



A GC's Guide to Rightsourcing:

**3 Ways to Make the Business Case For
FTE vs. Flex Talent vs. Outside Counsel**

START READING ●

Introduction:
A GC Playbook

**What is
rightsourcing?**

Use Case 1:
**Product launch
creates unsustainable
work surges**

Use Case 2:
**Merger pressures
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**Major tech overhaul
triggers hurdles**

Takeaway Tool:
**Full-time hire, outside
counsel, or flexible
talent? Choosing the
right option.**

Introduction: **A GC PLAYBOOK**

New thinking on rightsourcing to meet Legal's top challenges

Legal departments are feeling the pressure. When urgency and uncertainty converge, rightsourcing the resources at their disposal are how General Counsel are advancing business goals, managing risks, and advancing priorities.

**Rightsourcing is not always
about the lowest cost option.
It's about making the decision
that will maximize the value
your department can deliver.**

The rise of flexible counsel is game changing for how much your legal team can accomplish. In this playbook, we share a few examples of how GCs are optimizing the value of their resources - when to leverage your in-house team, what is best handled by outside counsel, and how to lean on your flexible talent partner to get the most out of both.

Our three use cases dig into specific and familiar challenges for legal teams today. We then delve into the thinking and analysis driving the

solution and the impact made on the business. The upside often includes avoiding team burnout and notable savings on recruitment and retention expenses.

To keep it practical, we've recapped the collective wisdom of GCs and industry pros into a **decision tree titled "Full-Time Hire, Outside Counsel, Or Flexible Talent?"**

Rightsourcing is "not about always going for the lowest cost option. Instead, it's about making the decision that will maximize the value your department can deliver," says Paragon Legal President & COO Jessica Markowitz.

While every legal department faces unique circumstances, there are common pressure points, such as product launches, milestone transactions, and just general under-resourcing, that legal teams are managing with nontraditional solutions.

Read on to learn how.

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WHAT IS RIGHTSOURCING?

Rightsourcing is ensuring the *right* work is getting done by the *right* people at the *right* cost.

In other words, it answers the perennial concerns of “how can we accomplish all this?” In ACC’s 2023 Chief Legal Officers Survey, **rightsourcing was identified by 45% of CLOs as a top-tier strategic priority.** The goal of rightsourcing is to get the work done well and most efficiently by using resources strategically.

Rightsourcing is the process of understanding the full spectrum of work your legal department handles, and finding the best resources – substantively and cost-wise – to own that work. That includes your in-house team, your outside counsel, your legal technology, and your flexible legal talent partner.

The value of rightsourcing goes far beyond cost savings. When you get it right, you maximize the value of your existing team by leveraging their skillsets, providing development opportunities, and preventing burnout.

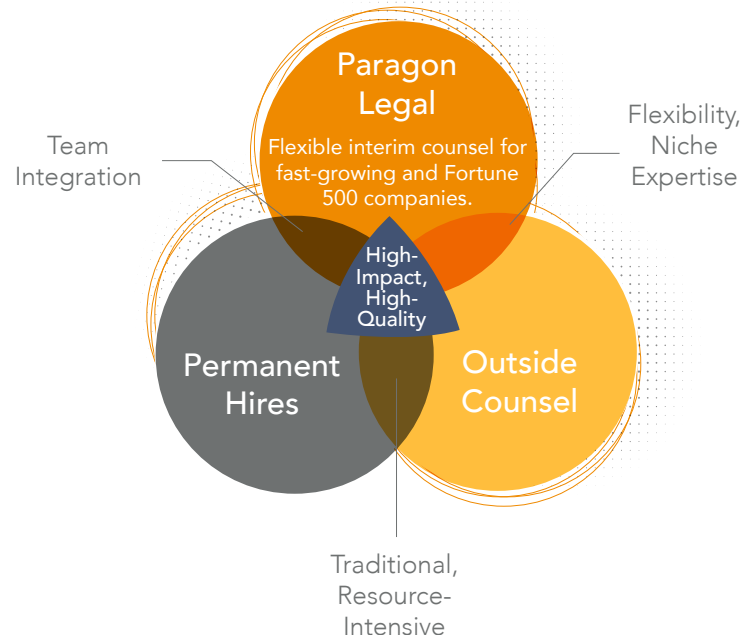
In the use cases that follow, we look at GCs’ thought processes on how to accomplish all that they must. You will see real-world budgets and the considerations GCs used to secure the right resource in such common scenarios as:

- Product launches that create a temporary spike in demand
- Corporate transactions that push Legal beyond current capacity
- Complex, high-priority projects poised to overwhelm Legal

Recognition of these pressure points not only provide GCs with a way to prevent negative impacts on the team and business. The reasoning behind the solutions form a new way to think about talent gaps that is applicable in a variety of scenarios.

Optimizing 3 Key Resources For Your Legal Team

An integrated approach for peak efficiency



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Rightsource Use Case #1

PRODUCT LAUNCH CREATES UNSUSTAINABLE WORK SURGES

CLIENT

- **A Software-as-a-Service (SaaS) company**
- **San Jose, CA based**
- **~\$20B in annual revenue**

To manage work overflow triggered by new product rollouts, the GC of a software company must meet the demands of the business while managing the legal team's capacity and costs.

Facts to consider

1. Company anticipates demand rising for the next 6 months and possibly beyond.
2. Recent budget cuts increase scrutiny of new headcount and FTE hires.
3. GC has built a strong in-house team and is concerned about burnout.

This use case is a hypothetical inspired by Paragon's experience. Any similarity to existing companies is purely coincidental.

Challenge: Meet demand surge to keep up with success

The company's new project management product gained popularity so quickly that updated versions were soon in development.

Due to the pace of the business team pushing new rollouts, the legal team found itself with a major workload spike, and they were forced into reactive, catch-up mode. Demands on Legal for product counseling, data privacy, and contract review were overwhelming. There was simply insufficient bandwidth to meet this sudden surge, and the business teams were getting impatient.

Smart Thinking: Expert specialist fills the gap

Our client traditionally would have defaulted to hiring a full-time employee. But the GC had questions. *"Is this work surge a temporary spike or will it sustain? Is there even a budget or appetite for new hires in this climate? What exactly is the profile and skillset I would need to add to the team? How long would it take to find the right FTE fit?"*

Additionally, the option to use outside counsel would break the budget and wouldn't give her the in-house skillset she truly needed.

"Every law department is unique and has its own set of strengths and challenges, and it's important to understand both when offering solutions."

— Tracy Scanlan, VP of Client Development and Legal Affairs at Paragon Legal

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Rightsource Use Case #1

PRODUCT LAUNCH CREATES UNSUSTAINABLE WORK SURGES

PERMANENT FULL-TIME EMPLOYEE

Salary		\$304,135
Bonus	26%	\$96,043
LTI / equity	20%	\$90,707
Payroll / taxes	5%	\$15,207
Benefits (PTO, health ins, other)	20%	\$60,827
Hiring costs	15%	\$45,620
Onboarding + training costs	10%	\$30,413
Turnover costs	10%	\$30,413
Total Costs		\$673,365

*costs as an average % of salary

OUTSIDE LAW FIRM

\$550/hr blended rate

Total Costs **\$792,000**

PARAGON LEGAL INTERIM

40 hr/week

Total Costs **\$432,400**

INTERIM IMPACT

Cost savings vs. FTE hire	\$198,600	35.8%
Cost savings vs. outside law firm	\$359,600	45.4%

Her solution? She turned to Paragon for a flexible and specialized attorney who offered several advantages:

- **Knowledge:** The attorney had both *product counseling and privacy expertise* gained from top-tier companies;
- **Bandwidth:** The attorney could jump in quickly to alleviate the burden on the in-house team and *help get deals done*.
- **Buying time:** The specialist attorney *immediately created new capacity* while the GC considered whether or not to hire a FTE; and

Given the immediacy and uncertainty of their needs, an interim hire became the obvious choice. The company's Legal team gained bandwidth, expertise, and a flexible, budget-friendly resource to support the company's overall revenue-generating goals—without adding permanent headcount at this time—and still meeting the needs of the internal business teams. The skillset and value of the interim attorney also helped the GC develop a strong, data-driven case for the long-term need for a FTE and helped her know exactly what she wanted the role to look like.



New View:

FLEX TO EXTEND AND BUILD THE LEGAL DEPARTMENT

Smart thinking on rightsourcing requires a big picture perspective, focused on the best way to expand the legal department and extend legal services delivery company-wide.

Initial questions GCs could and should address to determine where to allocate the work include:

1. Is this going to be an ongoing need? YES NO

If the answer isn't definitively yes, then hiring an FTE is not the right path. Flexible talent buys you time to assess the nature and longevity of the work.

2. Do I have budget for headcount (and is this the best use of my headcount)? YES NO

Hiring may not be an option or it may not be the best and highest use of your headcount based on your priorities. Flexible talent often goes through a different approval and budget process so you can resource your team without additional headcount.

3. Is this an immediate need? YES NO

Hiring takes time, especially if you care about finding the right fit. Flexible talent can alleviate the pressure on your team while you find your new team member.

4. Do I want someone fully embedded on the team? YES NO

Like an FTE, a flexible resource operates as an embedded team member working side-by-side with the in-house team and business partners while also offering flexibility.

5. Does this require on-call attention and highly niche expertise due to its high risk? YES NO

If the answer is yes, this is a good use case for outside counsel. Most often, the answer is no. In the case of our software GC, hiring a subject specialist as a flexible attorney secured the team the proper level of expertise.

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Rightsource Use Case #2

MERGER PRESSURES RETAILER'S LEGAL TEAM

CLIENT

- **Retailer of clothing and accessories**
- **New York based**
- **~\$6 billion in annual revenue**

The retailer's impending merger was straining Legal's ability to effectively help close the deal, integrate the new team, and keep the business running smoothly at the same time. A unique blend of resources is needed to ensure the success of this milestone deal.

Facts to consider

1. The lean company has a small in-house legal team.
2. The company traditionally relies heavily on outside counsel.
3. Institutional knowledge of the in-house legal team is critical to successful integration of the two businesses.

This use case is a hypothetical inspired by Paragon's experience. Any similarity to existing companies is purely coincidental.

Challenge: Small legal team stretched beyond capacity

Because it possesses unique expertise on the company's operations and business goals, the retailer's legal department needs to be at the forefront of the planning work required for a successful integration. The client has maintained a small legal department, referring much of its work to outside counsel.

In order to support the day-to-day legal work while also focusing on getting a major deal done, the legal team must significantly expand its resources.

Smart Thinking: Customize resources to GC's immediate circumstance

In answering the question of what rightsourcing looks like during the merger, the retailer consulted with Paragon's client team to talk through several practical options. "There isn't a one-size-fits-all solution to rightsourcing. Every law department is unique and has its own set of strengths and challenges, and it's important to understand both when offering solutions," says Tracy Scanlan. "Here, the client had talented team members who were eager to lead the merger, but their time was mostly spent on all the other legal tasks required to run a business.

"Importantly, this strategy also allowed the GC to stretch his existing team and provide them with the development opportunity they wanted."

— Tracy Scanlan

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Rightsource Use Case #2

MERGER PRESSURES RETAILER'S LEGAL TEAM

PERMANENT FULL-TIME EMPLOYEE

Salary		\$264,941
Bonus	26%	\$77,520
LTI / equity	20%	\$80,463
Payroll / taxes	5%	\$13,247
Benefits (PTO, health ins, other)	20%	\$52,988
Hiring costs	15%	\$39,741
Onboarding + training costs	10%	\$26,494
Turnover costs	10%	\$26,494
Total Costs		\$581,888

*costs as an average % of salary

OUTSIDE LAW FIRM

\$550/hr blended rate

Total Costs **\$792,000**

PARAGON LEGAL INTERIM

40 hr/week

Total Costs **\$441,600**

INTERIM IMPACT

Cost savings vs. FTE hire	\$151,400	25.5%
Cost savings vs. outside law firm	\$350,400	44.2%

"The issue here wasn't a skill or experience gap where they needed to bring in an M&A expert." Because of this, the GC landed on a combination strategy to maximize the value of the in-house team's company knowledge.

- The merger is a major priority for the business and would be run by several members of the internal legal team.
- Legal will call on outside counsel for niche M&A issues and higher-risk, time-sensitive support to get the deal done.
- A flexible attorney from Paragon was brought in to support the everyday needs of the business and pick up the daily responsibilities of the refocused internal team members.

The GC's rightsourced strategy positions his team to play a leadership role in addressing complex, high-impact situations as the merger and integration proceed, and the flexible option offers substantial value and savings over a FTE through the spike of deal closing and integration. "Importantly, this strategy also allowed the GC to stretch his existing team and provide them with the development opportunity they wanted," says Scanlan.

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New View:

HYBRID OPTIONS PROVIDE ELEGANT SOLUTION

The demands on legal departments vary, as will the resources needed to keep them running at peak performance.

Paragon's exposure to a multitude of scenarios and novel solutions provides our clients, such as the retailer in the middle of a merger, with individualized best practices and options.

We work closely with clients to determine where your internal team is mostly highly utilized, to then help determine where the gaps exist. Some of the most effective conversations we've led center around questions and issues like:

- 1. What are the true priorities? What work is 'need to have' versus 'nice to have'?**
- 2. Where is each of your existing team members' attention needed most? Where do they do their best work?**
- 3. Where are the substantive gaps on your existing team? Is there expertise you don't have—but need—on the team?**
- 4. What are you comfortable delegating? What should be handled internally versus externally?**
- 5. Do any of your current team members have bandwidth to take on additional work? (Time audit!)**
- 6. Is there a professional development opportunity that resource-shifting could provide to someone on your team?**
- 7. Where can each resource type (in-house team, flex talent, outside counsel) add the most value?**

Keep in mind that the answers to these questions are far from a fixed data point. They will change with each project and may need to shift during the course of a project. Maintaining a pivot mindset is made even easier when one component is a fully-flexible resource, such as an interim attorney.

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Rightsource Use Case #3

MAJOR TECH OVERHAUL TRIGGERS HURDLES

CLIENT

- **Healthcare provider network**
- **Harrisburg, PA based**
- **~\$500M revenue**

Upgrades to technology, systems, and procedures are an operational challenge in the best of times. For heavily regulated industries like healthcare, the issues are multilevel and complex. That was the landscape for one client operating hospitals and urgent care centers.

Facts to consider

1. Evolving regulations and contract complexity have made CLM implementation necessary.
2. GC recognizes the enormity of the project and the critical need for user training post-implementation.
3. Legal already has a complex and lengthy must-do list, which includes ensuring regulatory compliance and developing templates and a contracting playbook.

This use case is a hypothetical inspired by Paragon's experience. Any similarity to existing companies is purely coincidental.

Challenge: Critical projects poised to overwhelm department

A healthcare network was in the process of bringing on a new CLM system in order to streamline the contracting process and keep up with ever-changing regulations. The project involved multiple complexities including standardization of contract templates, digitization of paper records, and ensuring HIPAA compliance. The GC also knew from experience that the new technology could only be successful if the legal team was bought in and properly trained on how to use it.

As a result, Legal's biggest areas of need were in:

1. Creating a playbook and updated contract templates
2. Providing guidance on the contract systems implementation
3. Leading trainings for the in-house team and business.

Smart Thinking: Know your priorities

With so much occurring concurrently, prioritizing needs and resources became critical for the GC. Paragon's Client Development team supported the process of determining the need-to-have from the nice-to-have.

The GC weighed the department's options to accomplish the implementation on top of the day-to-day work. The guiding priority was more than choosing the lowest cost option but rather securing the right, special skillsets for the optimal time needed.

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Rightsource Use Case #3

MAJOR TECH OVERHAUL TRIGGERS HURDLES

PERMANENT FULL-TIME EMPLOYEE

Salary		\$242,328
Bonus	26%	\$44,692
LTI / equity	20%	\$24,829
Payroll / taxes	5%	\$12,116
Benefits (PTO, health ins, other)	20%	\$48,466
Hiring costs	15%	\$36,349
Onboarding + training costs	10%	\$24,233
Turnover costs	10%	\$24,233
Total Costs		\$457,245

*costs as an average % of salary

OUTSIDE LAW FIRM

\$400/hr blended rate

Total Costs **\$576,000**

PARAGON LEGAL INTERIM

40 hr/week

Total Costs **\$412,800**

INTERIM IMPACT

Cost savings vs. FTE hire	\$47,600	10.3%
Cost savings vs. outside law firm	\$163,200	28.3%

- The GC's experience told him that his in-house team would need to provide critical input to the implementation, both to get it right and to have buy-in to leverage the new technology.
- Consultation with Paragon made it clear that flexible commercial counsel was the right choice for two discrete projects: template and playbook building, and project-managing the implementation and training.
- The Paragon attorney that the GC brought for the template and playbook project had direct contracting experience in the healthcare industry so was able to leverage both industry experience and an outside perspective.
- Paragon also provided an attorney that had gone through another CLM implementation and was able to project manage the implementation, gather the appropriate input from the in-house team, and set up training sessions that spoke the language of the attorneys to encourage usage.



New View:

INVEST UPFRONT IN PEOPLE AND PROJECTS WITH LONG-TERM REWARDS

Having options to choose from is ideal but it can also be overwhelming. When should you push your budget, extend your team, and plan for future demand? Some helpful framing questions our healthcare GC, and many other legal chiefs, relied upon include:

1. Which projects are your *true* priority.... and why?

While the answer may seem obvious, it is likely more nuanced than you think. Some projects have a major impact throughout the enterprise. Some carry more risk than others, while in other cases, completion may be critical to company goals or compliance deadlines. Mapping out priorities and impact create a tangible tool for prioritizing where to allocate budget, people, and other resources.

2. What are your options for resourcing key projects?

The old default of hiring a FTE no longer makes strategic sense when volatility is a factor. What has changed in recent years is the depth of expertise and flexibility among legal service providers, including the availability of a cadre of experienced, flexible attorneys. The rise of corporate legal ops provides another resource to rightsource for competing and concurrent projects and priorities.

3. Can you parse and sequence projects to make incremental progress?

Strategic thinking today means being able to pivot. Instead of an all-or-nothing decision, there may be room for incremental success. Carving out the essential elements of a project may allow for expedited execution with an efficient specialist for now, and a commitment to complete the rest in the future.

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Takeaway Tool:

FULL-TIME HIRE, OUTSIDE COUNSEL, OR FLEXIBLE TALENT? CHOOSING THE RIGHT OPTION.

The three GCs thought critically on how to rightsource their teams. Here's a decision tree showing how you can do the same.

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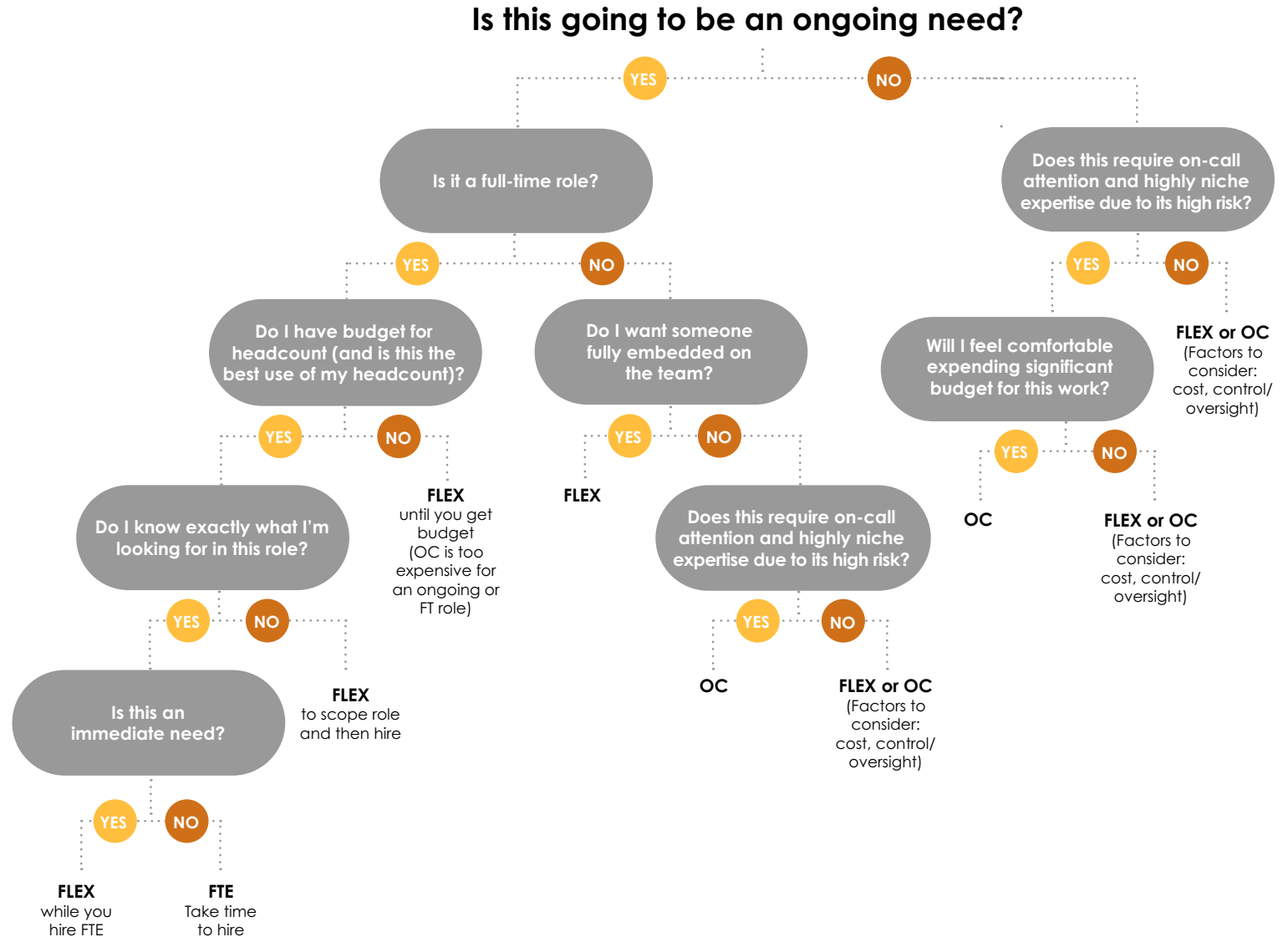
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While getting the most out of the budget to effectively support the organization will help prove your team's value, law departments also must secure the resources to get the job done.

When you discuss your team's workload with the business side, flexible counsel can be a particularly persuasive option in uncertain economic times, notes Paragon Legal's Markowitz.

"When the world is changing and there is a lot of uncertainty, proposed new fixed costs in a slowing growth environment aren't something that the finance team will be super happy about," she says.

We hope this Legal ePlaybook provides actionable guidance to your team in navigating rapid changes in the in-house workplace.

If you'd like to discuss any aspect of your department's needs and requirements with the Paragon team, please [contact us](#). We would love to share further thoughts on how these approaches can help you meet your business goals.



About Paragon Legal

Paragon is a premier legal services firm providing interim in-house counsel to leading corporate legal departments. Paragon attorneys have deep experience in a wide range of practice areas — including privacy, employment, and intellectual property — and are ready to help your legal team tackle its next challenge. Whether you're looking for specific expertise, the flexibility to move attorneys between teams, or assistance during a hiring freeze or tight budget period, Paragon has you covered.