

# The New General Counsel

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An innovative way of providing legal services to high growth small to medium corporations operating in the new economy.

## 1. THE CURRENT MODEL

The traditional model of providing legal services is not delivering the responsiveness and efficiencies required by high growth small to medium corporations operating in the new economy.

These days it is still the case that legal services are provided by either external lawyers at hourly rates or by in house lawyers. Most large corporations use both.

External lawyers have increasingly become specialists in fairly narrow areas of law. In house lawyers have in effect become legal specialists in the business of the company that employs them. Together they combine to service the needs of large corporations. Large corporations access legal specialists in their business by employing in house lawyers. Access to specialist in particular areas when required is then obtained by briefing external lawyers.

This system works relatively well for large corporations. However, it does not work for small to medium corporations that cannot justify the cost of an employed in house lawyer together with the additional costs of briefing external lawyers for specialist skills and knowledge.

The new economy is driven by small to medium corporations that develop new technologies or innovative processes. The information technology and telecommunication revolution continues to drive rapid growth in these sectors. During the early growth phases of these companies they simply cannot afford the costs of employing an in house lawyer together with briefing external lawyers when required.

In the “good old days” high growth companies could access legal services by using generalist lawyers that typically operated in small firms. However, the few generalists left in law firms are rapidly disappearing as they move in house, retire or specialise.

## 2. A DILEMMA

If we put ourselves in the shoes of a typical small to medium size corporation, we find that when looking how to best purchase legal services we are faced with:

- (a) a complex legal and regulatory environment;
- (b) large competitors that have access to expert legal knowledge of their business (in house lawyers) as well as specialist advice (external lawyers);
- (c) a lack of individual lawyers with generalist skills; and

- (d) a limited budget for legal costs given the importance of marketing and technology related expenses in these early stages.

Faced with this dilemma, it is no wonder that most small to medium size business opt for the “do it yourself” approach, at least until they run into trouble or get big enough to justify the costs of employing an in house lawyer.

### **3. THE NEW MODEL**

The new model we are suggesting uses a combination of an innovative fixed price structure and modern technology to deliver the level of legal services required by high growth small to medium corporations operating in the new economy.

Our suggested model involves a new breed of in house lawyer we call the “New General Counsel”. This person will have a small number of clients operating within the new economy. This person will typically have between 2 and 4 clients for which he or she will be the General Counsel.

The “New General Counsel” will be able to develop expertise in the business of each of his or her clients. In addition, by acting for a number of clients this person will also develop the broad based legal expertise that is in demand by small to medium corporations operating in the new economy.

The “New General Counsel” will work at the offices of his or her clients for an agreed fixed amount of time per week. From our experience we have found that one to two days per week is sufficient for most medium size businesses. In addition, he or she will be available by e-mail and telephone at other times.

That General Counsel will be responsible for handling all the legal requirements of each client. Because the person will be an experienced lawyer he or she will be able to handle the majority of legal requirements. If briefing out is required then he or she will find the most suitable lawyer, obtain approval from the client to brief the matter out and then continue to manage the matter.

This General Counsel service can be provided by specialist law firms or by individual lawyers with the required experience and skills for a agreed fixed amount per month.

### **4. HARNESSING MODERN TECHNOLOGY TO ENHANCE SERVICE DELIVERY**

The use of modern technology has given lawyers a large degree of mobility and flexibility that has greatly enhanced their ability to provide services at the clients offices using our suggested model.

Laptops, mobile phones, the internet and wireless broadband mean that a lawyer is able to carry with him or her all the tools required to perform the services and also keep in touch with other clients in an extraordinary efficient way that would not have been possible only a few years ago.

### **5. BENEFITS OF THE NEW MODEL**

We believe that our suggested model will transform the provision of legal services to high growth small to medium corporations operating in the new economy.

The benefits to purchasers of legal services will include:

- (a) obtaining access to an experienced lawyer that will develop in-depth knowledge of your business;
- (b) flexibility and availability; and
- (c) a known fixed monthly cost.

The benefits to lawyers will include:

- (a) enhanced job security and work variety compared to the traditional single in house role;
- (b) time to really get to know your clients, in their environment, and to work more closely with them than is typical of external lawyers.

## 6. TRUMAN HOYLE'S EXPERIENCE WITH THE NEW MODEL

We have tested this model with a number of clients and the feed back we have received has been outstanding.

We have found that the combination of fixed cost pricing and being at the clients premises truly transforms the traditional relationship between clients and their lawyers into one of partnership and being a key member of the client's management team.

## 7. THE FUTURE

We envisage a future where firms will specialise in providing General Counsel Services using the model we have suggested. We believe that legal services to high growth small to medium corporations operating in the new economy can be significantly enhanced by using a firm environment to develop and train expert lawyers to provide General Counsel services, as well as to provide back up and support resources.

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*Truman Hoyle is a highly regarded Australian boutique law firm specialising in six complex and dynamic areas of law, being corporate, communications, technology, energy, industrial and property law. It was named Australian Law Firm of the Year (for law firms with less than 50 lawyers) at the 2006 and 2005 Australian Law Awards. The firm also specialises in providing General Counsel Services.*

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