


TOP 5 REASONS SMALL LAW DEPARTMENTS OUTSOURCE LEGAL COMPLIANCE ACTIVITIES

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HOW A LITTLE EXTRA HELP CAN LEAD TO A BIG INCREASE IN EFFICIENCY

Your organization is racing forward, expanding, taking on new projects and dealing with a growing list of regulatory and internal demands. There’s no stopping the growth and you’re not certain how to find the time and/or bandwidth to accomplish everything. Sound familiar?

While often exciting, organizations with small law departments are facing endless work – transactions, acquisitions, new business initiatives, restructuring projects, global work, dealing with new regulatory processes, and more.

What’s a team to do? More and more of our customers are considering outsourcing legal compliance services. They realize that to get ahead of the curve, and to get a better night’s sleep, they need to begin asking for help.

By turning to a team of trusted professionals, organizations with smaller law departments find they’re able to:

1. Increase bandwidth
2. Gain control
3. Reduce risk
4. Manage a more effective post-M&A transition
5. Optimize organization and efficiency

Let’s look at each point in more detail.

1. Increase bandwidth

Legal, finance and compliance departments already have a long list of critical initiatives to manage. There is no time for these teams to worry about tracking compliance dates, checking the latest rules with the state and local filing offices, and preparing and following-up on required steps. Instead, they call on a trusted partner to act as an extension of their team. They free up their time and resources by offloading necessary corporate compliance steps such as [annual reports](#), licensing and registrations, DBAs, entity management, and corporate transaction work.

Example: A national services company with a General Counsel and one paralegal outsource their annual reports, licensing and entity management activities, allowing them to stay in control without having to do all the work.

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2. Gain control

As businesses grow, company information changes and it's not always easy to keep track of those changes. Legal teams know they need to stop and take inventory of corporate assets. There's a lot on the line. They can't afford a stalled or failed transaction or regulatory problems caused by being out of good standing, never being withdrawn properly, having expired licenses or DBAs they didn't know about, or having former addresses and officer and director names on file. That's where a team of trusted outside professionals comes in. General Counsels are seeking peace of mind by outsourcing the consolidation and organization of all their registrations and [data under one registered agent](#). This ensures their department has clear visibility and control over their company information.

Example: A new General Counsel discovered their registrations were with multiple registered agents, including themselves. Within the first six months, the General Counsel asked for assistance in consolidating all entities, both relieving stress and setting a foundation for going forward. Another General Counsel, from the services industry, consolidated all its US and Canadian entities to streamline management of the companies.

3. Reduce risk

Having control of company details plays directly into reducing risk. Smaller legal teams have so much to do; they need help with corporate transactions and other business plans that require new state registrations. With transactions and expansions, it's difficult to ensure you have accounted for all of the requirements and executed each step properly. One missed step can risk the legality of an entire company. Risk also surfaces when a non-compliant entity is part of another transaction. Companies ask us for assistance because they know there is a more efficient and risk-free approach to their legal compliance.

Examples: A national retailer must register in all states to execute a new marketing initiative. The finance team sought assistance given the time and complexity this project involved.

4. Manage a more effective post-M&A transition

An acquisition is often the tipping point at which a company realizes their manual spreadsheets and current processes

no longer work for them. Adding the additional companies becomes too much to handle and it's time to outsource any work they can to an external resource with the expertise to oversee annual reports, licensing, DBAs, and overall entity management. This removes a significant burden from the team and frees them up to take on other types of critical work, especially if they have an aggressive growth and acquisition plan.

Example: Several retail companies are growing quickly and their small teams can't keep up with it all. They seek help with annual reports, business license management and entity management.



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5. Optimize organization and efficiency

As companies transition in size or take on more global initiatives, it becomes clear that a secure electronic platform is needed to organize and manage entity data, including officer and director information, organization charts, DBAs, office locations, compliance and other deadlines, global regulatory data, etc. A small team doing it all via spreadsheets is no longer sustainable or reliable. A strategic departmental shift provides a tremendous source of relief for the team, making their daily work life easier. This is one of the most common reasons legal departments decide to move to entity management systems and an outsourced service provider.

Example: A global manufacturer redefined their three-person team's approach to handling work in pursuit of improved organization and increased capacity to handle more strategic work.

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