

Canadian Lawyer's annual corporate counsel survey

By Kirsten McMahon



Decreasing corporate budgets and fewer internal hires remain as trends in some sectors, but the growing demand for law departments to deal with regulatory reporting processes and internal compliance issues has meant in-house lawyers are doing much more with much less.

Today's in-house lawyers say they are swamped with internal compliance and reporting processes at their companies and organizations. While these regulations are increasing, however, the chief counsel's ability to increase salaries and staff is not.

"Dealing with heavier workloads created by increasing corporate demand and expectations" is the biggest challenge in 2006 for one corporate counsel from Winnipeg. He was not alone.

"Increased workload with no increase in staffing, 'Sarbanes-Oxley

north,' and attendant compliance and disclosure issues" are the bane of another respondent from Toronto's existence.

Doing more with less seemed to be the overarching theme of this year's *Canadian Lawyer* in-house counsel compensation survey. This year, more than 200 respondents replied from across the nation on all aspects of in-house life.

The data is organized on the basis of whether the company is public or private, and by four industry sectors: manufacturing; financial services; natural resources; and other (which includes pharmaceuticals, distribution, real estate and insurance, among other areas).

In-house counsel and support staff



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EARNINGS BY INDUSTRY SECTOR — NATIONAL

| LAWYERS | [- Mid Range -] | Low | High | | Avg. Bonus | % | Avg. Stock Op. | % | |
|--|-------------------|-----------|----------|-----------|-----------------|-------------------|----------------|----------|----------|
| General Counsel | \$122,470 | \$223,620 | \$42,000 | \$600,000 | General Counsel | \$62,980 | 71 | \$92,000 | 44 |
| Assoc. General Counsel | \$102,770 | \$175,990 | \$55,000 | \$400,000 | Staff Lawyers | \$22,290 | 59 | \$38,000 | 34 |
| Senior Lawyer (> 5 yrs) | \$85,720 | \$127,450 | \$53,000 | \$300,000 | SUPPORT STAFF | [- Mid Range -] | Low | High | |
| Junior Lawyer (< 5 yrs) | \$66,620 | \$101,640 | \$40,000 | \$180,000 | Secretary | \$34,000 | \$50,400 | \$20,000 | \$95,000 |
| SAMPLE SIZE: 202 Companies & Organizations | | | | | Paralegal | \$42,970 | \$64,030 | \$30,000 | \$95,000 |

are receiving about the same across the board this year. However, things are looking up a little for 2006, with each industry sector expecting raises for staff lawyers (financial: five percent; natural resources: six percent; manufacturing: four percent; other: four percent).

This year, the average salary for general counsel (before bonuses and stock options) ranges from \$122,470 to \$223,620. That's a little less on both ends from last year's results. The percentage of general counsel receiving bonuses dropped to 70 percent from last year, but those who receive stock options has risen to 44 percent (four percent more than last year).

Our survey does not measure all perks such as company cars, laptops, cell phones, gym memberships, annual trips or retreats and pension plans, which many respondents state they receive. This year, in-house counsel offered a look at their base earnings, perks, bonuses and options, as well as details on their department, staffing and outside contract work with law firms.

Help wanted!

In-house lawyers are busier than ever it seems. While they may slave fewer hours than what private counsel say they slave, there is no shortage of work to be done and downtime is long gone.

Most of those surveyed work in a legal department of fewer than five lawyers, with one to five support staff and a department budget of less than \$1 million per year. General counsel, senior and junior lawyers alike, report working about a 50-hour week and the majority of that time is spent doing transactional work, dealing with directors and remaining compliant.

It's no surprise that more than two-thirds of the companies surveyed in each industry sector indicated they



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EARNINGS BY INDUSTRY SECTOR — MANUFACTURING

| LAWYERS | [- Mid Range -] | Low | High | Avg. Bonus | % | Avg. Stock Op. | % | | |
|--|-------------------|-----------|----------|------------|---|----------------|----------|-----------|----------|
| General Counsel | \$136,540 | \$256,110 | \$42,000 | \$500,000 | General Counsel | \$23,500 | 89 | \$100,000 | 60 |
| Assoc. General Counsel | \$ 97,500 | \$275,000 | \$85,000 | \$400,000 | Staff Lawyers | \$5,500 | 56 | N/A | 0 |
| Senior Lawyer (> 5 yrs) | \$111,630 | \$180,830 | \$82,000 | \$300,000 | SUPPORT STAFF [- Mid Range -] Low High | | | | |
| Junior Lawyer (< 5 yrs) | \$ 75,670 | \$101,100 | \$60,000 | \$150,000 | Secretary | \$35,390 | \$48,640 | \$30,000 | \$55,000 |
| SAMPLE SIZE: 49 Companies & Organizations | | | | Paralegal | \$41,000 | \$62,570 | \$32,000 | \$75,000 | |

EARNINGS BY INDUSTRY SECTOR — FINANCIAL

| LAWYERS | [- Mid Range -] | Low | High | Avg. Bonus | % | Avg. Stock Op. | % | | |
|--|-------------------|-----------|----------|------------|---|----------------|----------|----------|----------|
| General Counsel | \$131,000 | \$210,000 | \$90,000 | \$275,000 | General Counsel | \$113,000 | 86 | N/A | 20 |
| Assoc. General Counsel | \$ 86,830 | \$105,900 | \$63,000 | \$155,000 | Staff Lawyers | \$28,3300 | 71 | N/A | 38 |
| Senior Lawyer (> 5 yrs) | \$ 79,880 | \$130,470 | \$53,000 | \$225,000 | SUPPORT STAFF [- Mid Range -] Low High | | | | |
| Junior Lawyer (< 5 yrs) | \$ 58,310 | \$ 98,550 | \$45,000 | \$150,000 | Secretary | \$31,630 | \$44,200 | \$20,000 | \$55,000 |
| SAMPLE SIZE: 50 Companies & Organizations | | | | Paralegal | \$38,000 | \$61,450 | \$30,000 | \$95,000 | |

EARNINGS BY INDUSTRY SECTOR — NATURAL RESOURCES

| LAWYERS | [- Mid Range -] | Low | High | Avg. Bonus | % | Avg. Stock Op. | % | | |
|--|-------------------|-----------|-----------|------------|---|----------------|----------|----------|----------|
| General Counsel | \$153,230 | \$311,100 | \$100,000 | \$600,000 | General Counsel | \$57,500 | 63 | \$75,000 | 86 |
| Assoc. General Counsel | \$140,750 | \$149,390 | \$ 80,000 | \$250,000 | Staff Lawyers | \$22,000 | 70 | \$21,000 | 83 |
| Senior Lawyer (> 5 yrs) | \$ 95,060 | \$146,680 | \$ 62,000 | \$200,000 | SUPPORT STAFF [- Mid Range -] Low High | | | | |
| Junior Lawyer (< 5 yrs) | \$ 85,230 | \$ 99,910 | \$ 40,000 | \$110,000 | Secretary | \$36,530 | \$50,360 | \$26,000 | \$58,000 |
| SAMPLE SIZE: 51 Companies & Organizations | | | | Paralegal | \$69,880 | \$83,820 | \$40,000 | \$80,000 | |

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EARNINGS BY INDUSTRY SECTOR — OTHER

| LAWYERS | [- Mid Range -] | Low | High | | Avg. Bonus | % | Avg. Stock Op. | % | |
|--|-------------------|-----------|----------|-----------|----------------------|--------------------------|----------------|-------------|----------|
| General Counsel | \$119,130 | \$201,810 | \$60,000 | \$300,000 | General Counsel | \$73,180 | 64 | \$223,000 | 31 |
| Assoc. General Counsel | \$96,670 | \$166,900 | \$55,000 | \$300,000 | Staff Lawyers | \$31,100 | 52 | \$55,000 | 33 |
| Senior Lawyer (> 5 yrs) | \$95,760 | \$145,890 | \$60,000 | \$200,000 | SUPPORT STAFF | [- Mid Range -] | Low | High | |
| Junior Lawyer (< 5 yrs) | \$71,040 | \$106,220 | \$45,000 | \$180,000 | Secretary | \$36,520 | \$52,880 | \$24,000 | \$70,000 |
| SAMPLE SIZE: 52 Companies & Organizations | | | | | Paralegal | \$43,730 | \$65,960 | \$30,000 | \$81,000 |

EARNINGS BY INDUSTRY SECTOR — PUBLIC

| LAWYERS | [- Mid Range -] | Low | High | | Avg. Bonus | % | Avg. Stock Op. | % | |
|---|-------------------|-----------|----------|-----------|----------------------|--------------------------|----------------|-------------|----------|
| General Counsel | \$126,170 | \$255,150 | \$42,000 | \$600,000 | General Counsel | \$100,170 | 68 | \$164,000 | 61 |
| Assoc. General Counsel | \$103,240 | \$178,480 | \$70,000 | \$400,000 | Staff Lawyers | \$34,380 | 67 | \$38,000 | 53 |
| Senior Lawyer (> 5 yrs) | \$86,490 | \$143,400 | \$60,000 | \$300,000 | SUPPORT STAFF | [- Mid Range -] | Low | High | |
| Junior Lawyer (< 5 yrs) | \$65,910 | \$101,920 | \$45,000 | \$180,000 | Secretary | \$34,280 | \$50,130 | \$25,000 | \$95,000 |
| SAMPLE SIZE: 100 Companies & Organizations | | | | | Paralegal | \$44,850 | \$64,000 | \$30,000 | \$95,000 |

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EARNINGS BY INDUSTRY SECTOR — PRIVATE

| LAWYERS | [- Mid Range -] | Low | High | | Avg. Bonus | % | Avg. Stock Op. | % | |
|---|-------------------|-----------|----------|-----------|----------------------|--------------------------|----------------|-------------|----------|
| General Counsel | \$118,760 | \$192,090 | \$60,000 | \$280,000 | General Counsel | \$25,790 | 74 | \$20,000 | 26 |
| Assoc. General Counsel | \$102,300 | \$173,500 | \$55,000 | \$185,000 | Staff Lawyers | \$10,200 | 50 | N/A | 14 |
| Senior Lawyer (> 5 yrs) | \$84,050 | \$127,450 | \$53,000 | \$225,000 | SUPPORT STAFF | [- Mid Range -] | Low | High | |
| Junior Lawyer (< 5 yrs) | \$67,330 | \$101,350 | \$40,000 | \$150,000 | Secretary | \$33,710 | \$50,670 | \$20,000 | \$70,000 |
| SAMPLE SIZE: 102 Companies & Organizations | | | | | Paralegal | \$41,080 | \$64,060 | \$30,000 | \$95,000 |

would be hiring more lawyers in 2006 (financial: 43 percent; natural resources: 43 percent; manufacturing: 56 percent; other: 31 percent).

The good news for external counsel is that corporate counsel don't plan on farming out less work any time soon. Most companies surveyed plan no change in the amount of work (mainly litigation) to external counsel. Both the financial and natural resources sectors predict they will increase the amount of work they outsource to firms in 2006, mostly because of increased workloads.

However, just because corporate counsel aren't intending to scale back the work they send out doesn't mean they are entirely content with the services they receive for the fees charged. Communication seems to be key to a good working relationship between in-house and external lawyers.

"Be polite and return calls promptly," advises one respondent. Another suggests firms should "dedicate specific lawyers to matters regularly so the firm develops an understanding of the business." And, of course, most corporate counsel would be happier if firms billed less, or at least provided an early assessment of a case's value and updated in-house lawyers on developments.

Privacy and securities laws and regulations are taking their toll on in-house counsel. Increased security, accountability, tighter access controls, and segregation of duties, corporate accounting and disclosure rules are becoming more onerous. One respondent astutely notes that these confusing and ever-changing regulations should be dealt with in provincial law society literature.

Overall, salaries are about the same across the board as last year. Bonuses and stock options are lower, and fewer people are receiving them.

"The challenge, which is eternal, remains to perform as much as possible in-house and for the [least] possible cost," says one Montreal general counsel. Maintaining talented lawyers with limited salary increases is another challenge, says one London, Ont., associate general counsel.

Here's hoping the landscape changes in 2007, or those who made the move in-house may jump ship to private practice. 

Kirsten McMahon is an associate editor at Law Times, the newspaper for Ontario's legal professionals.

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