

When Is It Time To Hire A GC?

By: Vanessa Vidal

While the general trend by most companies is not to hire, when outside counsel bills are stacking up, and executives get too bogged down with the process of drafting sales contract, the time might be right to hire the company's first in-house general counsel.

When is it time to hire a GC? When a company starts to emerge from its startup status, and the overhead increases with each partner and associate that is engaged to handle more of the company's work, the right economic decision is usually to bring in a GC.

Most companies that are ready to bring legal in-house share the same concerns: mounting outside legal costs, increasing legal work, and the need for someone who really knows the business well to position the company for the future.

A GC can not only help a company gear up for the next stage of growth and success, but also help a company prepare or prevent a potential crisis. One needs only look at the recent corporate scandals, such as stock option backdating, to understand just how important it is for companies to be properly protected.

One of the many reasons companies are considering hiring a GC is to have someone who can immediately see the big picture for the company, and be able to keep them out of trouble.

What should a company look for when trying to hire its first GC? Typically, a "jack-of-all-trades" with a solid ten years of prior legal experience, and industry specific experience. A good GC should be able to build an appropriate governance structure and do good corporate governance on a shoestring budget. Prevention of problems can go a long way towards saving a company money, something that corporate America seems to be in agreement with.

In general, the size of companies' in-house legal staff has been on the rise, according to reports from the ACC, growing by nearly 40 percent in the last decade. While companies have been shedding some lawyers during the recession, GC hiring has been steadily on the rise. In light of increasing regulatory demands and corporate scandals, and a soft employment market, this may be a good time for companies to assess their needs, and consider building a legal department.