-fee business model, our clients:**

- Gain a whole team of experienced legal practitioners
- Only pay for what they need
- Can structure billing to fit their needs, such as monthly or per project, not hourly

There is no crystal ball to predict every type of coverage you might need; however, the right concierge provider will have the deep bench and connections to help you solve your issues should they not have the resources immediately available as part of their services.

modCounsel is a force multiplier of existing solutions in law firms, in-house, and technology. We work alongside your teams to meet diligence standards or discovery deadlines while adding an entirely new set of capabilities that help achieve business goals. Venture firms using modCounsel have assurances of business value from their investments before the money leaves their account. These are smarter bets in a market that demands high performance from each wager.

<sup>26</sup> Major, Lindsey & Africa: “[2022 In-House Counsel Compensation Survey](#).”



### 3. A concierge provider can help you avoid the hidden fees of an FTE

If your in-house counsel can't do it all, concierge in-house legal support might be your ideal solution. At modCounsel, we offer experienced in-house fractional counsel with multiple specialties. Our services can help keep your total cost lower than hiring more in-house, including salary, benefits, overhead, office space and equipment, and a host of other expenses. We can serve as your primary counsel long-term or while you search for a candidate, as well as assist with the hiring process.

#### Why pay to wait when you need help now?

One expensive area for ramping up any full-time employee lies in the onboarding and training on technologies, a cost that carries over if you decide to augment your legal coverage via staffing solutions.

By supporting your FTE general counsel with concierge legal services like modCounsel, you gain support that is ready to go from day one. Our teams already know how to use the technologies, so ramp-up time is minimal. A typical "training" consists of a kickoff call plus granting access to the necessary programs.

#### Avoid the impact of burnout with a concierge legal provider

The modCounsel business model helps you avoid the high costs of FTE turnover and deteriorating productivity, which not surprisingly, continues to affect legal departments across the market.<sup>27</sup> Burnout is estimated to cost businesses between \$120 to \$190 billion annually,<sup>28</sup> and many staff attorneys are among those deciding to call it quits. Gartner found that 54% of in-house counsel reported feeling some degree of burnout. Of those experiencing the highest chronic stress and exhaustion levels, 61% admitted to "frequently delaying or killing projects," and 68% were planning to quit their jobs.<sup>29</sup>

With burnout continuing to drive departures at a rate as high as 4.8 for business services<sup>30</sup>, a fixed-fee services option can give you the support you need without the additional expenses associated with onboarding and then replacing.

#### A highly-experienced team for one low cost

As with most industries, experience comes with a hefty price tag, especially if you are looking to add a full-time general counsel to your payroll. The fixed-fee concierge route can enable you access to a full team with varied backgrounds and specialties without the high cost. Each member of the modCounsel bench has a minimum of 10 years' experience in big law and in-house.

<sup>27</sup> Thomson Reuters Institute "2023 Report on the State of the Legal Market: Mixed results and growing uncertainty."

<sup>28</sup> Weiss, Leah. The Stanford Social Innovation Review: "Burnout From an Organizational Perspective."

<sup>29</sup> Gartner: "Survey Shows Corporate Lawyers Exhausted Since the Pandemic."

<sup>30</sup> Bureau of Labor Statistics (September, 2022): "News Release."

## 4. Fixed-fee is more transparent than staff augmentation

In an uncertain market, it's crucial to have high-quality legal support to protect your business. Concierge options like modCounsel can provide the necessary services that benefit both clients and law firms, and the legal industry is taking note. Hourly billing can quickly become unaffordable, but fixed fees offer transparency in the billing process and help clients feel in control of their purchasing decisions.<sup>31</sup> Teams can work more collaboratively on your strategy and goals while developing a trusted counsel relationship without the distraction of watching the clock or worrying about how many rounds of edits a given contract went through.

### The modCounsel method

Our model has a proprietary risk approach, which continuously evolves as we transact contracts

and build playbooks. At modCounsel, we create workflows as an in-house team actually would and employ corporate attorneys eager to remove hurdles along your path.

We are data and efficiency-driven and genuinely want our clients to have the capabilities to work smarter. Unlike hourly-based fee models, our goals align with yours because wasted time and trumped-up billable hours aren't in any company's best interest.

Instead of strictly staff augmentation support, where you're left with a novice attorney (or one where you have to pay additional fees for more experience), with modCounsel, you gain access to a fully-experienced team focused on building long-term value. modCounsel is incentivized to work efficiently and take on more complex assignments as they build internal trust; these are highly-skilled experts driven to make an impact at your direction. Additionally, our clients benefit from our deep relationships with experienced professionals across multiple industries and a wide-spectrum of specialties.

### Highly-engaged legal support: Consulting mindset + practitioner

Research from Gartner found that, compared to those who were "moderately engaged" in their work, highly engaged attorneys were:

**70%** more likely to explore novel ways to help business partners meet objectives

**143%** more likely to show discretionary effort

**30%** more likely to explore ways to improve department processes

**17%** less likely to be actively looking for another job<sup>32</sup>



<sup>31</sup> The National Law Review: "Should Your Law Firm Offer Fixed Fees?"

<sup>32</sup> Gartner: "Survey Shows Corporate Lawyers Exhausted Since the Pandemic."



## Access to high-quality legal services that you can afford is a good business decision

In an uncertain time when budgets are tighter than ever, businesses can't afford to forego one of their most critical expenses to defend the interests of their company. With modCounsel, you can get the high-quality legal services you need without having to pay for the overhead of an in-house attorney or the variable fees associated with augmented staff services. Additionally, our team of practitioners has decades of experience in big law and in-house counsel paired with the extensive knowledge and connections you need to protect your business.

modCounsel is a law firm that believes in doing things more efficiently and effectively. As a fixed-fee service provider, we designed smarter legal support for growth companies on an as-needed basis. Our business model delivers transparent and top-tier support and business value to our clients at a fraction of the cost of in-house counsel or staff augmentation options.



Many of your peers are preparing for upcoming uncertainties — **how are you preparing to protect and grow your business?**

Whether your organization is concerned about looming data and privacy changes, facing contract challenges, or preparing for a business transformation, there is a solution: concierge, fixed-fee legal support.

**modCounsel is the smart option.**

# Legal services that growth organizations need.

modCounsel delivers value to our clients across a mix of practice areas.

COMMERCIAL CONTACTS | LEGAL OPERATIONS | CORPORATE AND IP | PRIVACY AND RISK  
GLOBAL EMPLOYMENT | LITIGATION, MERGERS, AND ACQUISITIONS

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