FORGE
MANAGEMENT SERVICES

THE CAPACITY DECISION

How Growing Law Firms Protect Billable Time While They Scale

A practical framework for sole practitioners and small firm owners navigating the hire vs. outsource decision — from advisors with experience on both sides of the equation.

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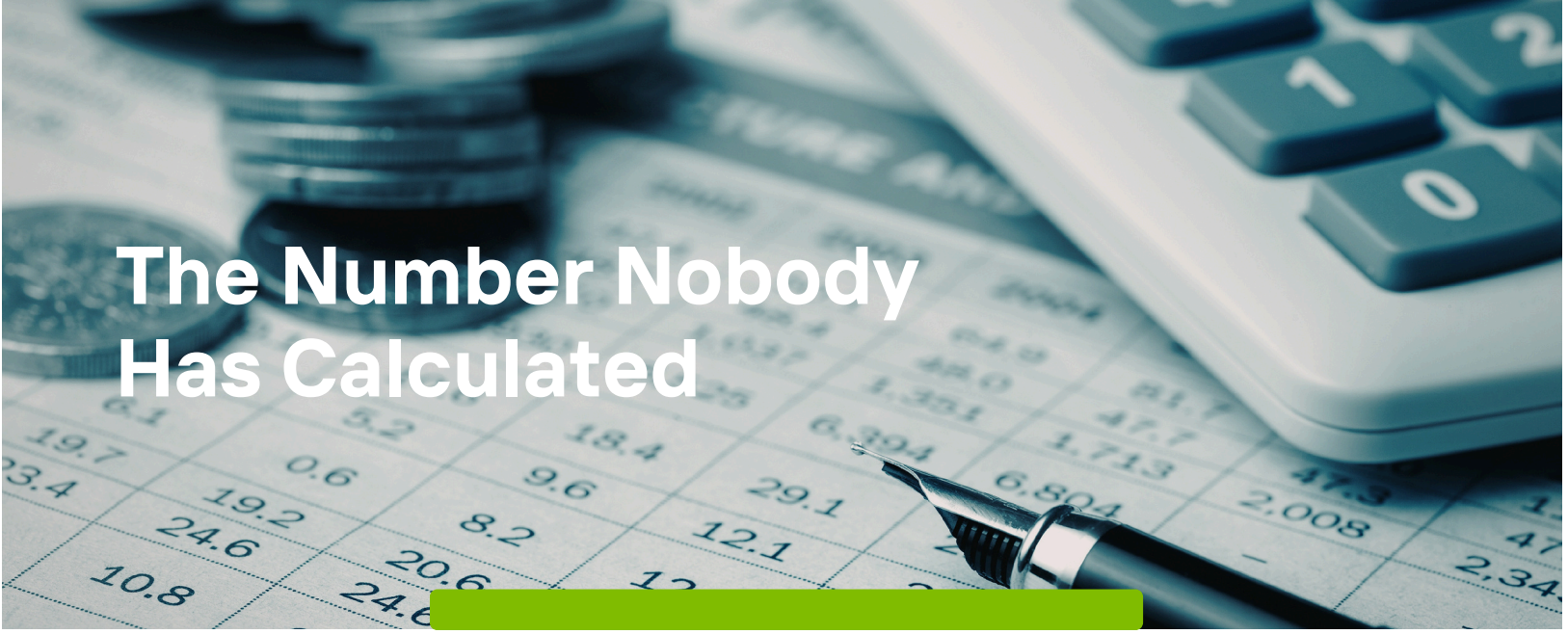


The Number Nobody Has Calculated

Picture a lawyer billing at $375 per hour. Experienced, well-regarded, with a practice that is growing. By most measures, things are going well.

Now picture that same lawyer spending fifteen hours every week on work that has nothing to do with the practice of law.

- Billing administration
- Intake calls
- Scheduling
- Vendor management
- Chasing outstanding invoices
- HR
- IT troubleshooting

Fifteen hours.
At $375 per hour.
Every week.

THAT IS

$292,500 / year

in opportunity cost

Quietly bleeding out of the practice every single year.

Most lawyers who do this calculation for the first time are surprised. Not because the math is complicated (it is not) but because nobody has ever asked them to do it.

This is not a time management problem. It is a capital allocation problem. And it has a solution.

One clarification before we go further. If your pipeline is the constraint rather than your capacity, recovering operational time will not automatically translate into more billings. But it will give you the time to pursue business development, take on better matters, and build the practice with intention rather than reacting to whatever lands on your desk. The opportunity cost of administrative work is not only lost billable hours. It is lost growth.

This guide is designed to help sole practitioners and small firm owners think clearly about that solution.

When does it make sense to hire? When does outsourcing serve the practice better? And critically, what does each path actually cost, and what quality of talent does each path actually deliver?

We approach this from an unusual vantage point. Through our recruitment business service line, Forge Recruitment, we have placed legal professionals across Canada for years. We know what the candidate market looks like at every level. Through our management services business line, Forge Management Services, we provide fractional operational support to law firms and understand exactly what that model delivers in practice. We have seen both sides of this decision across dozens of firms, and we built this framework to share what we have learned.

SECTION 1:

Where Your Time Is Actually Going

Before you can solve the capacity problem, you need to see it clearly. Most lawyers underestimate how much of their time is going to non-billable work, not because they are being careless, but because it accumulates in small increments that are easy to overlook.

A one-week time audit is the most useful starting point. For five business days, track your hours honestly across four categories:

THE FOUR BUCKETS

BILLABLE CLIENT WORK
Time that appears on an invoice or could

FIRM OPERATIONS & ADMINISTRATION
Billing, intake, HR, finance, tech, vendor management

BUSINESS DEVELOPMENT
Relationship building, proposals, networking, marketing

EVERYTHING ELSE
Professional development, breaks, commuting, miscellaneous

Most lawyers who complete this exercise honestly find that Bucket 3 (operations and administration) is consuming between twelve and twenty hours per week. In a forty-five hour work week, that is 25% to 45% of total capacity going to work that does not require a law degree.

The goal of this guide is not to eliminate that work. It has to be done. The goal is to ensure that it is being done by the right person, through the right model, at the right cost.

Before moving to the decision framework, do your own rough calculation:

YOUR OPPORTUNITY COST CALCULATOR

Your billing rate: $_____ per hour
Estimated weekly hours on non-billable operations: _____ hours
Weekly opportunity cost: $_____
Annual opportunity cost (x 48 working weeks): $_____

This number is not what you are losing. It is what you are leaving on the table.
The question is: what is the most cost-effective way to recover it?

SECTION 2:

The Two Levers

When capacity becomes a problem, there are two mechanisms available to recover it. Understanding both is the foundation of a good decision.

LEVER ONE: HIRE

A permanent hire gives you dedicated, available, embedded support. Someone who knows your clients, your systems, your preferences. Someone who is there when you need them. For the right category of work, a strong hire is genuinely the best answer.

The trade-off is that a permanent hire is a fixed cost commitment that persists regardless of revenue fluctuation. It also carries a recruitment process, an onboarding period, management overhead, and meaningful financial risk if the hire is wrong. We will examine that cost in detail in Section 4.

LEVER TWO: OUTSOURCE

Fractional or outsourced support gives you experienced capability without the fixed cost commitment. Work is delivered to agreed timelines and scopes rather than on demand. You do not own the person's schedule, but for the right category of work, you do not need to.

The trade-off is real and should be stated plainly: less availability control, less cultural embeddedness, and a higher per-hour rate than an equivalent employee. For work that requires deep judgment or constant client contact, this model has limitations.

The Key Insight

Most lawyers treat hiring and outsourcing as an either/or choice. The more sophisticated answer is a sequencing question. Which lever do you pull first? For which category of work? In what order as the practice grows?

The framework in the next section is designed to answer exactly that.

SECTION 3:

The Work Classification Matrix

Not all work is created equal. The right staffing model for any given task depends on three things: the volume and frequency of the work, the level of specialization it requires, and the return on investment of having it handled a particular way. Map your operational tasks across the two axes below — how often the work occurs, and how much firm-specific knowledge it demands — and let ROI inform the recommendation within each cell. The right answer usually becomes clear quickly.

	EPISODIC	ONGOING	HIGH VOLUME
LOW SPECIALIZATION	Recurring low-skill tasks. Systemize with software where you can.	High-frequency admin work. Documentable, hand-off-able	High volume routine work. Weigh true hire cost vs. fractional. Volume must justify fixed costs.
	Automate or Fractional Support	**Fractional Support or Consider Hiring**	**Consider Hiring**
HIGH SPECIALIZATION	Specialize in project work. Senior fractional resource on defined scope. Examples: HR, finance, strategy.	Core, ongoing, judgment-heavy work. Full-time permanent hire with proper recruitment process.	The practice is at capacity. A strong permanent hire is essential. Get the recruitment right.
	Fractional Support	**Hire**	**Hire**

Let us apply this matrix to the tasks that are most commonly consuming lawyer time in a growing firm:

- **Automate or Fractional Support**

File management and document organization. Low specialization, episodic in nature, and poor ROI for any human to handle manually. Use your practice management software to automate naming conventions, filing structures, and document generation wherever possible.

- **Automate or Fractional Support**

Appointment scheduling and calendar coordination. Recurring, low-skill, and easily handled by scheduling software. Reclaim this time immediately.

- **Fractional Support or Consider Hiring**

Billing administration and accounts receivable follow-up. Ongoing, low specialization, and high ROI when removed from your desk. This is the single most common capacity drain we see in sole practitioner practices. A fractional resource handles it at a fraction of the cost of a full-time hire.

- **Fractional Support or Consider Hiring**

Client intake coordination and matter opening. Frequent, documentable, and hand-off-able with a clear process in place. Strong candidate for fractional support. As volume grows, the ROI case for a full-time hire strengthens.

- **Fractional Support or Consider Hiring**

Trust accounting and compliance. Ongoing and moderately specialized, but well within the scope of an experienced fractional resource with legal sector knowledge. Note: this requires a provider who understands Law Society compliance obligations — not a generalist bookkeeper.

- **Fractional Support**

HR management and strategic planning. Episodic, high specialization, and best handled by a senior fractional resource engaged on a defined scope. A sole practitioner does not need a full-time HR professional. They need experienced judgment available when it matters.

- **Hire**

Legal research, drafting, and file work. Core practice work, ongoing, high specialization, and the direct source of billable revenue. When the volume of this work exceeds what you can handle, hire a legal professional — junior associate, law clerk, or paralegal depending on the work type — and get the hire right.

- **Hire**

Business development and client relationship management. High specialization, ongoing, and impossible to delegate meaningfully at this stage of a firm's growth. This is your work. The ROI of protecting this time is the entire premise of this guide.

LAWYER TIME ALLOCATION IN GROWING FIRMS

SECTION 4:

The True Cost Comparison

Most lawyers make the hire vs. outsource decision based on salary. This systematically undervalues the true cost of a hire and makes outsourcing appear more expensive than it actually is. Here is what the comparison looks like when the full picture is on the table.

Cost Item	Full-Time Hire	Fractional / Outsourced
Base salary / fee	$55,000 – $75,000	$18,000 – $36,000/year (~$1,500–$3,000/month; varies by scope)
Recruitment cost	$8,000 – $15,000	$0
Onboarding (lost billable hrs)	$5,000 – $10,000	$500 – $1,500
Benefits	$8,000 – $12,000	$0
Management overhead	$10,000 – $20,000	Minimal
Bad hire risk	High — severance + re-recruit	Negligible
TRUE ANNUAL COST	**$86,000 – $132,000+**	**$18,000 – $36,000**

The figures above are illustrative but directionally accurate for legal operations roles. The recruitment cost alone, often overlooked or absorbed informally through a substandard DIY process, can represent three to six months of salary equivalent when done properly.

The management overhead line deserves particular attention. A direct report is not free to manage. Training, performance feedback, scheduling, motivation, conflict resolution — these activities consume lawyer time, and that time has the same opportunity cost as any other non-billable hour. It is rarely factored into the hire decision.

> The fractional model does not look expensive when compared to the true all-in cost of a permanent hire. It looks like a different product entirely.

SECTION 5:

The Candidate Pool Reality

The cost comparison matters. But there is a dimension to this decision that goes beyond cost and it is one that most guides on this topic completely miss.

The staffing model you choose does not just determine what you pay. It determines which talent pool you are drawing from. And those pools are not equal.

Path	Candidate Pool	Quality Ceiling	Cost Reality	Path
Full-Time Permanent	Broadest pool. Access to both Passive and Active job seekers, career builders.	High — but top candidates have options and expect market rates	Premium.	Full-Time Permanent
Part-Time Permanent	Thin. Junior candidates building experience OR late-career professionals stepping back.	Limited. Mid-career experienced professionals rarely seek permanent part-time at small firms.	Lower salary — but limited ROI on a constrained candidate pool	Part-Time Permanent
Fractional / Outsourced	Senior professionals who have chosen portfolio careers. Experienced, capable, and intentional.	Highest available at this cost level. You access talent that would cost 2–3x as a permanent hire.	Best value. Top-tier capability at part-time rates.	Fractional / Outsourced

This is not a theoretical observation. It is what the candidate market in Canadian legal operations actually looks like, based on years of legal recruitment activity across Vancouver, Calgary, Toronto, Ottawa, and Montreal.

The part-time permanent role catches lawyers by surprise most often. The instinct is: I need someone twenty hours a week, so I will hire someone part-time. The reality is that the candidate who can walk in and genuinely run the operational side of a growing law firm, billing, intake, trust accounting, vendor management, HR, is not looking for a permanent part-time position at a small firm. That person exists, but they are not in the active job market. They are either working full-time permanently or fractionally, on their own terms, for multiple clients at once.

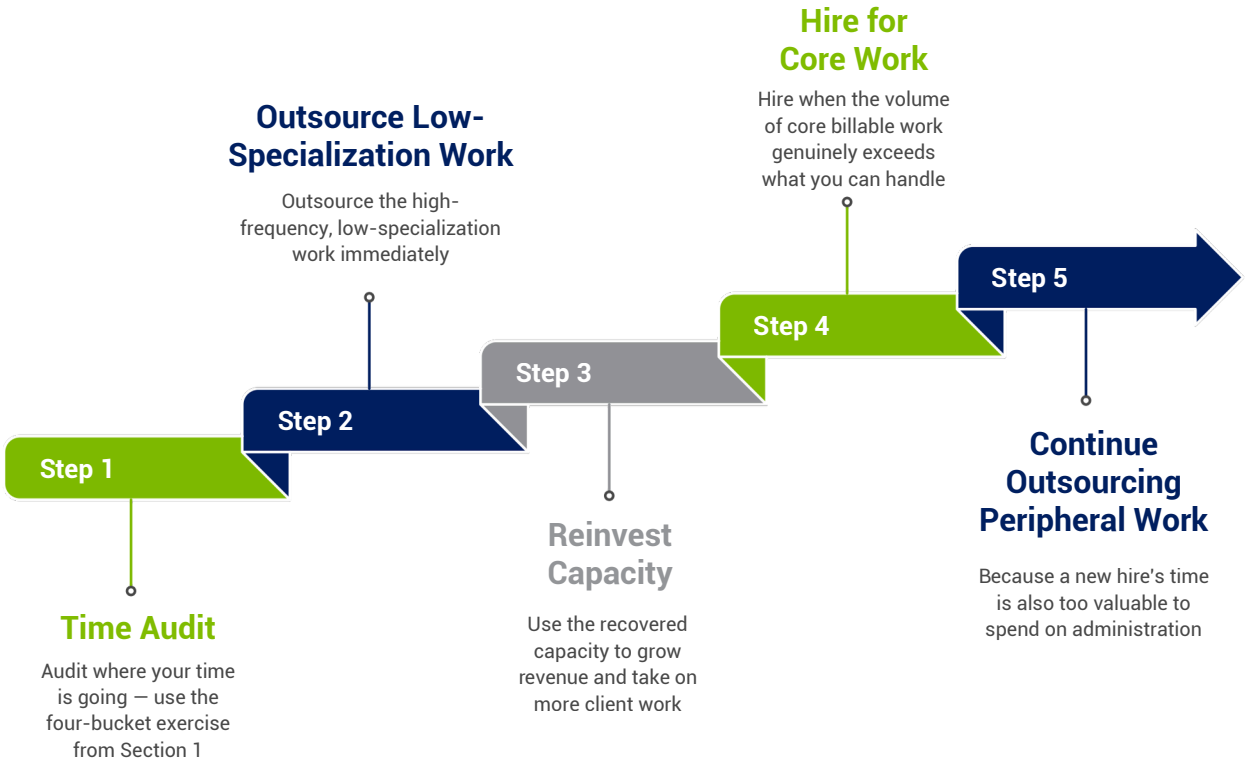
> The hire you are imagining is already in the fractional market. The only question is whether you access them through a direct fractional arrangement — or miss them by posting a part-time role they will never apply for.

SECTION 6:

The Sequencing Decision

For most sole practitioners and firms under ten lawyers, the right answer is almost never hire first. The right sequence is:

THE GROWTH SEQUENCING FRAMEWORK



This sequence protects your margin during the growth phase. It keeps fixed costs low while revenue is still building. And it means that when you do hire, you are hiring for the right reasons — because the practice has grown to a size where a dedicated team member creates real leverage — rather than hiring in a moment of operational overwhelm.

The fractional model is not a bridge to eventually hiring. For many tasks, it is the permanent answer. The most sophisticated firms we work with maintain fractional operational support well past the point where they could afford a full-time hire, because the value equation continues to hold.

SECTION 7:

The Decision Framework

Work through the following questions for any specific role or function you are considering. The answers will guide you to the right model.

#	Question	YES	NO
1	**Does this work require daily availability and real-time responsiveness from someone embedded in your office?**	Leans toward hire. Score 1 point toward Hire.	Fractional model works well. Score 1 point toward Outsource.
2	**Does this work require direct client contact or access to privileged and confidential file information?**	Core work. Handle personally or hire. Score 1 point toward Hire.	Strong candidate for fractional support. Score 1 point toward Outsource.
3	**Can this work be clearly scoped, documented, and handed off with reasonable context?**	Fractional model works well. Score 1 point toward Outsource.	Embedded hire likely needed. Score 1 point toward Hire.
4	**Is the volume of this work consistent enough to justify a fixed monthly cost, regardless of how busy the firm is?**	Fixed cost is defensible. Score 1 point toward Hire.	Variable cost model protects your margin. Score 1 point toward Outsource.
5	**Would a wrong hire — severance, re-recruitment, disruption — materially set back the practice at its current stage?**	The downside risk is real. Fractional eliminates it. Score 1 point toward Outsource.	The practice can absorb a bad hire. Proceed with hire evaluation. Score 1 point toward Hire.
6	**Is this a role you are picturing as part-time permanent — someone experienced, available when needed, at a reasonable cost?**	That candidate exists, but rarely seeks permanent part-time roles at small firms. The fractional market is where they are. Score 1 point toward Outsource.	A full-time permanent hire makes sense here. Score 1 point toward Hire.

READING YOUR SCORE

3 points each

A genuinely mixed picture. Work through the pre-hire checklist in Section 9 before committing either way. **A consultation with our team can help** clarify the right path for your specific situation.

4–6 points toward Outsource

Fractional support is the right first move. The work is documentable, the risk of a wrong hire is real, and the candidate you are imagining is likely already in the fractional market.

Engage Forge Management Services.

4–6 points toward Hire

The case for a permanent hire is strong. Complete the pre-hire checklist in Section 9 and engage **Forge Recruitment** to ensure you access the right candidate pool and make the hire with confidence.

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SECTION 8:

When the Answer Is Hire

This guide advocates strongly for outsourcing as the default first move for growing firms. But there are scenarios where a permanent hire is genuinely the right answer — and we want to be honest about those.

THE HIRE MAKES SENSE WHEN:

- **The practice has reached a sustained volume of core billable work that genuinely exceeds capacity**

  — not a busy quarter, but a structural and persistent demand that requires dedicated support.

- **The work requires client-facing presence, file-level continuity, and the kind of contextual judgment that develops only through deep immersion in the practice.**

- **The lawyer is ready to be a manager**

  — to invest time in developing, directing, and supporting a direct report as part of their leadership commitment.

- **The financial modeling supports a fixed cost at a range of revenue scenarios, not just the current high-water mark.**

- **The role has been clearly documented**

  — actual responsibilities, expected outputs, what a good day looks like — before the job is posted.

When the decision points toward a hire, getting that hire right matters enormously. A wrong hire in a small firm is not just a financial cost — it is a cultural disruption, a client service risk, and a significant setback to the growth trajectory the firm was trying to accelerate.

At Forge Recruitment, we specialize in legal placements across Canada. We bring the candidate market knowledge and the legal sector expertise to help you find the right person, not just any available person. If your analysis points toward a hire, we can help you do it well.

SECTION 9:

Before You Post the Job

If after working through this framework you are leaning toward a permanent hire, complete this checklist first. If you cannot answer yes to the majority of these questions, revisit the decision.

THE PRE-HIRE CHECKLIST

- [ ] I have done the four-bucket time audit and identified what this person will actually do.
- [ ] I have calculated the true all-in annual cost of this hire — not just the salary.
- [ ] I have compared that cost to a fractional equivalent and made an explicit choice.
- [ ] I have assessed the candidate pool reality for this role type and adjusted my expectations accordingly.
- [ ] I have documented the role — actual responsibilities, outputs expected, success criteria.
- [ ] I have modeled whether the fixed cost is sustainable if revenue drops by twenty percent.
- [ ] I have a plan for onboarding this person without losing four to six weeks of my own billable time.
- [ ] I am prepared to manage this person — to give feedback, set expectations, and invest in their development.
- [ ] I have engaged a recruitment partner who knows the legal market, or I have a rigorous DIY process.
- [ ] I am hiring because the practice has grown to the point where a hire creates leverage — not because I am overwhelmed and looking for relief.

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