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Metric Conversion

IN-HOUSE COUNSEL ARE DIFFERENT from other corporate employees. This difference is particularly evident when it comes to figuring out what they should be paid. Setting effective and fair salaries and bonuses for in-house lawyers can be a challenge for general counsel and human resources staff. That's because salary guidelines established for other employees often ignore lawyers' worth in today's extremely competitive legal market. And performance assessment standards typically fail to consider

To assess and pay in-house counsel fairly, it's essential to use legal industry standards.

criteria specific to lawyers' work. The solution lies in legal industry compensation benchmarks and legal-specific performance metrics. Compensation benchmarks are a vital tool for setting salaries in law departments. But given the huge variety of corporations in America, it can be difficult to determine which benchmarks will be most useful. How do you choose the right one for your company? Start by keeping in mind all the variables that affect compensation levels. These include geographic market factors, the specific characteristics of your organization, and also the characteristics of individual lawyers.

Although geography is an important factor, it is not the be-all and end-all it once was. The increased importance of specialization has made the market for in-house lawyers more national. That said, your company's location should be considered, especially if it's an area where compensation is significantly higher or lower than national averages.

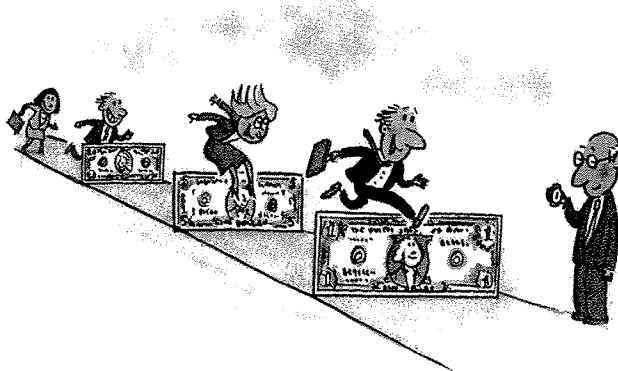
It's also important to take the national legal market into account, too.

Your company's specific characteristics also come into play. Important variables include: its size—both in terms of revenues and number of employees; the size of the law department; its ownership structure; and its salary administration plan. There are big differences in lawyer compensation by industry, so be sure to use industry-specific benchmarks.

In choosing a benchmark to use, it's also important to think about the makeup and structure of your law department. What are the practice specialties in the department; how many years have the lawyers been with the organization; and how long have they been in practice?

Bear in mind that benchmarking surveys are not uniform; they classify various positions in different ways. For some positions, such as general counsel and deputy GC, there is little confusion. But for other jobs, things can get murky. A position your company labels "senior attorney" may not appear in some benchmarking surveys. Understanding the survey's job definitions is critical to making apples-to-apples comparisons.

A number of corporations are now looking beyond in-house lawyer compensation benchmarks. They're adding law firm benchmarks and data to help them analyze compensation levels more accurately. This can be particularly valuable as you replace retiring in-house counsel with lawyers from firms.



But compensation benchmarks are only half of the equation. The standards used to evaluate performance constitute the other half.

Many companies have to assess their lawyers using the same standards applied to the company's accountants and middle managers. This almost always works to lawyers' disadvantage, depressing their compensation. That's because lawyers' responsibilities are generally very different from those on the business side. The structure of law departments is also very different from that of business units. For these reasons, it's critical that law departments use legal-specific performance metrics. If your company requires you to use enterprise-wide performance standards, work with the HR department to add legal-specific metrics into the mix. Build a case arguing that accurate assessment and competitive pay will help attract and retain the best lawyers.

The following is a comprehensive list of lawyer performance metrics used in evaluating in-house lawyers for purposes of setting compensation. The metrics are organized into six general categories: technical skills and legal expertise; communication skills; judgment; professionalism; client service; and management skills.

