



Legal Risk Management Tip February 2010

BENEFITS OF OUTSOURCING THE GENERAL COUNSEL ROLE

In today's regulatory and business environment, it is critical to work closely with your legal counsel to ensure that the firm and its personnel are protected. Years ago, that role traditionally was filled by in-house counsel. Today, given the associated expenses of having an in-house counsel, more and more firms are opting to now outsource the general counsel role. This month's risk management tip will focus on those due diligence efforts that should occur when hiring outside counsel and also will offer practical guidance on ways to reduce your legal fees in the long-term.

Having an attorney on-site provides a myriad of benefits. It provides you with the ability to pose quick questions or have the attorney attend business meetings at a moment's notice. Consequently, in-house counsel typically is engaged earlier and more frequently in new business processes, which allows for associated risks to be identified and mitigated more easily. Moreover, by being integrated into the business, in-house counsel understands the firm's culture and resource limitations, which helps counsel to provide practical solutions while weighing legal considerations. Knowing what the firm is seeking to accomplish, how systems function, the services customers desire and the dynamics of the firm's team members allows counsel to better identify, eliminate, or manage large pockets of risk, which helps to protect the firm and its principals.

Nevertheless, many small to mid-size firms cannot afford a full-time general counsel. Therefore, many firms have opted to outsource the general counsel role. In this arrangement, counsel may either work remotely or go in-house once or twice a quarter for a full business day to attend meetings and address legal projects customized to the firm. Moreover, that individual serves as the primary point of contact to answer questions as they arise, which allows for a customized solution at a fraction of the cost of hiring a full-time employee.

Many law firms, including Jacko Law Group, PC ("JLG"), have former in-house counsel on their staffs who understand the intricacies of this most important role. Prior to engaging an attorney for general counsel type work, consider asking the following questions: Have you served as an in-house counsel previously? If so, for what type(s) of firms? Do you understand the day-to-day operations of this industry? What style of communications do you typically use to communicate to senior managers on-site, and thereafter, remotely?

Finally, here are some practical considerations for outsourcing your in-house counsel role, which may help to reduce legal fees in the long-term.



1. **Hire a Reputable, Boutique Law Firm.** Typically, boutique law firms allow you access to experienced, knowledgeable attorneys at a fraction of the price, with lower to no minimums on the scope of the project.
2. **Be specific about what you want - and what you don't want.** When you assign a project to your attorney, be sure to communicate clearly at the outset as to the scope of the project and what type of end product you would like to receive.
3. **Set Project Deadlines and Schedule Weekly Check-ins.** Particularly if your business requires a significant amount of legal support or if you work with a number of different attorneys at a firm, check-in on a regular basis to get an assessment on what work has been completed and gauge whether you want to save that next project for another month, or press ahead.
4. **Review your Needs for Counsel Frequently.** As your business continues to grow and evolve, your need for counsel will increase. If you cannot afford to hire a full-time attorney on staff, consider outsourcing as a solution. Having a legal advisor who understands the ins and outs of your business and its priorities will prove invaluable for your firm's risk mitigation.

For more information, or to learn about how JLG may be of assistance, please do not hesitate to contact us at (619) 298-2880.

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