



Maximizing the Value of Your Outside Counsel Budget

A practical guide for GCs to maximize legal support within your current budget



Making Every Outside Counsel Dollar Count

As FY26 planning ramps up, many in-house legal leaders are preparing for tough budget conversations with Finance or the CEO.

As former GCs ourselves, we know these conversations often involve real trade-offs, especially when it comes to outside counsel spend. Since most legal departments send more than half of their total budget — **an average of 54%** — to external law firms, making that spend work harder isn't just smart management, it's strategic leadership.

This year, budget discussions may be more challenging than ever before. Yet, despite rising law firm rates, many GCs expect to send more work to outside counsel, which means every dollar must count.

Following is a list of practical strategies — from tighter scoping and smarter forecasting to value-based relationships and innovative pricing — to help you **get the most from every engagement, without sacrificing quality or outcomes.**

9 Ways to Drive Greater Value from Outside Counsel



01

Align legal and business goals

Legal leaders who run their department with a business mindset are more likely to secure their seat at the table. This means collaborating directly with leadership to understand not only legal risks but broader company priorities for FY26, whether they be around growth, efficiency, compliance or cost discipline. **In these discussions:**

- Show how your outside counsel strategy directly supports business objectives, not just legal outcomes.
- Position legal as a strategic enabler — not just a cost center.



02

Define project scope precisely

Clear scoping (e.g., deliverables, deadlines, and success measures) is foundational to staying on budget.

- Use phased or milestone-based work plans to prevent scope creep.
- Ask for matter-level budgets for each upfront. — and revisit regularly.
- Include outside counsel guidelines with every signed engagement letter to set expectations early.



03

Use alternative fee arrangements (AFAs)

Be a proactive steward of your budget by exploring alternative fee arrangements with current firms — and be ready to shift work if competitors offer better value. **Smart AFA strategies include:**

- Fixed fees for repeatable tasks (e.g., contract reviews) bundled into predictable packages.
- Capped fees to align incentives and incentivize efficiency.
- Volume discounts when annual spend exceeds agreed thresholds.
- Success-based fees tied to outcomes that matter to the business, not just hours worked.



04

Tier your panel — right work, right firm

Not all legal work is created equal, and not every firm is the right fit for every matter. A thoughtful outside counsel strategy starts by aligning expertise, risk profile and pricing model. **Consider segmenting work this way:**

- Reserve high-stakes work like large-scale M&A for firms with specialized resources.
- Shift routine matters (commercial, employment, regulatory, privacy, or recurring support) to leaner models offering only experienced lawyers, not junior teams.
- Re-evaluate who's handling your midlevel matters. That's often where the greatest inefficiencies (and opportunities) live.



05

Measure and benchmark legal's performance

Legal departments that measure KPIs and tie them to business priorities are better positioned to secure budget resources and reinforce their strategic role. Metrics that resonate with leadership include:

- **Know where your budget goes:** spend by matter type, department, or business unit.
- **Cycle time for key matters:** how fast your team and outside counsel resolve deals or disputes.
- **Cost savings or avoidance:** savings from negotiated settlements, proactive risk reduction, or better scoping.
- **Use of AFAs:** track the percentage of work under fixed, capped, or success-based arrangements.
- **Benchmarking:** compare your KPIs to peers to highlight strengths and justify resourcing.



06

Require monthly budget updates and forecasting reports

Predictability can help build trust with your internal clients and your CFO. Outside counsel that is genuinely invested in your success will not only respect your budget, but will help you manage it. Best practices include:

- Monthly spend-to-date and forecast reports, tailored to what you need to show internally.
- Early warnings on potential overruns, with solutions, not just problems.
- Variance tracking to find opportunities for improvement.
- Quarterly check-ins to highlight savings or areas where spend could be better allocated.



07

Leverage innovative technologies wisely

Technology, including GenAI, is reshaping how legal work gets done, but the tools themselves aren't enough. The strongest legal teams are those that pair AI-driven efficiency with sound legal judgement by:

- Piloting emerging AI tools designed to accelerate research and drafting
- Creating prompt libraries, usage guidelines and playbooks tailored to your team.
- Identifying where automation makes sense, and where human insight is irreplaceable.
- Reviewing AI-generated output for gaps, risks and deal-specific nuance.



08

Seek value-based partnerships

The best legal outcomes come from true partnerships, not transactional relationships. To ensure long-term, collaborative partnerships with outside counsel:

- Define what value means for your company — deep industry knowledge, business acumen, responsiveness, or speed when it counts.
- Identify law firms that consistently deliver proactive advice, efficiency, and creative solutions.
- Share feedback openly and regularly, and invite firms to do the same
- Collaborate on training, secondments, or interim leadership support, when appropriate.



09

**Communicate
your value story**

As FY26 planning ramps up, it's worth taking stock of what legal helped the business achieve, not just what it avoided. Identify outcomes that showcase legal's role as a strategic partner and share them with leadership, including:

- Cost savings and spend avoided
- Risk-reduction that protected revenue and/or reputation
- Strategic wins (accelerated deal cycles, cross-functional collaboration) that helped the business move faster and more efficiently
- Metrics that demonstrate legal's impact on business goals and risk management.

Smart budgeting is smart leadership.

Following these steps will help optimize your legal spend and demonstrate legal's role in driving the business forward.

If you'd like to explore tailored strategies for your own FY26 budget planning, our team is here to help — [connect with us to start a conversation](#) about building an outside counsel plan that delivers more value where it matters most.



OGC

Reach out today

[CONTACT US](#)

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