

It Just Makes Cents – Compensation Trends for In-House Counsel

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Building a case for competitive compensation is challenging at the best of times, and while compensation information for law firms has been readily available, the same information for in-house legal departments has not been as accessible. As a result, The Counsel Network in collaboration with the Canadian Corporate Counsel Association commissioned Ipsos Reid, to conduct its first annual In-House Counsel Compensation & Career Survey.

As lawyer recruitment specialists, we at The Counsel Network, frequently receive inquiries from in-house counsel at all levels, as well as from human resources professionals, seeking “real time” advice with respect to corporate counsel compensation. As such, the main purpose of this study was to broadly report and benchmark compensation, compensation-related topics, and career issues across Canada, with the intention of gathering more specific information in the following years. This may include more regional based information, more specifics relating to incentive and option programs, as well as a section exclusive to General Counsel.

We were extremely pleased with the number of respondents and the cross section representation of cities, industry areas, levels of position, as well as the balance between male and female respondents. According to Ipsos Reid, the survey generated a 14% response rate. In comparison, the usual response rate for a member survey undertaken by Ipsos Reid is somewhere in the 5-8% range. It is only due to the high number of responses received which allowed us to have enough data to be able to report the key findings. It is hoped that in subsequent years, we will continue to have a high response rate so that the reported findings can be meaningful to all in-house counsel.

Key Findings

There were a number of findings in the report that can be grouped into seven key findings. These findings are supported by information collected with respect to demographics, compensation, satisfaction with compensation, hours of work, confidence in the future, and satisfaction with career opportunities.

1. You Must Take a Holistic Approach to Compensation

Unlike in private practice, in-house counsel cannot look at base salary alone to determine compensation. Base salary is but one aspect of an entire compensation package. Short and long term bonuses, benefits and other incentive programs are an integral part of in-house compensation.

2. There is High Satisfaction with Work/Life Balance

Over 75% of in-house counsel surveyed are satisfied with their work/life balance as compared to other Canadian executives and managers at 62% satisfaction. Interestingly, though, the number of actual hours seems to be moving toward either extreme. Over the past two years, more in-house counsel who typically work less than 45 hours per week, have experienced a decrease in the number of work hours. On the contrary, in-house counsel working more than 55 hours per week say that their work hours have actually increased over the past two years. These findings are certainly reflective of current economic conditions and its effect on the decrease in work, as well as the downsizing of legal departments which has placed extra pressure on lawyers to keep their work in-house.

3. There are Significant Differences in Compensation Across Regions

Alberta and Ontario are the highest paid regions across the country with base salaries coming in at 7.5% higher than the national average, whereas in Eastern Canada, base salaries are 22% lower than the national average. Base salaries in British Columbia and Central Canada are 10% and 11.5% lower than the national average, respectively, while in Quebec, base salaries are 15% lower than the national average.

4. There are Significant Differences in Compensation Across Industry and Sector

The average base salary of in-house counsel in private companies is about 20% higher than those of government or Crown corporations. The highest paid industry area is the oil and gas sector, whereas the lowest paid sector is the telecommunications industry.

5. There has been a Decline in Salary Increases

Although we saw salary increases for lawyers across the board two years ago, there has actually been a decline in base salary increases between the past and current fiscal year. The proportion of in-house counsel with no salary increase jumped from 26% to 41%, and the proportion of in-house counsel with a salary increase of more than 5%, dropped from 23% to 8%. However, even in that context, 57% of in-house counsel still report that they are satisfied with their base salary – higher than what Ipsos Reid reported for other managers and executives.

6. Compensation is the Most Important Factor When Considering a Move

Most in-house counsel reported that compensation was the most important consideration when making a move, with promotion and greater responsibility coming second and third. Though this is generally contrary to what we have found in the past, it is important to note that participants were completing this survey during a time when the change in the economy was at the forefront of their minds.

7. Females Have a Lower Base Salary than their Male Counterparts

On average, the base salary of female in-house counsel is 19% lower than that of male in-house counsel. This is reflective of the fact that more women are in Counsel roles whereas more males are in Senior Counsel and General Counsel roles. The gap is more indicative of the difference in roles and responsibilities as opposed to compensation.

The Future Looks Bright

Looking ahead, most in-house counsel are optimistic about their careers. Less than two in ten are pessimistic about the future of their legal department and their own professional future. One out of three feel satisfied with their ability to make a move although half of the respondents see themselves in the same role in the coming two years.

These findings are consistent with the “real time” information we receive from in-house counsel every day. As we prepare for the next survey, we are mindful of the specific information we need to gather to ensure that the results are meaningful to all in-house counsel, regardless of region, industry or seniority. We encourage all CCCA members to participate in the next In-House Counsel Compensation and Career Survey.

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