

Making partner move difficult at restructured law firms

JACKSONVILLE — When Douglas Ward graduated from University of Florida law school in 1971, he was “really delighted” with his \$11,000 annual salary as a new associate attorney.

But for Ward, now the managing director of Southbank-based Rogers Towers P.A., and other managing directors for firms around the city, the compensation structure for lawyers, particularly associates, is evolving — sometimes steadily, but increasingly in fits and starts.

Put simply: Graduating law school and becoming an associate lawyer at firms across the country, including Jacksonville, isn't what it used to be.

The hours are longer, though the pay is more, and achieving an equity partner status — still considered the pinnacle of a legal career — takes longer than ever before, said several local managing directors and experts on national lawyer employment trends.

Many junior associates may never become an equity partner, instead advancing to a non-equity-earning partner position. Some may simply stay at the associate level, or migrate to corporate, in-house counsel, while others may become temporary, contract lawyers who migrate from position to position.

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The shift is the result of changes in the industry that began more than a decade ago, coinciding with the Internet technology boom, one national observer of the industry said.

"Law firms began to change their organizational structures overall," said Jodi Nadler, vice president of Special Counsel Inc., a national lawyer and legal staffing company. "It was a move, quite frankly, to operate more like a business with more nuanced corporate levels.

"I think many firms realized that if they kept people on traditional firm promotion paths, they'd have places full of chiefs, no Indians," Nadler said.

The mid-1990s also marked the latest wave of law-firm consolidation, which brought increasing numbers of law firms into the state, regional and national arenas, Nadler said. With fewer firms in the marketplace, that meant fewer spots for equity-earning partners.

The size also forced growing firms to look at ways of controlling costs. Personnel costs are the overwhelming primary expense for law firms, local managing directors said.

"The overhead in a larger firm should have economies of scale," said Ken Jacobs, managing director of Gray Robinson P.A.'s Jacksonville office. "But it doesn't always work out that way."

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With the increase in the number of associates at firms, Jacobs said, the dynamics of larger firms have shifted in the last 20 years.

Jacobs said that 15 years ago, associate lawyer salaries were half what they are now, while the billable hours for associates has increased with the pay bumps during that time.

The average nationwide salary offer this year for graduating law-school students is \$135,000, an increase of \$5,000 from 2005, according to Special Counsel.

The company stated in a recent release that some large national firms had begun to ratchet associate salaries up to \$145,000 for this year's law school graduates, who will begin work this fall.

Local directors said that figure is

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skewed by large markets like New York and Miami, but does provide good context for the associate hiring market.

In Jacksonville, while each managing director declined to cite specific figures for their respective firms, local directors estimated associate annual salaries are a little less than \$100,000.

Jacobs, along with partners Jason Burnett, Daniel Nicholas, Richard Plotkin and Lee Haramis, joined Gray Robinson in November 2004 after working as a local independent law firm: Edwards, Cohen, Jacobs, Haramis & Burnett. They

contracted in 2002 with another Florida firm, Becker & Poliakoff P.A.

Jacobs said the move was motivated because Gray Robinson's 10 statewide offices allowed his firm to expand its litigation practices to support a growing client base.

But the move also was motivated by Gray Robinson's compensation system, where each member of the firm knows what business his professional colleagues are generating and how much they earn through an internal corporate Web site, he said.

"From associates to partners, we all know where everyone stands and how they're producing for the firm," Jacobs said. "It's a meritocracy."

In Jacksonville, associate salaries are rising again, said Rogers Towers' managing director Ward, after several years of steady salary levels.

"Things were pretty consistent for the last few years, but this year is different," Ward said.

Local managing directors said

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Jacksonville firms tend to follow, with a year lag time, the pay practices in major metropolitan markets such as Chicago, New York and Los Angeles, even though most local firms don't compete for law school graduates with the firms in those largest metropolitan areas.

Geographically, Jacksonville competes with Atlanta, Orlando, Tampa and Miami for law-school graduates looking to locate to the Southeast.

"You have to keep it roughly approximate. We can pay a bit less, but we can sell folks on the quality of life here, lower billable hours and total quality of life," Ward said. "But if we allow too large a differential, the market is going to lose some talent."

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