

barkergilmore

2017



In-House Counsel

COMPENSATION REPORT

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Introduction

BarkerGilmore is pleased to present the 2017 In-House Counsel Compensation Report.

The annual In-House Counsel Compensation Report is an increasingly valued piece for attorneys at all levels looking to benchmark their compensation against that of their peers. It is also sought after by in-house legal and human resources departments seeking to attract and retain the talent necessary to build the most efficient and effective law departments.

Now more than ever, companies in every industry are pursuing solutions to maximize the performance and talent in their legal departments. With the increase in demand for talented leaders, BarkerGilmore has recently expanded its services to include consulting and leadership development solutions that pave the way for companies to utilize their legal departments to help create a competitive advantage. Many leaders overlook the fact that creating a competitive advantage in this manner requires not only an in-depth evaluation of the current legal spend, but a detailed comparison with specific data and information pertaining to counsel compensation. Likewise, organizations must hire and/or retain the talent necessary to consistently improve efficiencies and find ways to maximize the business's competitive advantage.

The ensuing compensation report will provide leaders with a guide to assess current market data relative to compensation. In order to build a legal team that creates a competitive advantage, it is necessary for organizations to be competitive in the market.

BarkerGilmore acknowledges the importance of compensation breakdown for companies and their human resources departments to formulate pay strategies, and for lawyers looking to expand their roles or leverage experience for new positions. While this report aims to provide a comprehensive breakdown of legal department compensation structures, we must advise that there are several additional variables that must always be considered when dealing with compensation figures. These variables include an individual's unique experiences, abilities, and interpersonal skills, as well as the company's financial position and the strength of the local economy.

To present the most valuable and reliable data, BarkerGilmore has combined its expertise in executive legal recruitment and consulting with extensive survey data to highlight a diverse array of in-house counsel compensation. The information in this report is meant to provide general guidelines, and while it delivers extremely detailed information, we urge readers to consider the multitude of factors affecting the results and to focus on overall data trends displayed in the graphs and charts.

Key Compensation Trends

- Annual Salary Increase Rates:** The median annual salary increase rate for all positions across industries is 4.3%, up 0.1% from the previous year, with the technology sector experiencing the highest median increase rate of 4.9%. This year's increase rates across industries show much less variation than in the year prior.
- Peer Comparison:** 43%¹ of respondents believe their compensation is below or significantly below that of their peers in other organizations, with litigators reporting the greatest dissatisfaction. Those in the real estate and banking/finance practice areas express the highest levels of satisfaction with over 20% reporting compensation above or significantly above average.
- Who's on the Market:** 41%² of respondents indicate that they would consider a new position within the next year due to compensation issues. Similar to last year, those in the energy industry report the greatest likelihood of a job search in the next year³, while those in the healthcare industry are the least likely to engage in a job search⁴. In-house counsel who identify with a generalist practice area are most likely to consider a move for compensation issues⁵, while those in the insurance practice report least likely to move⁶.
- Public vs. Private:** At the General Counsel level, a statistically significant difference exists between the compensation of those at publicly-traded companies and those at private companies. The size of this gap decreases as position level decreases; smaller disparities exist at the Managing Counsel and Senior Counsel levels.

The Long Term Incentive (LTI) compensation component poses the greatest disparity across all position levels; LTI is much higher for public-company employees and sometimes non-existent for private-company employees.

- Industry Highs & Lows:** Unlike the previous year, industry trends are not uniform across position levels. The following chart summarizes the highest and lowest paying industries for each position (based on total compensation):

Highest Paying		
Position	Public	Private
<i>General Counsel</i>	Healthcare	Financial
<i>Managing Counsel</i>	Technology	Healthcare
<i>Senior Counsel</i>	Life Sciences	Energy
Lowest Paying		
<i>General Counsel</i>	Life Sciences	Professional Services
<i>Managing Counsel</i>	Professional Services	Consumer
<i>Senior Counsel</i>	Professional Services	Professional Services

¹ Down 1% from the previous year

² Up 1% from the previous year

³ 47% with a high or very high probability

⁴ 64% with low or very low probability

⁵ 50% with a high or very high probability

⁶ 65% with a low or very low probability

Survey Design

BarkerGilmore conducted an online survey from March to May 2017 to assess in-house counsel compensation trends for the year of 2016. The 17-question online survey was administered to a random sample of in-house counsel at various levels of seniority within differently-sized public and private companies across the United States. The following table presents the data categories captured by the survey through a combination of closed- and open-ended questions answered by 1,580 individuals from an assortment of different industries and practice areas.

Table 1: Key Survey Terms

Term	Description
<i>Position</i>	General Counsel – the lead in-house lawyer in a company Managing Counsel – an in-house lawyer with at least one direct report, who is not the lead lawyer in a company Senior Counsel – an in-house lawyer who is an individual contributor
<i>Number of Direct Reports</i>	Total number of lawyers managed
<i>JD Year</i>	Year in which Juris Doctor was earned
<i>Base Salary</i>	Current base salary
<i>Cash Bonus</i>	Most recent cash bonus
<i>Long Term Incentive</i>	Value of most recent long term incentive award
<i>Total Compensation</i>	The sum of the current base salary, most recent cash bonus, and long term incentive value
<i>Salary Increase Rate</i>	Percent increase in base salary from 2015 to 2016
<i>Practice Area</i>	Field of specialization within a company
<i>Industry</i>	Commercial segment in which the company is situated
<i>Company Revenue</i>	Annual company revenue
<i>Company Type</i>	Determination of company status: publicly-traded, private, or non-profit
<i>Company Location Identity</i>	Type of location in which the company is situated: major metropolitan/large city area, mid-sized metropolitan/city area, or small city/rural area
<i>Comparison of Compensation to Peers</i>	How respondents feel their compensation compares to that of their peers at other organizations
<i>Likelihood of Compensation-Motivated Job Search</i>	Likelihood respondents will be looking for a new position over the next year due to compensation issues

Data Methods & Analysis

Measure of Central Tendency

This survey utilizes median as the main method of standardization for the sample statistics collected from the 2017 Compensation Survey. The median can be described as the middle or central value in a given sequence of numbers. In an even set of numbers, the median is calculated as the average of the two middle numbers. This survey report applies median calculation for all numeric data reported.

Unlike the results from the prior year's study, the data this year are distributed much less evenly due to a wider variety of respondent profiles. Thus, we justify the shift in use of mean/average to median for this year's report. Please note that the comparison of the 2017 and 2016 reports should not be made directly, but taken with careful consideration of the significant changes made in the data calculation techniques.

Missing Data

While our survey data are nearly complete, we acknowledge the data that are missing due to non-response or misinterpretation. Some respondents opted out of answering a specific question, while others provided unsuitable answers to questions. Since very few cases of missing data occurred, we chose to employ list-wise deletion on a question-by-question basis to eliminate incomplete or inappropriate responses.

Position Breakdown

This report contains data from three distinct classes of in-house counsel⁷: General Counsel, Managing Counsel, and Senior Counsel. These three classes are largely determined by seniority, experience, and management level, causing compensation to vary across position. Therefore, the greater part of this report is dedicated to the analysis of compensation trends for each individual position.

Prominent Determinants of Compensation

After extensive statistical analysis of the survey data, company type, company revenue, and industry appear to impact compensation significantly for all three positions. JD year and practice area influence compensation for both Managing Counsel and Senior Counsel, but not for General Counsel. Therefore, the following analysis breaks down compensation by company type, company revenue and industry for all three positions and highlights JD year and practice area breakdown for Managing Counsel and Senior Counsel.

Data Validation

To validate the data used for this report, we compared the median survey data to the median compensation information entered into BarkerGilmore's contact database from January 2016 to May 2017. The BarkerGilmore database information contains 725 data points from 245 General Counsel, 141 Managing Counsel, and 339 Senior Counsel. In a comparison of base salary for Managing Counsel and Senior Counsel, the survey data and database data are compatible with differences of \$15,000 and \$10,000 respectively. In a comparison of total compensation for General Counsel, the survey data and database data are compatible with a difference of only \$20,000. These minute differences are not statistically significantly different from zero, meaning that the survey data display a high level of validity.

⁷ Refer to Table 1 for a detailed description of the three position classifications for in-house counsel

Disclaimer of Approximation

The data displayed in this report were collected from a wide variety of in-house counsel whose compensation figures are highly dependent on a multitude of different intervening variables. For the purpose of simple interpretation, the complex statistical relationships that resulted from these variables are not included in this report. Thus, the preceding trends should be considered approximations of compensation data that are ultimately contingent upon numerous influences taken together.

Privacy Statement

BarkerGilmore takes protecting the privacy of those who participated in our compensation survey seriously, since confidentiality is the cornerstone of our business. The information provided by survey respondents has not and will not be shared with anyone.

Survey Response Breakdown

**This section displays response rate and characteristics of the survey respondents*

Response Breakdown by Position

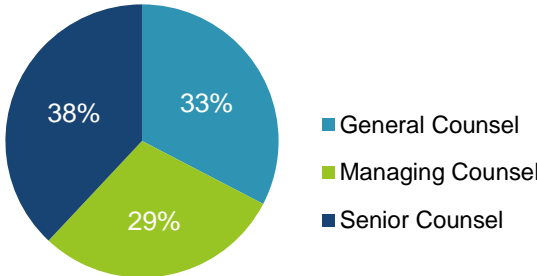


Figure 1.1 Response Distribution by Position, %

Response Breakdown by Company Type

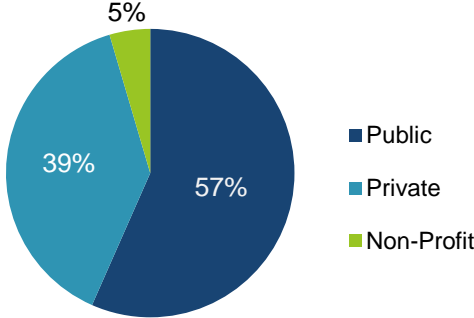


Figure 1.2 Response Distribution by Company Type, %

Response Breakdown by Company Location Type

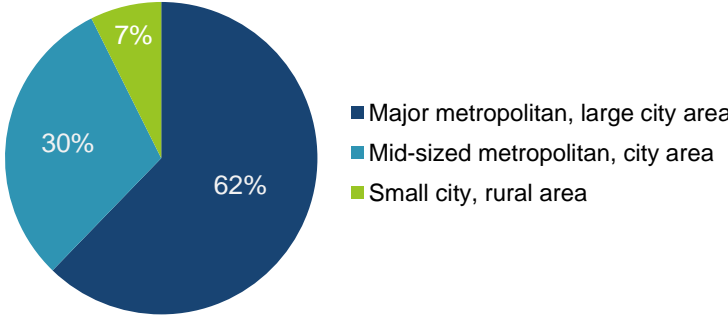


Figure 1.3 Response Distribution by Company Location Type, %

Response Breakdown by Company Revenue

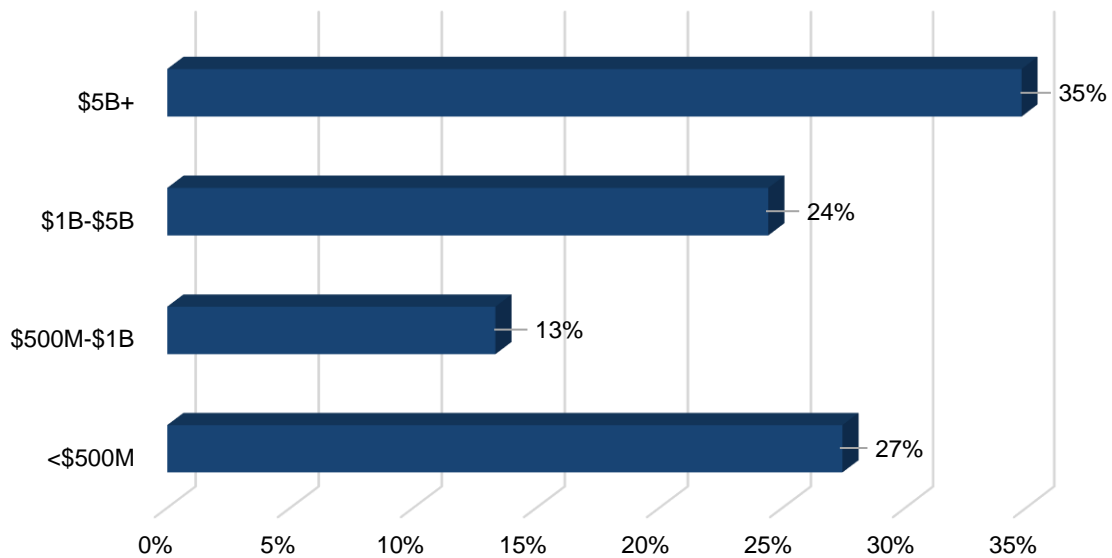


Figure 1.4 Response Distribution by Company Revenue, %

Response Breakdown by Industry

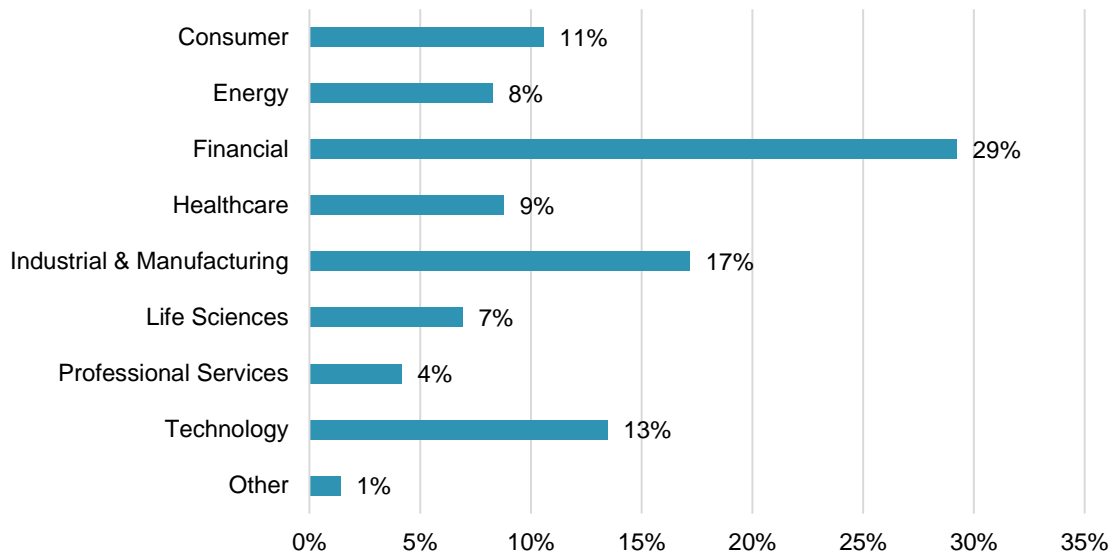


Figure 1.5 Response Distribution by Industry, %



Collective In-House

COMPENSATION TRENDS

Salary Increase by Industry

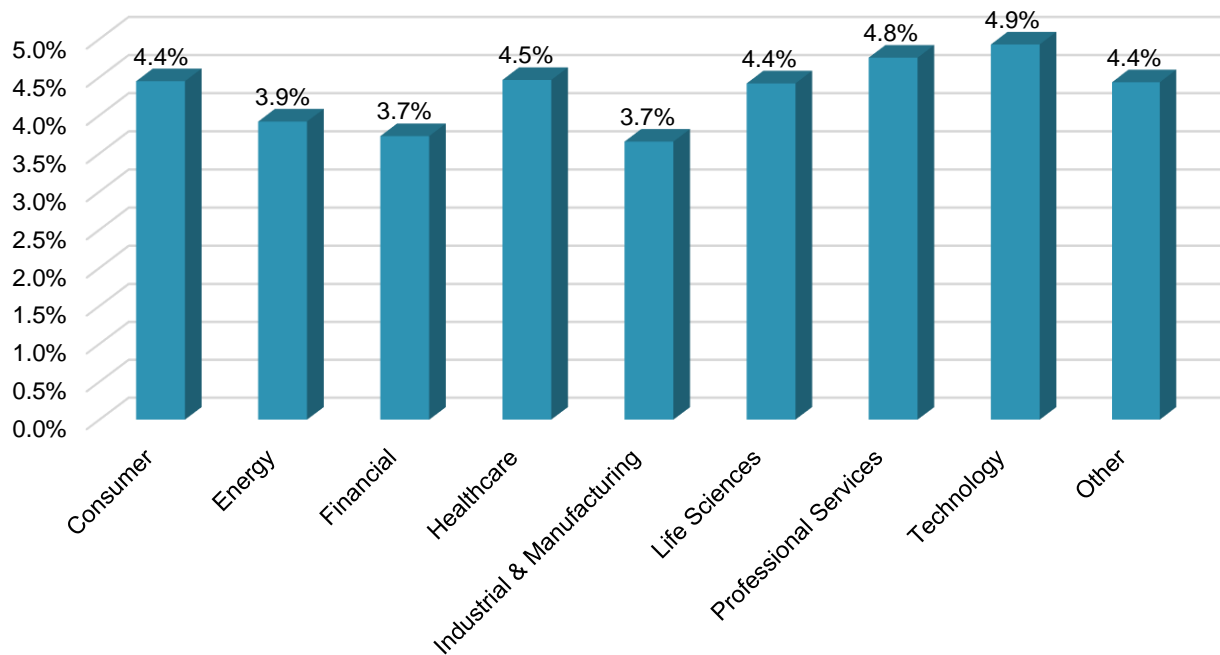


Figure 2.1 Salary Increase Rate by Industry, all positions

*Survey Question: What was your percent increase in base salary from 2015 to 2016?

Compensation Relative to Peers by Practice Area

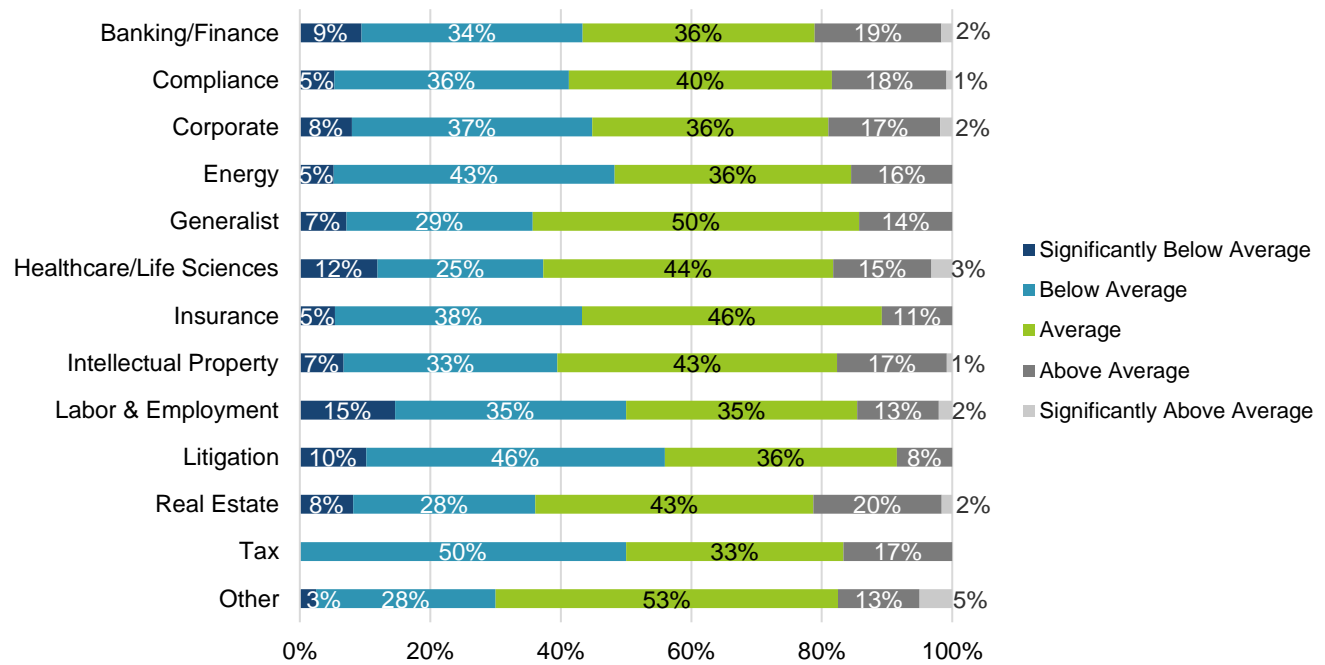


Figure 2.2 Compensation Relative to Peers by Practice Area, all positions

*Survey Question: Relative to your peers at other organizations, do you feel that your 2016 compensation was: Significantly Below Average, Below Average, Average, Above Average, or Significantly Above Average?

Likelihood of Compensation-Motivated Job Search By Industry

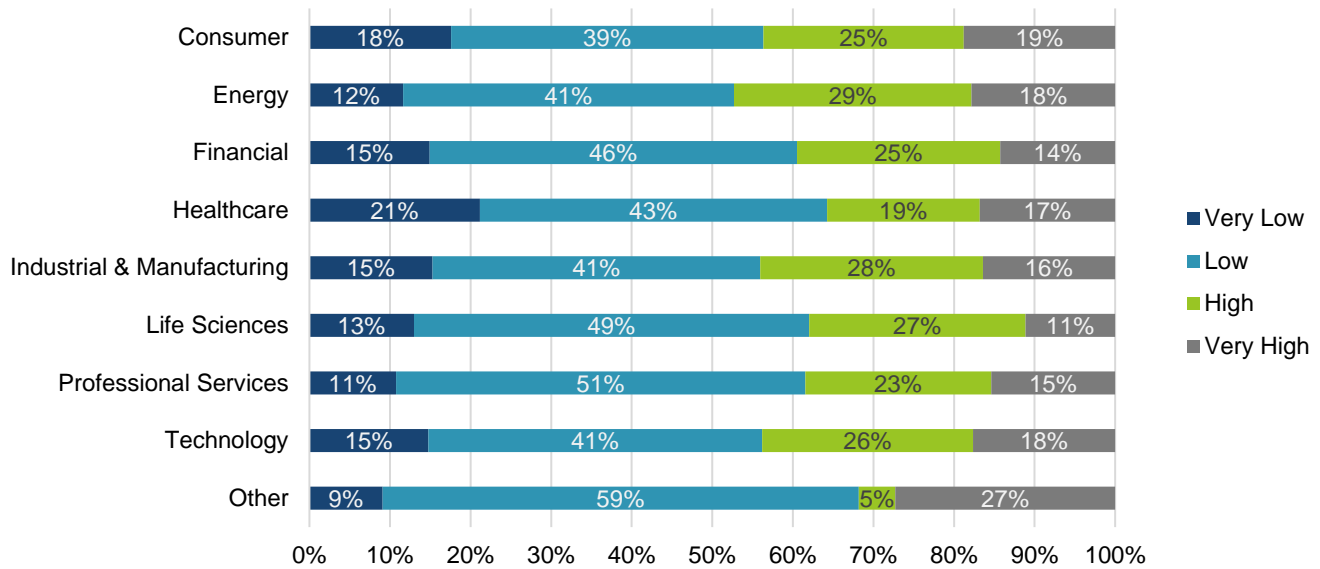


Figure 2.3 Likelihood of Compensation-Motivated Job Search within the Next Year by Industry, all positions
**Survey Question: What is the probability that you will be looking for a new position in the next year due to compensation issues?*

Likelihood of Compensation-Motivated Job Search By Practice Area

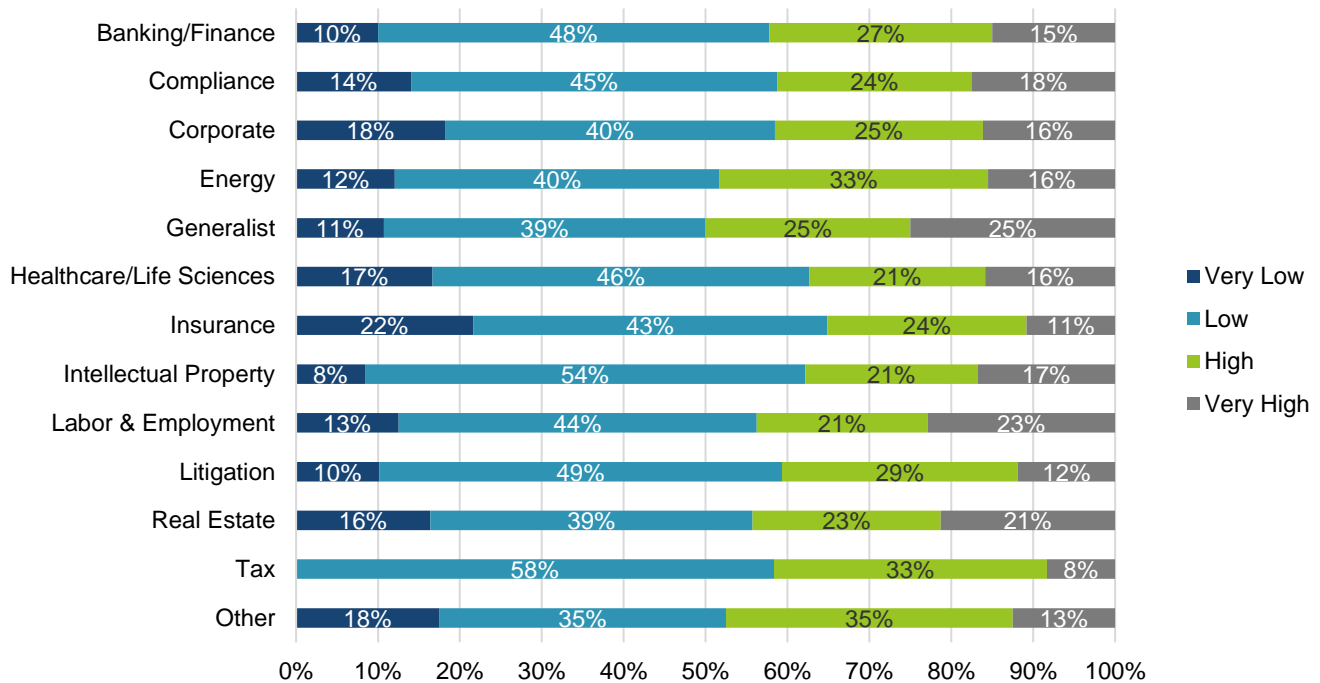


Figure 2.4 Likelihood of Compensation-Motivated Job Search within the Next Year by Practice Area, all positions
**Survey Question: What is the probability that you will be looking for a new position in the next year due to compensation issues?*

Total Compensation by Company Location Type Public

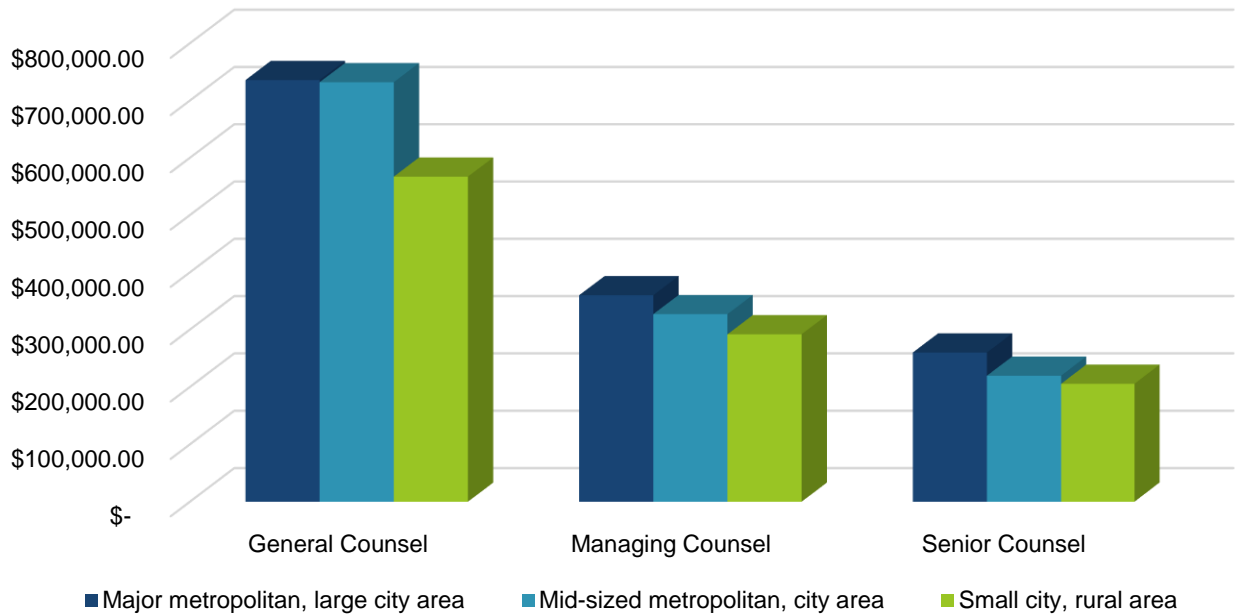


Figure 2.5 Total Compensation Breakdown by Company Location Type for Public Companies, all positions

Total Compensation by Company Location Type Private

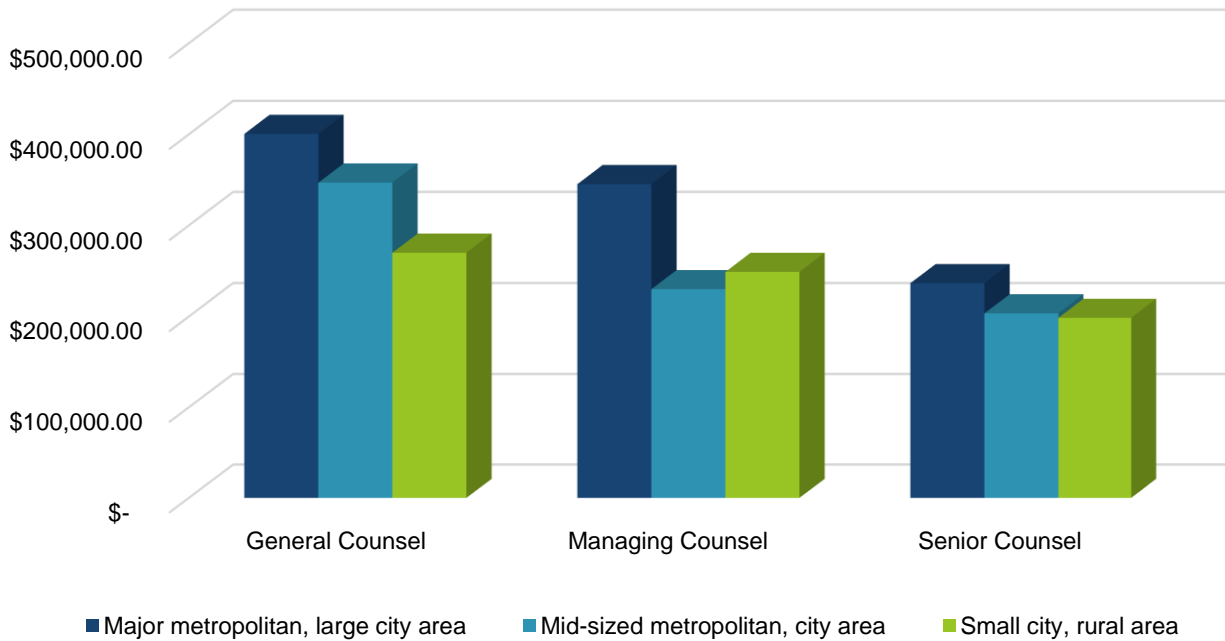


Figure 2.6 Total Compensation Breakdown by Company Location Type for Private Companies, all positions



General Counsel

COMPENSATION TRENDS

Compensation by Company Revenue General Counsel

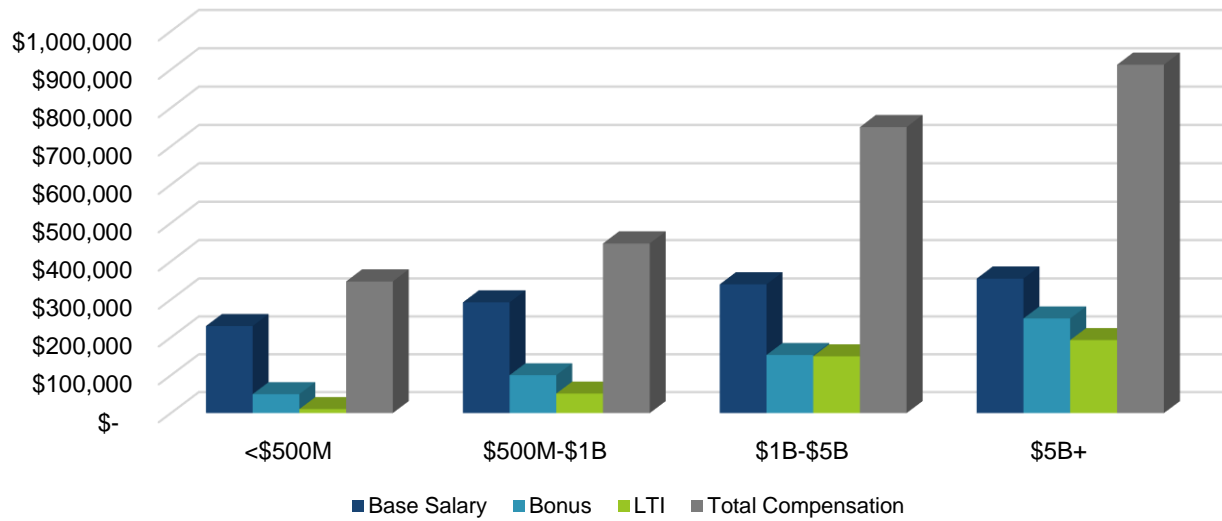


Figure 3.1 Compensation by Company Revenue, General Counsel
**Median total compensation does not equal the sum of the other median values of compensation*

Total Compensation by Industry General Counsel

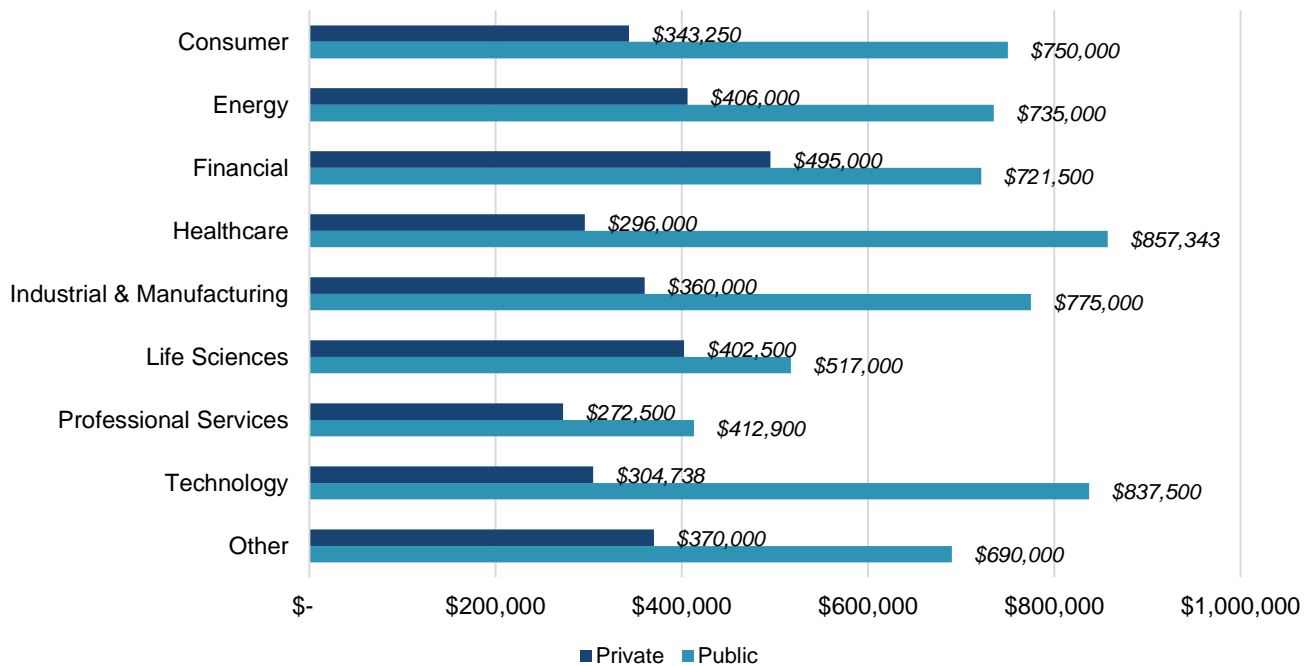
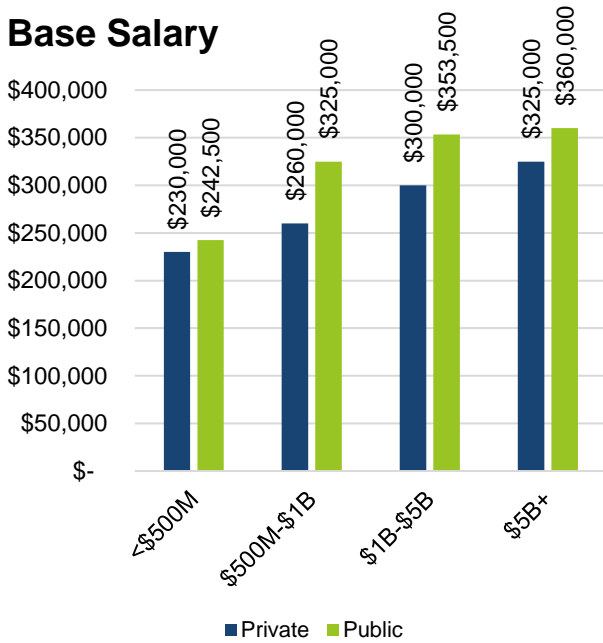


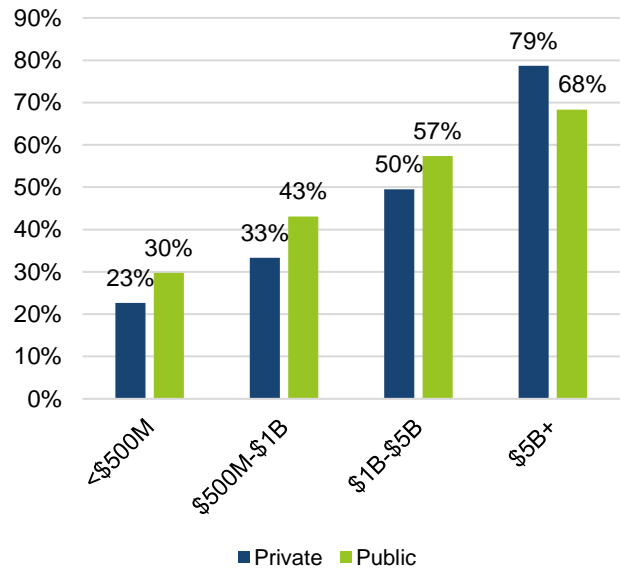
Figure 3.2 Total Compensation by Industry, General Counsel

Compensation Breakdown by Company Revenue General Counsel

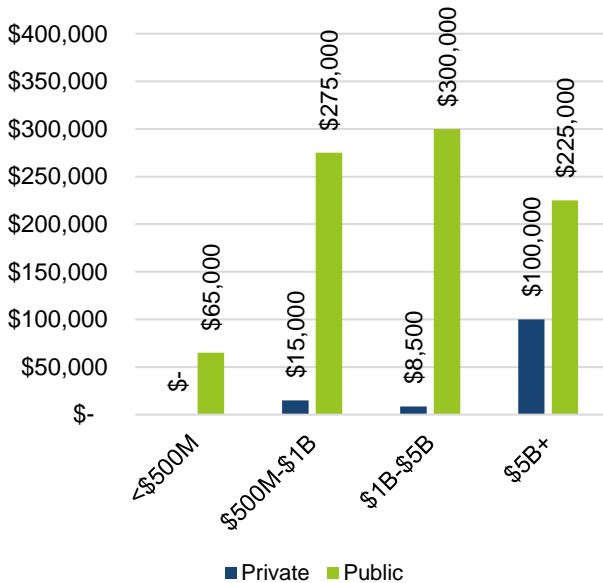
Base Salary



Bonus (% of Base)



Long Term Incentive (LTI)



Total Compensation

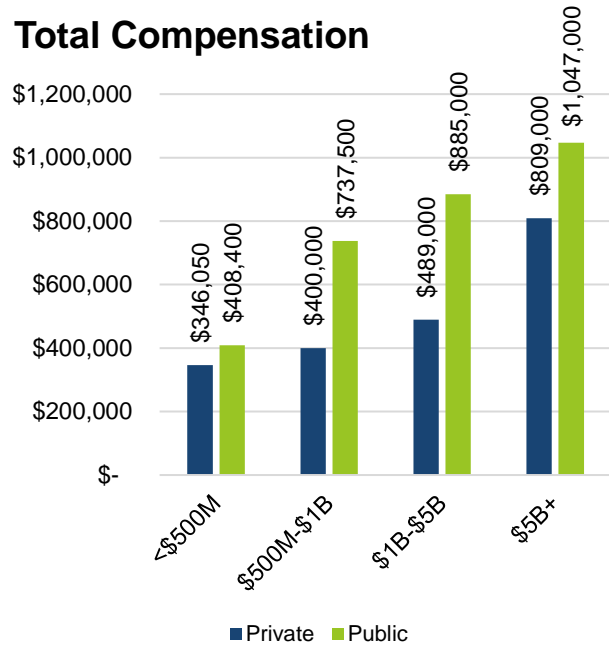


Figure 3.3 Compensation Breakdown by Company Revenue, General Counsel

**Median Total Compensation does not equal the sum of the other median values of compensation*



Managing Counsel

COMPENSATION TRENDS

Compensation by Company Revenue Managing Counsel

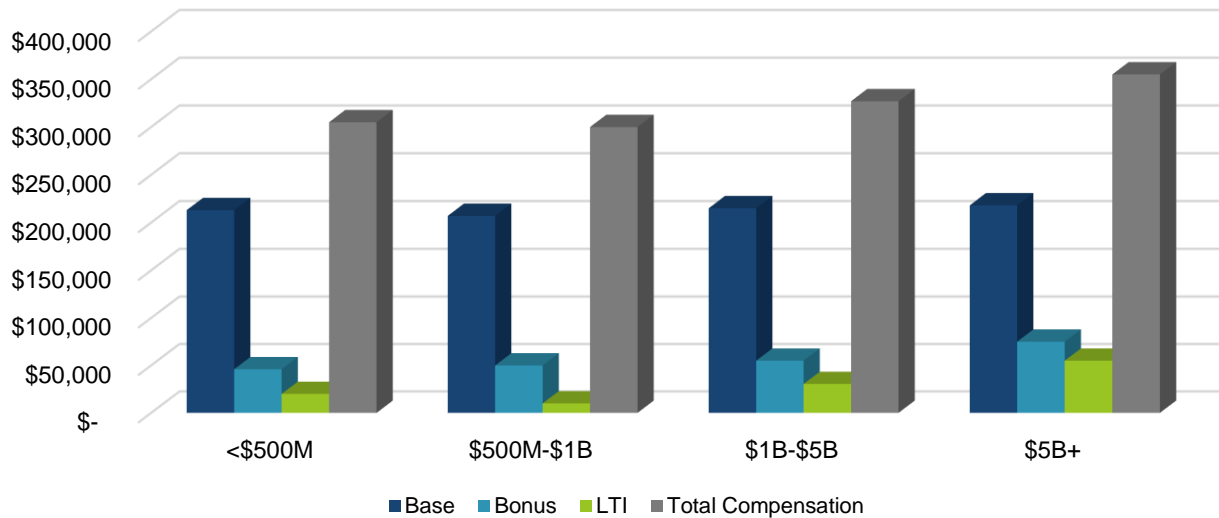


Figure 4.1 Compensation by Company Revenue, Managing Counsel

**Median Total Compensation does not equal the sum of the other median values of compensation*

Total Compensation by Industry Managing Counsel

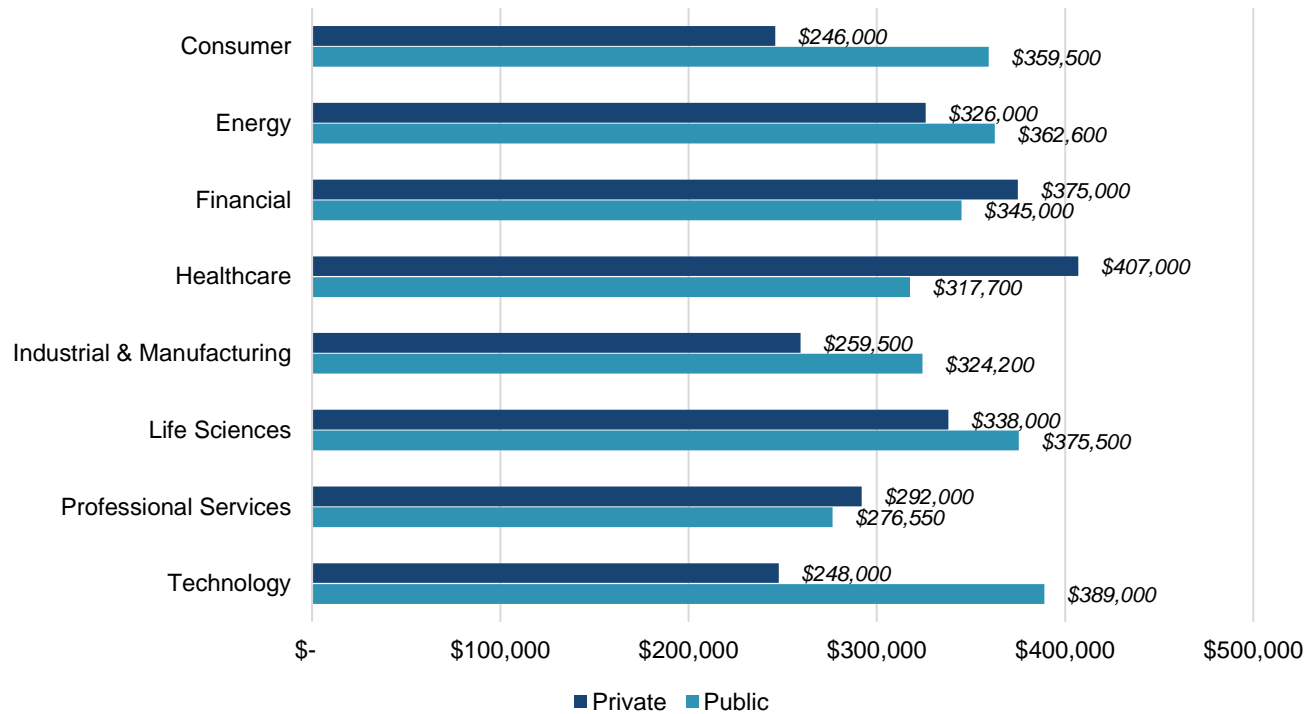
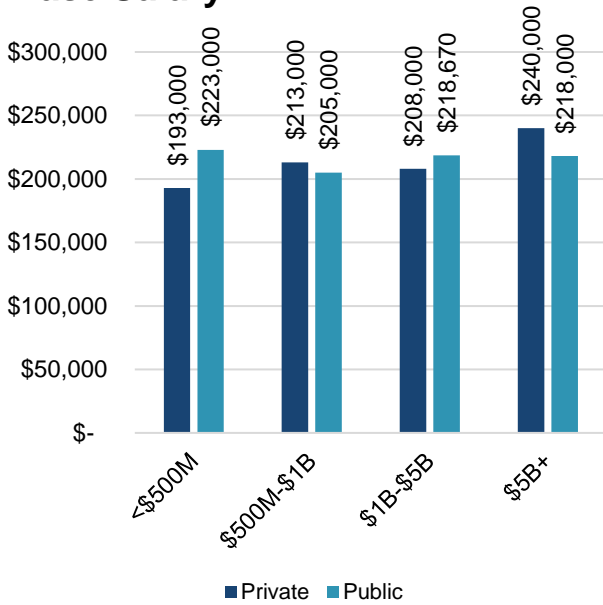


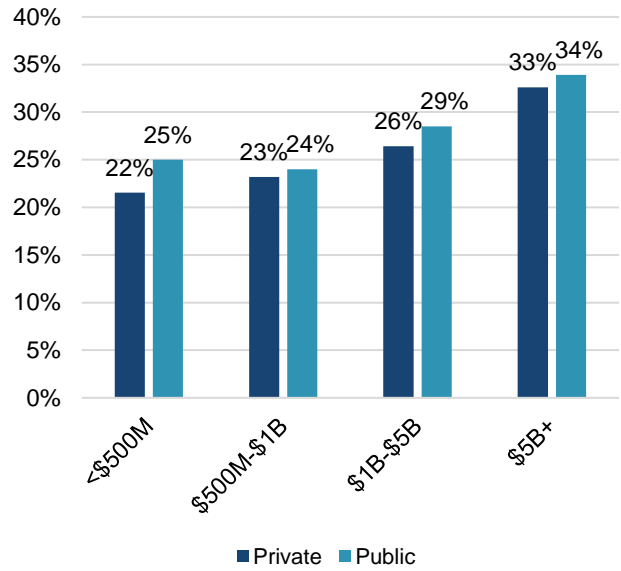
Figure 4.2 Total Compensation by Industry, Managing Counsel

Compensation Breakdown by Company Revenue Managing Counsel

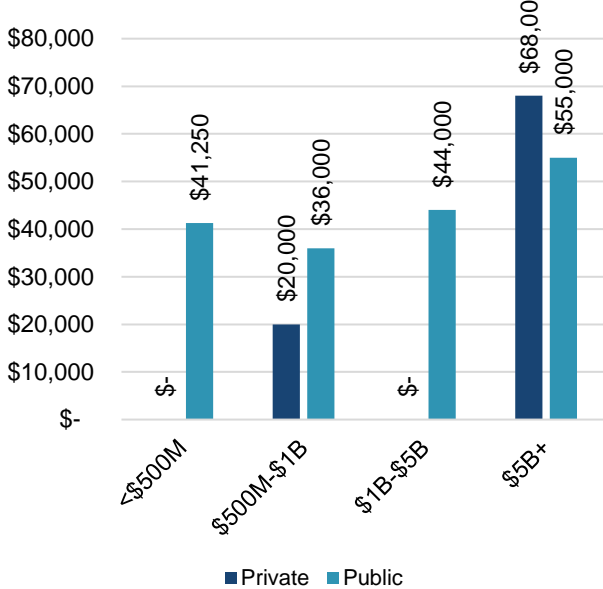
Base Salary



Bonus (% of Base)



Long Term Incentive (LTI)



Total Compensation

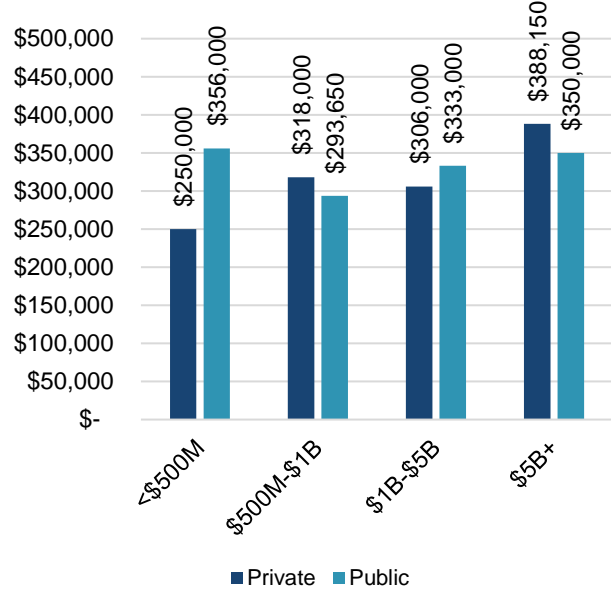


Figure 4.3 Compensation Breakdown by Company Revenue, Managing Counsel

**Median Total Compensation does not equal the sum of the other median values of compensation*

Total Compensation by JD Year Managing Counsel

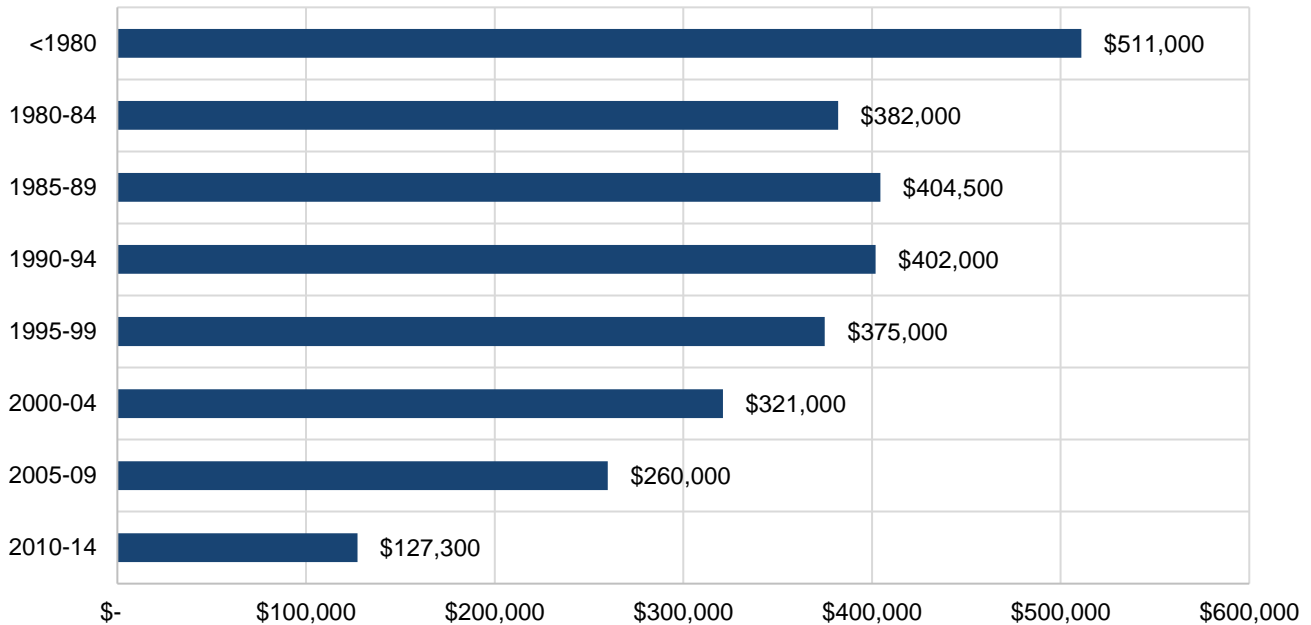


Figure 4.4 Total Compensation by JD Year, Managing Counsel

Total Compensation by Practice Area Managing Counsel

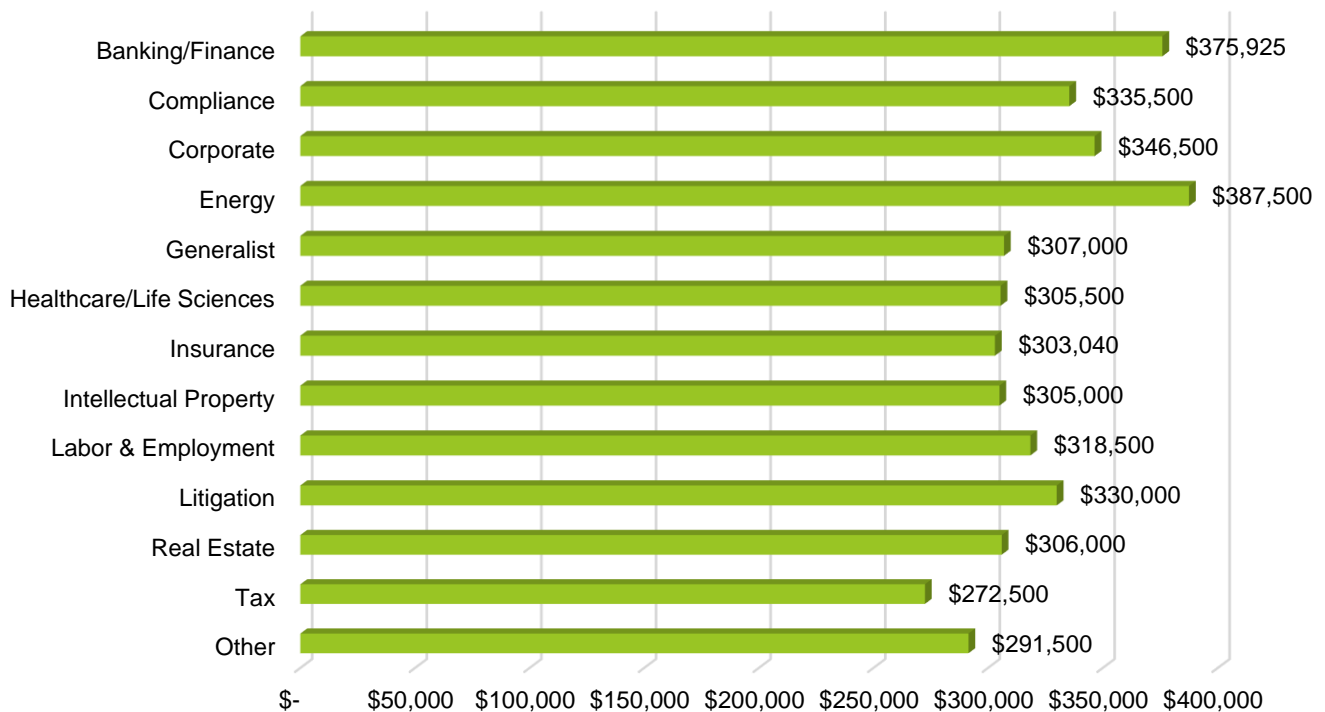


Figure 4.5 Total Compensation by Practice Area, Managing Counsel



Senior Counsel

COMPENSATION TRENDS

Compensation by Company Revenue Senior Counsel

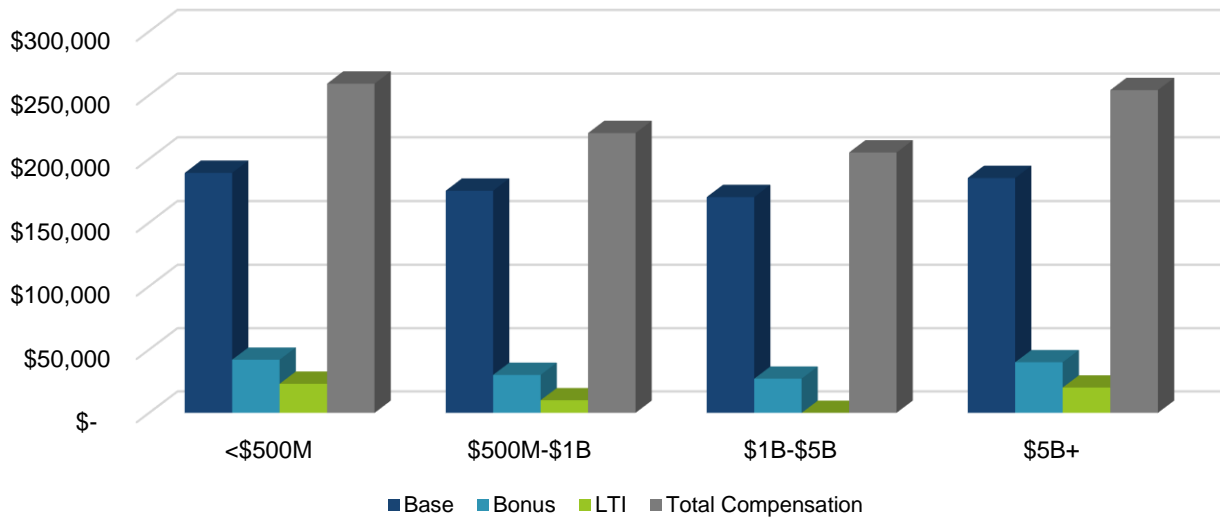


Figure 5.1 Compensation by Company Revenue, Senior Counsel

**Median Total Compensation does not equal the sum of the other median values of compensation*

Total Compensation by Industry Senior Counsel

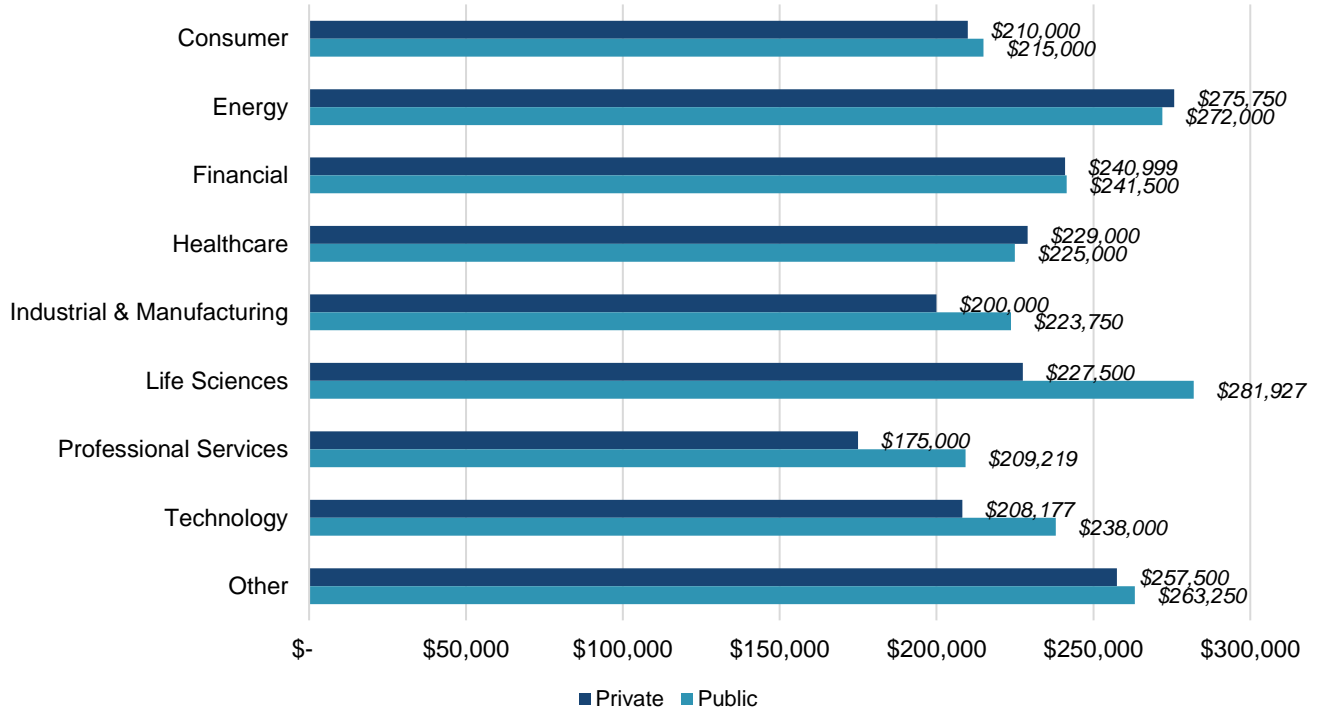
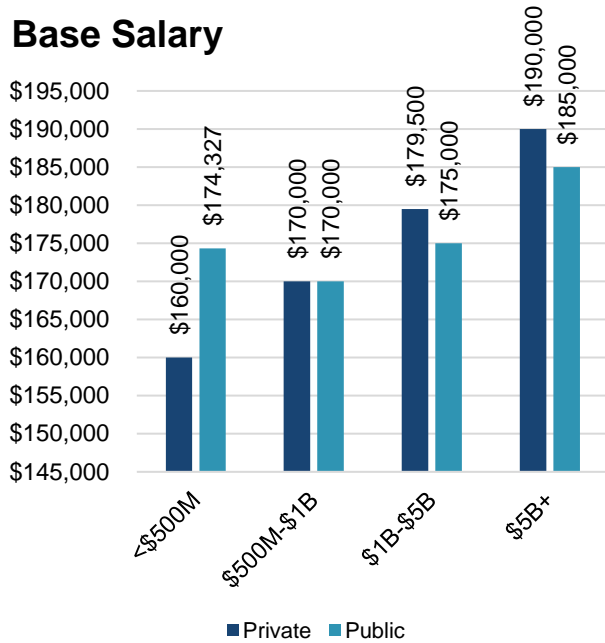


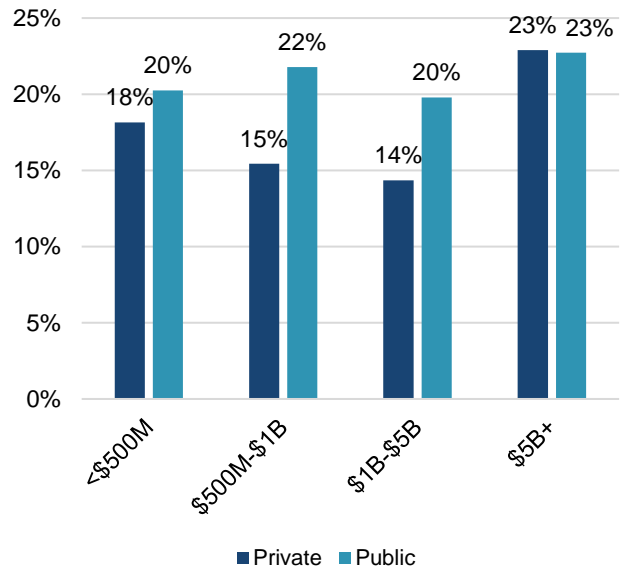
Figure 5.2 Total Compensation by Industry, Senior Counsel

Compensation Breakdown by Company Revenue Senior Counsel

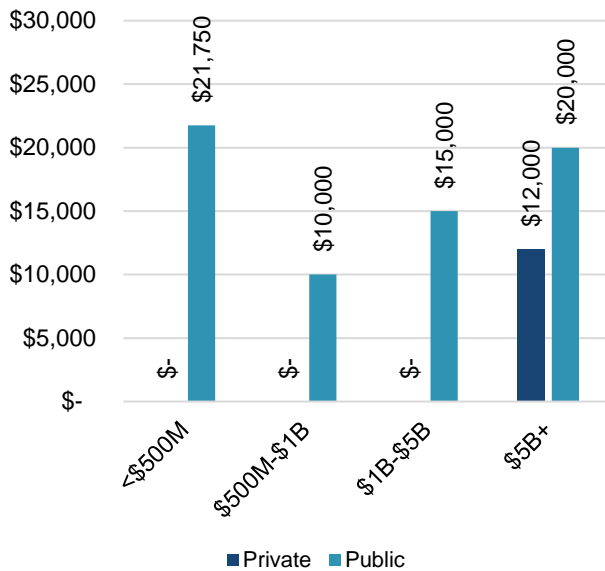
Base Salary



Bonus (% of Base)



Long Term Incentive (LTI)



Total Compensation

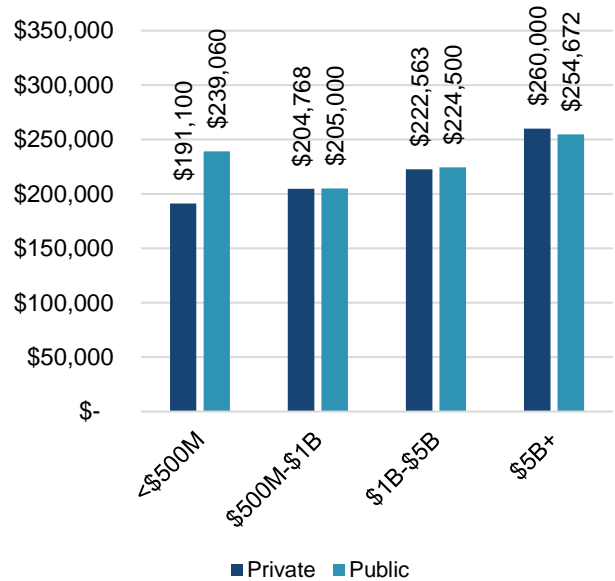


Figure 5.3 Compensation Breakdown by Company Revenue, Senior Counsel

**Median Total Compensation does not equal the sum of the other median values of compensation*

Total Compensation by JD Year Senior Counsel

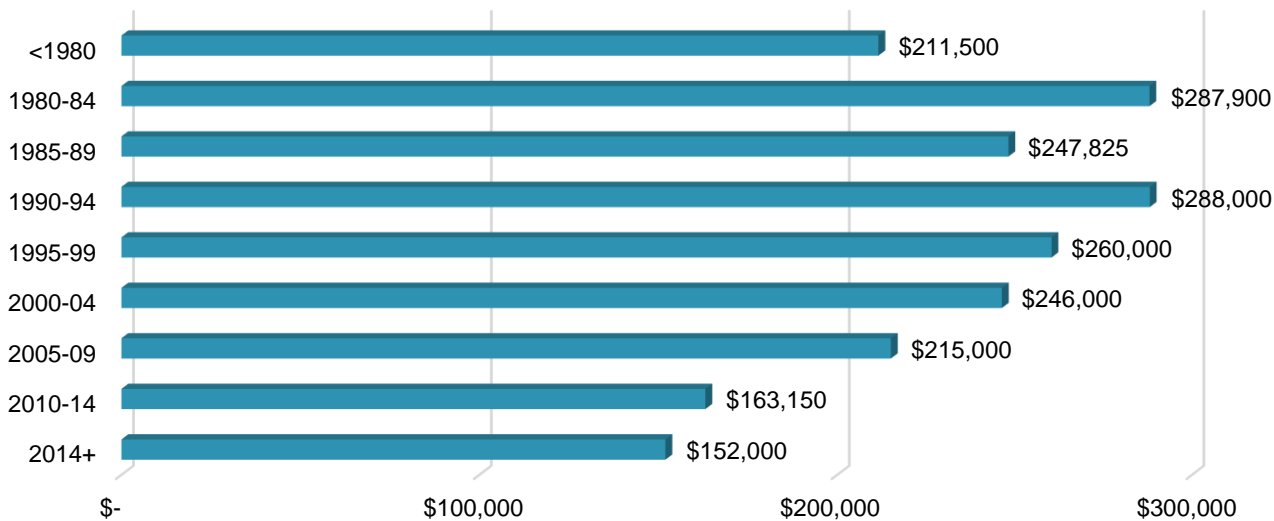


Figure 5.4 Total Compensation by JD Year, Senior Counsel

Total Compensation by Practice Area Senior Counsel



Figure 5.5 Total Compensation by Practice Area, Senior Counsel

About BarkerGilmore

BarkerGilmore is a boutique firm of distinguished consultants who are recognized by CEOs, boards and corporate legal and compliance leaders as best-in-class executive search consultants, advisors, and coaches. Our niche concentration affords us access to a specialized network of talent, and we have established the relationships that allow us to identify the best legal and compliance professionals for any assignment. We are attentive to each of our client's business culture and understand their brand, strategy and leadership needs. We pride ourselves on being able to provide the highest standard of service and on establishing meaningful and long-lasting relationships with our clients.

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