

What's Next For In-House Legal Departments?

By: Vanessa Vidal

The recession is officially over, or so we are told. Now that the dust has settled from the last financial storm, what's next for in-house legal departments?

Base Salaries

They took a hit and are likely to remain somewhat “frozen” in time. What's next for in-house legal departments in terms of compensation? Will there be any increases? Probably, but they will be so slight that your wallet will hardly feel the difference, especially if you've been at the pump lately.

InsideCounsel reported that median base salary increases for GC's at Fortune 500 Companies was only be about 1.8% in 2010. The average base salary increases across all legal department staff levels were 2.6% in 2010. Those were the lucky one. Considering that the current rate of inflation is 1.5%, that pretty much confirms what we've been seen in the marketplace. Base salaries increases will likely remain inconsequential.

What did in-house base salaries look like in 2010 – for large Fortune 500 Companies?

\$174,000 – Average

\$167,000 – Median

Most in-house counsel brought in a lot less, as more than 50% of them practice with smaller companies.

Bonuses

The good news is that bonus numbers are up. The bad news is that they are likely to be determined based on company performance. Today, bonuses and long-term incentives are tied to both personal and company performance. Therefore, if you are with a company that is performing well, and you've added value to be eligible for that bonus, that increase may materialize. If not, your pocketbook will be as light in 2011 as it was in 2010; that is if everything else remains the same.

For those lucky ones who will receive bonuses, those numbers have dropped as well:

\$56,537.00 – Average

\$37,307.00 – Median

Practice Areas

Looking to move to an in-house practice area that will increase your bank account? You may want to brush up on your M&A and IP skills. Here are the top paying in-house practice areas:

- M&A (\$245,400)
- IP – Licensing (\$240,000)
- Litigation – Securities (\$233,748)
- Litigation – Patent (\$232,356)
- Company Wide Compliance (\$232,044)

That said beware between making a correlation between “best paying” versus “in demand.” It does not always exist. Practices most “in-demand” are IP, Compliance, and Healthcare.

Supply & Demand

With news of the market improving, attorneys eager to make a move or go in-house, are coming back to the marketplace with renewed – but perhaps – false hope. It is still a supply and demand marketplace, and with only about 29% of companies planning to hire in 2011, according to a recent Robert Half report. That means that about 71% of companies will not increase their legal departments.

The candidate pool is still as deep as ever. The market has not yet had the time or the appetite to reabsorb the great number of attorneys that fell victim to the economic storm. This is keeping in-house salaries low, and the competition for fewer positions high. While there are some positive signs in the marketplace, they are all relative.

© 2015 ESQ Recruiting LLC. All rights reserved.