

State of the Market Report Summer 2012

Over the last year, there has been a growth of more than 3% in base salaries and a slight growth in recruitment for all in-house lawyers. The trend has continued through the first quarter of 2012 and expected to hold steady.

However, the base salary increase for GCCs is much higher and stood greater than 6%, at almost double that of the average of all in-house legal jobs. The average base salary for in-house attorneys across the entire nation worked out around \$170,000 in jobs mostly occurring from referrals and lateral recruitment.

However, the above relates to base salaries. Much higher pay and demand is seen in niche areas like health care and pharmaceuticals, while in-house attorneys with merger & acquisitions experience, background in international transactions and compliance are holding steady as always. The good news is that in high-demand areas of practice like IP, litigation, labor and employment, international law and transactional including M&A, employers are focusing on increased compensation to hunt reputed attorneys and good lawyers.

In case of total cash compensation including both salary and cash bonuses – money received grew at 7.5% for all in-house attorneys and the average total cash compensation was between \$240,000 and \$250,000. In the case of GCCs, total cash compensation saw a growth close to 14% and average total cash compensation amount was around \$776,000 with bonuses making up about 40% of the intake.

Average bonus among in-house attorneys has jumped by more than 25% and the average bonus increase for GCCs has been more than 18%. While the average bonus in cash for all in-house attorneys was around \$67,000, GCCs received an average of \$370,000.

The salary situation is not bad compared to the past years. Salaries vary both according to company and location; however location plays the most important part because general salary slabs are negotiated according to going local market rates. For example, right now, the salary of an average in-house counsel in Kansas City ranges from \$120,000 to \$140,000, the same in Wisconsin ranges from \$100,000 to \$130,000. In Texas, Fort Worth, an associate general counsel would be drawing something between \$150,000 and \$170,000. A corporate contracts counsel in Denver would be drawing something in between \$85,000 to \$120,000, while a bankruptcy attorney in Chicago would have an offer between \$160,000 and \$200,000. We are not taking into account exceptional cases where subject experts are actively sought and recruited by employers based on their personal standings. The figures given take into consideration actual job advertisements posted within this year.

On an average, in-house attorneys with 4-9 years of experience can get between \$100,000 and

\$100,000 and those with more than 10 years of experience can command between \$100,000 and \$220,000 in salaries.

As in fast food, in corporate counsel jobs the demand is for combos. A bankruptcy attorney with a Masters in accounting has a better chance than a simple litigator. This has always been the situation, of course, but rarely stressed as much as it is today. While companies are actively on the lookout for skilled professionals the greater number of employment contracts would not be for full time positions but temporary and stop-gap unless an attorney can prove his/her mettle to the employer. Even then, the drive for optimizing resources is tilting the balance in favor of temporary employee recruitments. In fact, paralegals and legal staff have greater job opportunities for full time employment at legal departments while attorneys have greater chances of gaining contract work. Bonuses are up and companies have become more performance based than ever, so a large part of the earnings would depend upon bonuses and incentives.

By practice areas demand for IP litigation is rising while most other segments are flat or experiencing little growth. In fact, overall corporate work has seen a reduction of 1.5% in the first quarter of 2012. Markets for legal work in Los Angeles, Boston, Chicago, New York, Washington DC and Silicon Valley are all growing though at a snail's pace. IP practice demand in Silicon Valley has seen the best growth of 4% in the first quarter, while the market in Washington DC grew only by a meager one percent.

Overall economy continues to be uncertain though growth in hiring of general counsel would continue as it did in 2011 following the recovery trends.