

Overview of An “Independent General Counsel”

By Gregory L. Phillips

An Independent General Counsel, also known as an “outsourced” or “part-time General Counsel,” is a private practitioner who performs the services of a General Counsel for a number of companies on a contract basis, and not as an employee or law firm. They charge hourly rates that are much lower than those of comparable outside counsel, or a guaranteed monthly retainer, and work on-site at the corporations. Some of their clients maintain an in-house legal staff; others have no other inside lawyers.

Most startups and growing companies recognize the need to have lawyers represent them in contract reviews, drafting and negotiations, and to provide legal counsel generally; but, many such companies find that traditional methods of retaining counsel are not cost effective because law firm overhead cost, for office space and support staff, limit a firm's flexibility in fee-setting.

When outside counsel fees climb, emerging companies consider hiring an inside counsel as an employee. With all the benefits that employee status entails, hiring someone to be an inside counsel can also be costly.

Independent general counsel services offer a third option that many companies find attractive. For a specified fee, the company contracts with an experienced and well qualified attorney to provide in-house corporate legal services.

The Independent General Counsel is an independent contractor, not an employee. He or she works at the company's site and uses company offices and services for typing and copying. Thus, the attorney reduces his or her overhead, while providing the same high quality, high level of service of law firms or employee counsel.

The Benefits of an Independent General Counsel are:

- the ability to operate at a senior level in the company's organization;
- a close understanding of the company's policies, strategies and objectives;
- a close understanding of the company's operating methods, processes, products, suppliers and customers;
- the ability to manage legal risk, to analyze the company's strategies and in order to identify legal issues, and to develop plans and programs to manage and, if possible, to avoid legal problems that arise;
- the timely delivery of work of high technical quality that also provides practical solutions which meet the company's business goals;

- the ability to work closely and co-operatively with company personnel, suppliers and customers as may be required;
- the ability to add value to the efforts of internal clients, whether this is by saving money, avoiding losses, solving problems, achieving their business objectives, by using knowledge and skills to improve the way the company manages its legal risks and pursues its legal rights and opportunities; and
- the ability to manage external legal services for extraordinary legal issues that arise (e.g., litigation; public/private securities offerings; bankruptcy) in a cost-effective way that achieves optimum benefits for the company.