

Freelance lawyering: it's just labour arbitrage, right?

Yes...and so much more

By Katherine Thomas, Managing Director at Katherine Thomas Consulting

I've lost count of the times I've heard using freelance lawyers dismissed as a simplistic strategy that offers nothing more than cost savings. There are few phrases lawyers like to use more to dismiss change than 'labour arbitrage', except perhaps for 'commoditisation' or 'robot lawyers'. Of course, it is all said with such confidence combined with disdain that it's difficult to counter the argument.

Well, it should be countered. For two reasons. First, because although labour arbitrage is a key benefit of legal freelancing, it's not one to be sniffed at. Second, because the benefits of using freelance lawyers go way beyond that.

Let's start with labour arbitrage

First, definitions. Freelance lawyers provide their skills on a non-employed, flexible basis. They may contract directly with the law firm or in-house team themselves, or may do so via

a third party provider such as Lawyers on Demand, Vario or Crowd & Co. Typically, they undertake short-term assignments. With no employment relationship between the freelancer and the ultimate client, fixed costs are low and there is usually a significant cost saving for the client.

It's a classic arbitrage arrangement taking advantage of a price difference between two or more markets. Buying stocks high and selling them low is a classic example of arbitrage, as is the use of low-cost labour from abroad.

Using freelance lawyers provides arbitrage benefits because:

- freelancers are only paid when they work – i.e. – when they are required by the client – making them a variable cost, as opposed to employees whose salaries are considered fixed costs

- the client does not pay additional employment costs such as pension/contributions
- the client does not pay additional costs for training, management and other development activities and the freelancer does not spend their time on these activities when paid by the client
- freelancers who work outside the office don't incur fixed costs relating to office space, which can be significant when a client operates from a swanky city centre tower.

So far, so good. It's just 'lawyers but cheaper', right?

No. It's so much more!

Consider the implications of a freelancing arrangement:

1. **Agility** – Agile working is now an accepted requirement for future success. For more on what it actually means, see my post Agile working is so important because the pace of change in work will only accelerate as time goes by, meaning that responding rapidly will be key to competitiveness. At a faster pace than ever before, resources must flex to meet demand. People, technology, premises, know-how, processes – all will be in a constant state of flux. The ability not only to cope, but thrive on change will be the new workforce currency. Fact. In this context, relying solely on a fixed pool of resource can start to look like a weakness rather than a strength. Doesn't a combination of the best an employed workforce offers and the flexibility and variety of freelancing look like a more viable long-term option? It's called 'core-plus' resourcing and savvy businesses are al-

ready using this approach to enhance their agility.

2. **Trojan Horse** – Want change? Want to be innovative? Then get stuck-in! There's no better way to make progress than by taking action. I should know: Vario succeeded because, put simply, we just did it. But for some, it's not that easy. A General Counsel or Managing Partner could be forgiven for feeling helpless faced with a tidal wave of news about innovation and change. "We need to do it, but where do we start?. My suggestion: "Pick one thing, commit and see where it leads you".

Using freelance resource is a great first move because it is scalable, low cost and low risk. More importantly, it effects change in the hardest to reach places – in culture, behaviour and processes. Why? Because freelancer can only be effective if plugged into a well-functioning team that knows what the freelancer will be doing, when and why. This only happens with good processes, great teamwork and clear communication. So, yes, using freelancers can expose gaps but it also offers a way to close them. Use just one freelancer on one project and learn from the experience.

Watch how, as a natural consequence of working differently, processes and communication becomes more effective.

To mix the metaphors, the Trojan Horse grows like a snowball and change begets change.

Contrast this with the deployment of new technology which can be transformational,

but which is often a costly, time-consuming, high-risk sticking plaster placed over already inefficient processes, poor communication and disengaged people. I've lost count of the times leaders have bemoaned "we bought the tech but our people aren't using it". So why not be different and make deep-seated change that will last, through people rather than just technology?

3. **Creativity** – With little or no fixed cost attached to freelancers, you're free to experiment in a low-risk way. What new services would you launch if you could do so using low-investment/low-risk freelancers? Which markets would you service if you had access to a lower-cost pool of skills? What long-desired projects would finally come to fruition if you could allocate cost to the project rather than to your team budget as overhead? What work could corporate counsel teams do in-house rather than outsource if able to deploy the skills needed on a freelance basis?

Freelance resource offers labour arbitrage benefits, sure. And they can be significant. And it's fine to stop there if cost is the basis on which you promote your services. However, I'll hazard a guess that, whether you work in-house or in private practice, you want your clients to think of you as more than cheap.

Lawyers that engage their creativity, bury their disdain and act with bravery can see that freelance lawyers offer a whole host of ways to distinguish themselves from the pack. From new service lines to more efficiency, from new markets to greater agility, the much-maligned 'labour arbitrage' of freelancing might just

hold the key to transforming your business.

About the Author

Law firms across the world consult Katherine to grow and develop their businesses because she has a reputation for strategic thinking combined with a large dose of pragmatism.



Katherine understands the challenges that lawyers face when developing their business because she has experience both as a 'fee-earner' and as a business development adviser.

In 2013, she established the flexible resourcing service Vario for international law firm Pinsent Masons (www.pinsentmasons.com/vario). By growing long-term client relationships as well as gaining new clients, she grew

Vario from an idea to a thriving business in under three years. Prior to that, Katherine spent 15 years in senior business development, communications and knowledge roles, leading major change projects across multiple geographies.

Katherine now runs her own consultancy – Katherine Thomas Consulting Pty - that helps law firms grow by developing existing client relationships, establishing new relationships and launching new services.

In addition, Katherine provides partner coaching, facilitates partner retreats and speaks at partner conferences. She is a lecturer at The College of Law in WA, a regular speaker at industry events, including ICON and ALPMA and is a member of The College of Law, Center of Innovation Centre's, WA.

Professional Qualifications and Education

- Design Thinking – Coursera University of Virginia – 94.4%
- UK Chartered Institute of Marketing Post Graduate Diploma – prize-winner

- University of Oxford, BA (Hons) Modern History: 2:1

“Katherine has the great ability to offer strategic insights one minute and to roll her sleeves up and drive a project the next. This is a rare skill set in the consulting market and I can't recommend her approach and work highly enough.”

Jonathan Patterson, Development Director, DWF

“a.....quality, bespoke product which was both on point and insightful. Katherine's positive attitude and transparent communication style underpin the service she delivers, making it a pleasure working with her.”

Ash Hill, Partner, Wynn Williams

“Incredibly talented speaker”

Top-tier Australian law firm

ZyLAB ONE eDiscovery: Easy and Robust

