



ACC
Georgia Chapter

Career Development for In-House Counsel and Are You Being Paid What You're Worth?

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November 8, 2005



Is Your Career on the Right Track?

Overview

Career Path: Up,
Over or Out

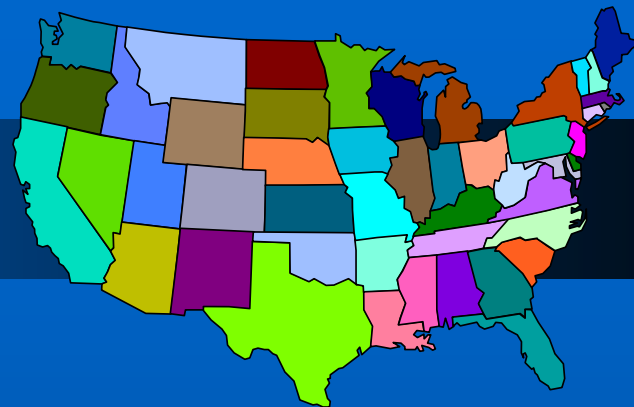
Dual Ladder
Career Paths

Market for In-
House Lawyers

Compensation
Data

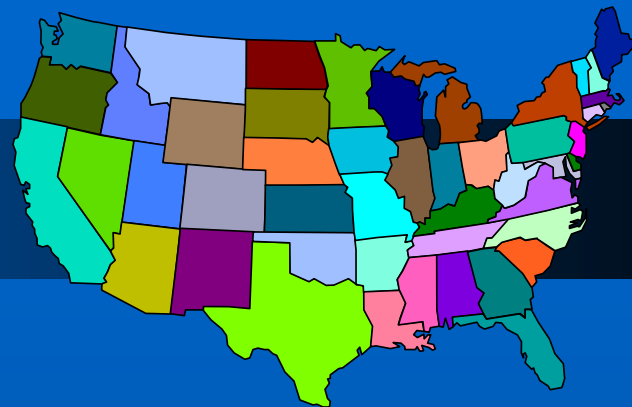


Up, Over or Out



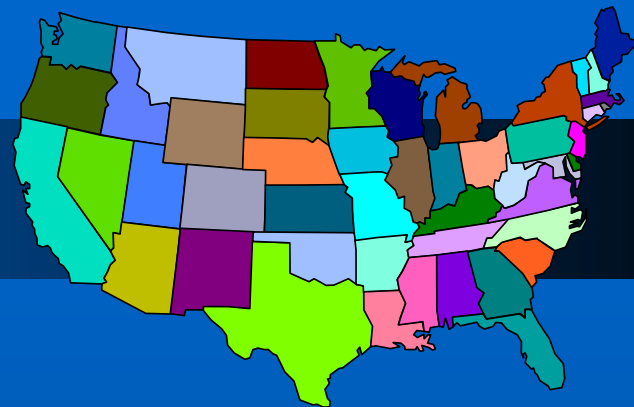
- In-house lawyers are limited to three alternative career paths – up, over or out
- **Up** means promotion to management in the department
- Or, as a senior (non-management) legal specialist in the department
 - More and more, law departments are establishing dual career ladders
 - Resolves the common problem of manage or don't move up

Up, Over or Out



- **Over** means moving to a position out of the law department and over to the business side of the company
- More and more companies are encouraging these moves for lawyers who understand the business and the industry, and who have shown good business acumen and judgment

Up, Over or Out



- **Out** means moving to another employer:
 - Law department of another company
 - Law firm
 - Government law office
 - Smaller company that is establishing its first in-house legal function

Market for Corporate Counsel

- To determine one's market worth, several factors need to be examined:
 - Your company's expectations
 - Whether you meet them
 - The forces in the marketplace, and
 - Compensation Benchmarks

Law Department Value

- First step: establish justifications for existence of corporate law departments
 - Is a question frequently asked by corporate executives
 - I.e., “Why should we have an in-house law department in the first place?” is a question that needs to be asked and answered

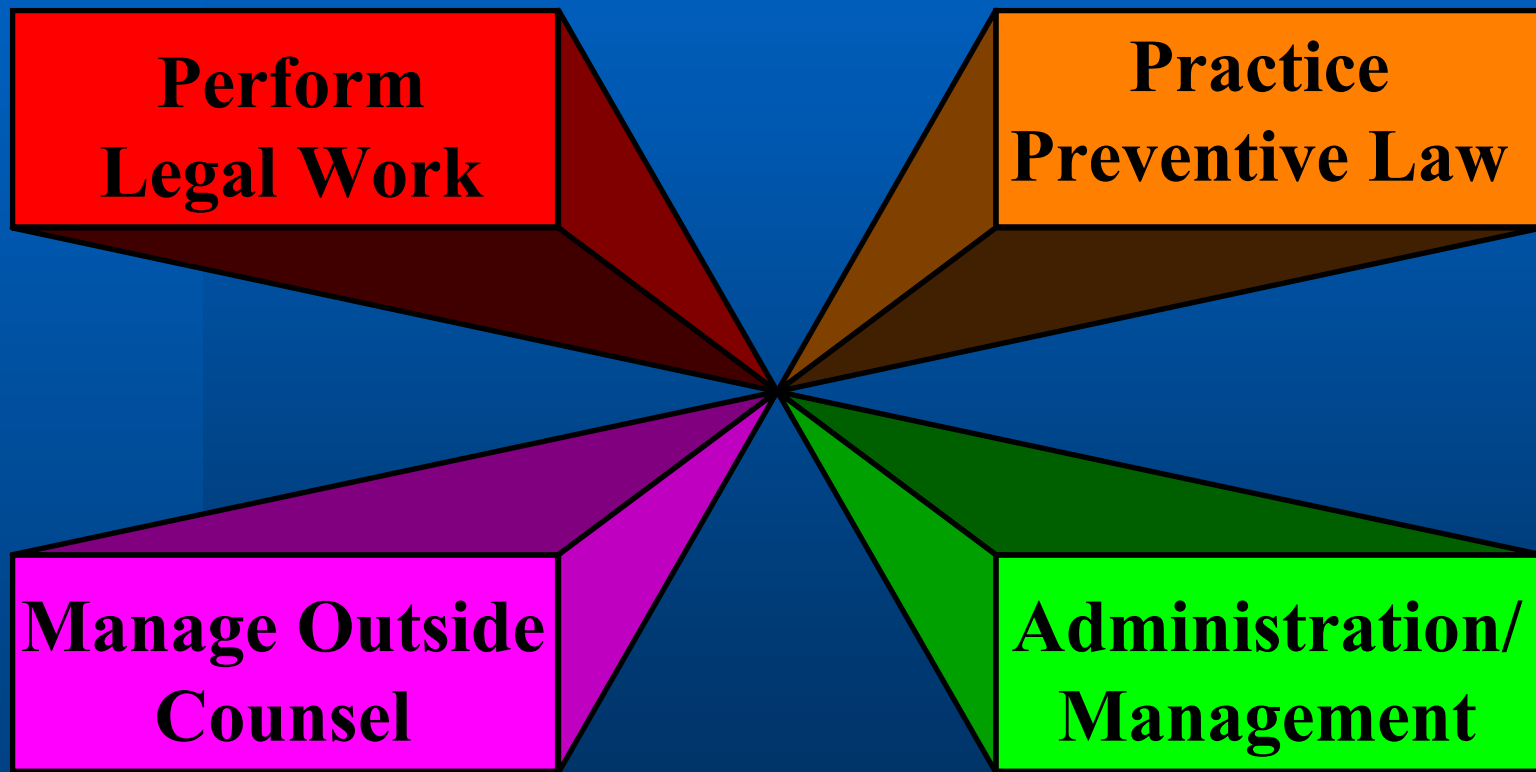
Law Department Value

- Typical reasons for maintaining an in-house law department:
 - Traditionally less expensive
 - In-house lawyers have better knowledge of the business, the people and the issues
 - Available full-time; accessible
 - Better management of legal costs

Law Department Value

- Understanding these reasons will help you establish how in-house lawyers add value to their companies
- Whether you add value is an important underpinning of compensation
- Then, next step after making the value argument is to examine the roles played by in-house counsel

Role of the In-House Lawyer



Role of the In-House Lawyer

- Each of the four activities should connect directly to the rationale for the existence of the law department
- Corporate counsel are compensated for how well these roles are performed
 - And for ensuring that these four activities help advance the company's business
 - I.e., that they are value-added!

Market Forces

- During the past seven years, in-house lawyer labor market has been a roller coaster ride
- To better understand market forces, it is instructive to define three labor markets:
 - Buyer's Market
 - Seller's Market
 - Y2K – the height of the bull stock market
 - Market since 2000

Buyer's vs. Seller's Market

Buyer's Market	<ul style="list-style-type: none">•Buyers set price; Sellers adjust•High unemployment; Low attrition•Competition for jobs
Seller's Market	<ul style="list-style-type: none">•Sellers negotiate price from strength; Buyers adjust•Low unemployment; Moderate attrition•Jobs are available
2000 Market	<ul style="list-style-type: none">•Buyers bidding for talent; Sellers sell to highest bidder•All who want to can work; jobs go unfilled•Jobs are competing for employees•High attrition•“Retention Czars” employed to stem departures

Buyer's vs. Seller's Market

Post-2000 Market

- Significant shift from seller's to buyer's market as the dot.com boom went bust and companies virtually stopped hiring lawyers
- During the past year we have seen an upswing in law department hiring and it appears we may ultimately get closer to a seller's market
- Now, however, it is still a buyer's market, but again, that may change

Buyer's vs. Seller's Market

- The 2000 market was unique
 - Extended far beyond the normal seller's market
 - Fueled an incredible in-house compensation challenge for General Counsel
 - Nationwide ripple effect caused by tremendous increases in law firm compensation and dot.com opportunities

Compensation Benchmarks

- To understand your market worth, survey data are vital
- The Altman Weil *2005 Law Department Compensation Benchmarking Survey* was just released last month
- Published annually, in conjunction with the Association of Corporate Counsel

Compensation Benchmarks



Compensation Benchmarks

- What are the trends? What does the new survey show?
 - Compared to the previous year, companies are paying more for in-house lawyers
 - They appear to be willing to better compete with law firms for their legal talent

Compensation Benchmarks

- What are the trends? What does the new survey show?
 - Increased scrutiny of corporate behavior in recent years, compliance with Sarbanes-Oxley and numerous other issues underscore the importance of an effective in-house law department
 - It is thus no surprise that corporations and their directors recognize the value of in-house lawyers and compensate them accordingly

Compensation Benchmarks

- What are the trends? What does the new survey show?
 - Median base salaries for senior positions increased, with Chief Legal Officers and Division General Counsel up between 4.1% and 5.4%
 - Lawyers in senior non-management positions also saw increases, with Senior Attorneys up 6.2%

Compensation Benchmarks

- What are the trends? What does the new survey show?
 - Bonuses were up across the board – double-digit increases
 - As much as 39.5% for Chief Legal Officers and 52.3% for High Level Specialists
 - These numbers support the fact that performance, both personal and corporate, is driving compensation decisions

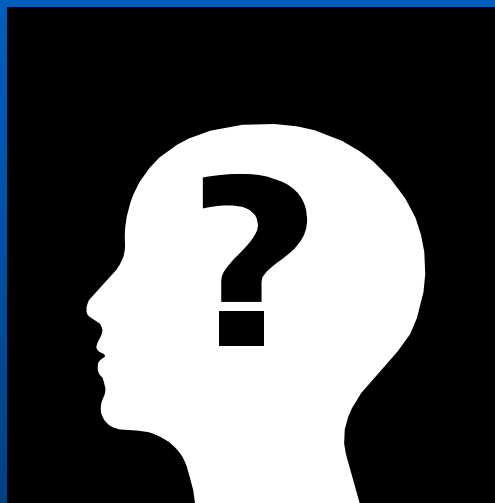
Compensation Benchmarks

- What are the trends? What does the new survey show?
 - Stock options have rebounded as well, after significant decreases in stock option values two years ago
 - Chief Legal Officer stock options increased in value by 43.6%, and Division General Counsel saw increases of 14.5%

Questions and Handouts

- **Now I will take questions and then I will hand out compensation survey data**

Are there any questions?



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