



The GC's Formula for Managing Rising Complexity Under Budget Pressure

A MODERN GUIDE TO LEGAL RESOURCING

Discover the top trends impacting legal departments in 2024 and how rethinking when and where you pay for legal work can strengthen your team and business.

WHAT WE COVER**In This Report****01**

In-house legal teams have never been under more pressure, with budgets being cut to the bone and law firms raising rates astronomically with a rise of 7.9% over last year.¹

02

The complexity and volume of legal work are higher than ever due to global economic shifts and technological innovations like artificial intelligence.

03

Many in-house legal teams don't realize that there are options beyond secondments or elite law firms that can help them meet their needs and reduce overall legal spend, without compromising quality or increasing risk.

04

2024 will be the year in-house legal leaders must shift their traditional resourcing models into a new era of modern legal strategies.



“With law firm rates reaching a **record high increase of 7.9%**, in-house leaders are struggling with rising costs for diminished value.”

EXECUTIVE SUMMARY

Resourcing Pressures Persist

Legal departments are grappling with unparalleled challenges. Budgets are tight but the demand for high-quality legal services keeps growing. It's a tough balancing act to stay cost-efficient while delivering top-notch work. This is where the optimal resourcing matrix comes in.

Whether you're the GC of a Fortune 100 financial services company or the CLO at a health-tech firm backed by private equity, you're probably asking yourself the same question: When do we really need a law firm? This is especially important in a time of rising workloads, complex legal work, and rapidly evolving technology.

The four questions to ask yourself when considering how to best allocate internal and external resources most cost-effectively are:

1. What work stays in-house?
2. What goes to a traditional law firm?

3. What goes to outside legal services and solutions providers?
4. Are there new models outside of the traditional firm that can take on law firm work?

What resourcing trends are impacting the legal department today?

With law firm rates reaching a record high increase of 7.9%, in-house leaders are struggling with rising costs for diminished value.² GCs are resorting to using these expensive firms for “overflow” work rather than complex tasks. Despite the soaring fees, a mere 7% of in-house lawyers view traditional law firms as a fully effective solution for their resourcing needs.³

Risks, fueled by the rapid emergence of new, mostly unregulated technologies, a post-pandemic reality, and volatile global markets are escalating at an unprecedented rate and significantly impacting

marketplaces. With the increase in both volume and complexity of work, most in-house leaders say they lack the right resources.

The aftermath of “the Great Resignation” is far from over, with recent reports indicating that overworked and stressed in-house legal teams are still seeking new positions. With many of these lawyers actively searching for a new role, job dissatisfaction in the legal sector remains alarmingly high.

In the wake of an economic downturn, ballooning work volumes, and emerging legal risks, legal departments are wrestling with mounting pressure to cut costs while still delivering high-quality services amidst hiring freezes and resourcing challenges.

What resourcing model is best in this environment?

The traditional legal resourcing model - split between in-house teams and external law firms - is insufficient during economic turbulence. In-house teams, while essential, face challenges in hiring suitable full-time employees for potentially temporary needs, especially finding the right talent for small-to-medium-sized (SMB) companies in particular.


External law firms, crucial for large-scale litigation and complex matters, are increasingly expensive, with rising costs and limited understanding of client enterprises. Moreover, their advice often lacks practicality and prioritization for their clients’ businesses. Combined, these factors have created a disconnect between the service provided and the evolving needs of legal departments.

In the grip of 2024 pressures, what’s a forward-thinking GC to do?

Simply reboot their legal department with the right resourcing DNA. Axiom’s expanded suite of in-house solutions and law firm services are a game changer, shifting everyday legal work into a cost-effective, low-risk gear. Through our AI-powered process, we streamline immediate and long-term legal needs for enterprises and SMBs alike. From filling team roles and offering one-on-one counsel, to full representation across various practice areas, Axiom rises as a flexible, value-focused ally for today’s legal trailblazers.



Legal departments are wrestling with **mounting pressure to cut costs** while still delivering high-quality services amidst hiring freezes and resourcing challenges.



“It’s time to retire the phrase ‘you need to do more **with less**.’ We don’t need to tell you that. What we are here to say is that the time is finally here where you can do more **for less**.”

INTRODUCTION

Doing More for Less

The most innovative and savvy legal leaders are reexamining their resourcing strategies for 2024, and even with restricted budgets and increased workloads, in-house leaders are realizing there’s a way to outsource without increasing their spend.

What you need now is to ask the right questions. Like we mentioned earlier, the four questions you need to ask yourself are:

- What work stays in-house?
- What goes to a traditional law firm?
- What goes to outside legal services and solutions providers?
- Are there new models outside of the traditional firm that can take on law firm work?

In today’s challenging economic climate, steering through legal complexities calls for a shrewder, more refined resourcing strategy. It’s not just a question of “if” you need an elite law firm. They’ll always have a role to play. The real game-changer is knowing when to call them in. How can you predict risks, pinpoint the finest legal resources, and consider more avant-garde firms?

This whitepaper covers why the old-school reliance on internal staff or traditional law firms just doesn’t cut it any longer. We’ll spotlight the resources at your disposal and explore innovative alternatives such as adaptable legal talent and virtual firms. Our mission: To empower astute GCs to weave an optimized approach, backed by modern technology and data-driven insights, into their legal departments.

RESOURCING TRENDS

Impacts on Today's Legal Department

The shifting dynamics of the global macroeconomy have created a flurry of new challenges for in-house counsel. Let's dissect the concurrent issues keeping GCs up at night:

Law firm rates are rising

As in-house leaders watch law firm rates rising at a historic clip, GCs find they are spending more but getting less for their money. Instead of limiting law firm use to the exceptional “bet the company” events for which they're best suited, GCs are actually using firms to handle the “overflow” work. GCs say the work that should be outsourced to a law firm is work that is too complex to be handled in-house or work that requires less institutional knowledge. (We'll go into this in more detail later.)

Am Law 100 firms set a record high of **7.9% for their rate growth in 2023**.⁴ This rate is more than three times higher than 2022's increase.

Top firms are **increasing rates** by almost \$2,500 an hour.⁵

Elite firms are shelling out **\$225,000 for first-year associates**, while some associate **bonuses are reaching \$360,000** at certain firms.⁶

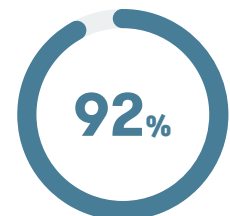
However, **only 7% of in-house lawyers** believe traditional law firms are a completely effective solution to address their resourcing needs.⁷

Risks are increasing

Risks are constantly evolving, but their rapid emergence and potential impact on the marketplace are more concerning than ever. As we move past the one-year mark of ChatGPT's debut, there's more confusion than ever as legal departments struggle with new, mostly unregulated and unproven technologies, a post-pandemic world, and fluctuating global markets.



of in-house legal counsel report **both the volume** and **complexity of work** have increased in the past few years.⁸



warn that their department **does not have the right talent** and aggregate resources to meet these escalating needs and do its job effectively.⁹

Specific skills and experience are lacking

Finding an attorney who's a good fit for an ever-evolving job is not a simple matter. The most common problem with hiring additional full-time lawyers isn't related to economic restraints; rather, it's the reality that the department requires proficiency in a variety of specialties. The problem with investing fixed costs into additional hiring is that legal departments don't just need a wide variety of expertise across the same old expected areas. They need a variety of expertise in areas that arise suddenly and evolve rapidly.



say they have a shortage of specific expertise in their departments.¹⁰

Attrition is worsening

After the year of “the Great Resignation” seemed to be over, it appeared that the projected surge in turnover had settled down as inflation and a recessionary environment encouraged lawyers to stay put while waiting out the storm. Unfortunately, that might have been a short-lived reprieve for legal leaders. Recent reports reveal that while in-house teams are burned out and overworked, they're still looking to find new positions outside of their current roles.

41%

of legal teams feel they are spending too much time on administrative tasks, hampering their ability to get their work done effectively.¹¹

61%

of in-house counsel are very/extremely stressed or burned out in their current role, and 89% aren't satisfied in their position.¹²

67%

of these lawyers are open to/looking for a new position, with 21% actively looking.¹³

Budgets are being cut

The pressure to cut costs is mounting. The economic downturn has intensified the pressure on legal departments to reduce costs at a time when work volumes, complexity, and emerging legal risks are ballooning. Despite these challenges, legal departments are expected to deliver high-quality services and strategic value to their organizations.

➔ **76% indicate a headcount freeze** in their legal department is likely or already happening.¹⁴

➔ Even if hiring were a possibility, **only 10% of in-house counsel view additional full-time hires as a completely appropriate solution** for their department's resourcing challenges.¹⁵



EXISTING DEFICIENCIES

The Traditional Model for Legal Resourcing

The traditional legal resourcing model has two parts: the in-house team and the external law firm. However, this binary paradigm is increasingly failing to address the realities in-house legal teams face today and in the future.

The in-house team

While this team serves as the backbone of a company's legal services, staffing up involves hiring full-time employees, thereby incurring additional permanent expenses for needs that may be temporary. Moreover, anticipating future risks is challenging, often leading to hiring based on past issues, which creates an inherent misalignment.

97% of in-house lawyers say

that even if headcount was not an issue, finding the right lawyer to hire is difficult at best.¹⁶

(Note: This has become a particularly acute problem for small-to-medium-sized companies.)

Five Top Reasons Increasing In-House Headcount Isn't the Solution

(according to in-house counsel)

1. Hiring another lawyer won't address the variety of expertise needed.
2. Hiring is not an immediate solution due to the lengthy onboarding process.
3. The team's needs require more part-time help than full-time hires.
4. Hiring freezes make the prospect of additional staff moot.
5. Even without hiring freezes, it is hard to find the right lawyer to meet team needs.

The external law firm

Law firms play a crucial role in large-scale litigation, understanding marketplace norms, and handling exceptional matters. Yet they're expensive, and their cost is rising fast. Beyond cost, their external nature limits their understanding of the client enterprise and the context around legal matters they handle, creating an additional managerial task for the in-house team.

\$784

per hour is the average billing rate across firms.¹⁷

6-10%

increase in law firm rates in 2023, outpacing inflation.¹⁸

75%+

of what goes to law firms is not dramatic, "bet-the company work."¹⁹

Five Top Reasons Hiring Law Firms Isn't the Solution

(according to in-house counsel)

1. Their advice is too conceptual; legal departments need more practical guidance, practical advice, and institutional knowledge.
2. The administrative management of law firms takes too much time.
3. Law firms don't prioritize their business.
4. The onboarding process takes too long to feel the impact.
5. Law firms are too expensive.



OPTIMIZING YOUR RESOURCING MATRIX

The Modern Model: Agile Legal Services

In response to the deficiencies of the traditional model and the demands of a recession-stricken economy, GCs need to move away from old ways of assessing and addressing their resources and instead consider a new modern path for success. Today, there's no need to be forced to do more **with less** when in-house teams can do more **for less**.

Here's what this model looks like:

1



Your essential in-house team:

This is your core team of full-time legal professionals who leverage internal enterprise knowledge, provide appropriate managerial scale, and handle core competency work. They form the backbone of your legal operations, providing the consistency and continuity needed for your business.

2



Your team of flexible legal talent:

This is your flexible, on-demand talent that sits between your core team and the external law firms. They are ready to be deployed when specific needs arise. Comprising talent with Big Law-level experience and in-house acumen, these agile lawyers can ramp up at any time to handle anticipated or unforeseen legal challenges. They can help with gap fills and work surges in a full-time, part-time, or hourly capacity. They can offer advice in particular practice areas requiring specific subject matter knowledge at an on-demand availability. Big projects requiring a team of highly skilled lawyers? This bench of talent is ready to launch when needed, accompanied by delivery support, reporting, and quick onboarding.

3



The traditional law firm:

These are your law firms, engaged for specific use cases such as large-scale litigation, enterprise benchmarking, and exceptional matters. The “bet-the-company” stuff. They're your heavy artillery, called upon when the situation demands their specific expertise and extensive resources.

4



The modern, virtual law firm:

Most legal leaders aren't even aware there's now an alternative to the expensive Big Law firms. Unlike the traditional elite firm characterized by high levels of partner compensation, hierarchical pyramid structures, substantial overhead costs, and mandatory billable hours, legal leaders can now turn to a new kind of firm. Virtual firms such as [Axiom Advice & Counsel](#) can offer tailored approaches, harnessing the most suitable legal talent with full partner oversight and accountability to address each specific legal issue at a lower rate than GCs can expect from Big Law, yet funded by the law firm budget.

What's Axiom Advice & Counsel (AA&C)?

AA&C is an Arizona law firm. In 2023, the State of Arizona granted AA&C an alternative business structure (ABS) license, allowing AA&C to operate as a law firm and enabling AA&C to expand upon Axiom's 23-year track record of legal services innovation and leadership.

This new legal services model enables Axiom, the global leader in high-caliber, on-demand legal solutions, to expand its portfolio to meet the needs of modern law departments across the legal spectrum.

AA&C serves as a broad strategic resource with an array of individually tailored law firm services for GCs and in-house counsel, enterprise organizations, and even smaller businesses with limited or no lawyers in-house. AA&C sits on law firm panels, providing standard outside counsel law firm features.

With Axiom, we tailor our support to meet your specific needs and scalability: In-house solutions funded by the FTE or ALSP budget. And now, law firm services, funded by your law firm budget for work (including fractional or full-time GC services) across more than a dozen practice areas that costs less than traditional law firms.

Discover Axiom Advice & Counsel

GET STARTED

CONCLUSION

The Smart Solution

In-house legal leaders are feeling the financial and workload strain as they head into 2024, and their legal departments are feeling it too. But there is a way out.

Axiom's extended portfolio of in-house solutions and law firm services, including an actual law firm, gives you a single source to address more of your legal service needs beyond simple alternative legal service providers. We don't just replace outside counsel; we help you redirect the nitty-gritty legal work that powers your organization into a more sustainable, cost-effective, low-risk approach.

Today's GCs want a fresh, value-based delivery model. Big Law rates are shooting up, in-house budgets are plummeting, and companies are waking up to the fact that the old profits-per-partner model is at odds with today's business realities. What savvy legal leaders want is an agile legal solutions and services partner who can manage their legal affairs in a far more wallet-friendly way - and that's precisely what we've engineered Axiom to be.

Today's Axiom leverages a contemporary, technology-enabled, AI-enhanced process to help enterprises and SMBs, with or without in-house counsel, swiftly pinpoint the most efficient route to meet their immediate or long-term legal needs. Clients simply touch base with their Axiom advisor who will guide them towards the best approach tailored to their requirements. Whether that's plugging gaps in their team, providing one-on-one advice with top-notch legal counsel, assembling a team to handle work for complex projects, or entrusting the Axiom Advice & Counsel law firm for representation across more than a dozen practice areas - with full partner oversight and team management - Axiom has a value-centric solution for every legal leader.

Axiom Helps You Do More For Less

GET STARTED

ABOUT AXIOM

Axiom is where high-caliber legal talent meets full-service law firm work. We invented the alternative legal services industry 23 years ago and now serve more than 1,500 legal departments globally, including 60% of the Fortune 100, with 95% client satisfaction. Axiom gives small, mid-market, and enterprise clients a single trusted provider who can deliver a full spectrum of legal solutions and services across more than a dozen practice areas and all major industries, at rates up to 50% less than traditional law firms. To learn how Axiom can help your legal departments do more for less, visit www.axiomlaw.com.

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