

In-House Compensation Figures Are Down

By: Vanessa Vidal

While law firms may have begun to attack the lockstep system of compensation and implement salary cuts to navigate through this recession, law departments have also been busy making cuts to their compensation packages and in-house compensation figures are down. The first victims? Benefits. Companies across the country have been looking for ways to reduce expenses, and benefits have been the first to suffer. Increasingly, we have seen companies trimming items such as 401K matching contributions, company car allowances, and stock option offerings. While stock options have for the most part remained on the books, their decreasing values have added to the overall compensation slump.

What about bonuses? In times of prosperity, hefty bonuses were paid to in-house counsels to offset more modest salaries. However, nearly all in-house bonuses are tied to the overall financial performance of the company; as a result, they have been the hardest hit. In terms of overall compensation this is where in-house attorneys have felt it the most. With 30-50% of their overall compensation derived from bonuses or other long-term incentives, in-house counsels have been feeling the pinch.

In-house counsels have long been envious of the skyrocketing associate salaries at top law firms. While they may have griped about entry-level associate compensation, law firm salary wars were helping nudge in-house compensation upward to compete for talent. Now that law firms have been attacking their own compensation system, and that scores of attorneys have been left unemployed, law departments have also been revising their own figures - down. At the end of 2008, 29% of law department at companies with revenues of at least \$1 billion said they planned to cut lawyer compensation. Compensation package decreases have ranged between 15-25% in 2009.

What are the compensation figures? This is a reporting based on companies with a minimum of \$9 billion in revenues with at least 30 lawyers, 18,000 employees and \$28.0 million in total legal spending – in other words, primarily Fortune 500 Companies:

Median Base Salary: Senior Counsels (10 Years Minimum)

Earned an average of \$151,815 in-house

Earned an average of \$167,500 and \$234,000 in law firms

Median Cash Compensation: Senior Counsels (10 Years Minimum)

\$206,000 in pay and bonuses (2009)

\$236,000 in pay and bonuses (2008)

\$226,000 in pay and bonuses (2007)

Median Base Salary: GC's

Earned an average of \$365,729

In comparison, GCs in one-lawyer departments earn an average of: \$240,000

Median Long-Term Incentives: Based on Levels

CLO: \$880,000

GC: \$439,954

Deputy GC: \$200,430

Senior Counsel: \$40,000

Median Total Cash Compensation: Based on Practice Areas

Patent Litigation: \$263,080

Mergers & Acquisitions: \$240,050

Intellectual Property (general): \$221,648

International: \$219,282

Regulatory (excluding Environmental): \$214,000

Company Compliance: \$211,303

Generalist/Nonspecialist: \$201,118

© 2015 ESQ Recruiting LLC. All rights reserved.