



IN-HOUSE REACTION TO 2018 FIRM ASSOCIATE SALARY INCREASE

Quick Stats

These results are based on 71 CLOC members who replied to CLOC's flash survey June 6-8th.

72%

of respondents are more likely to move work in house or to lower cost alternative providers

6 in 10

GCs reacted negatively to the news of associate salary increases

7 in 10

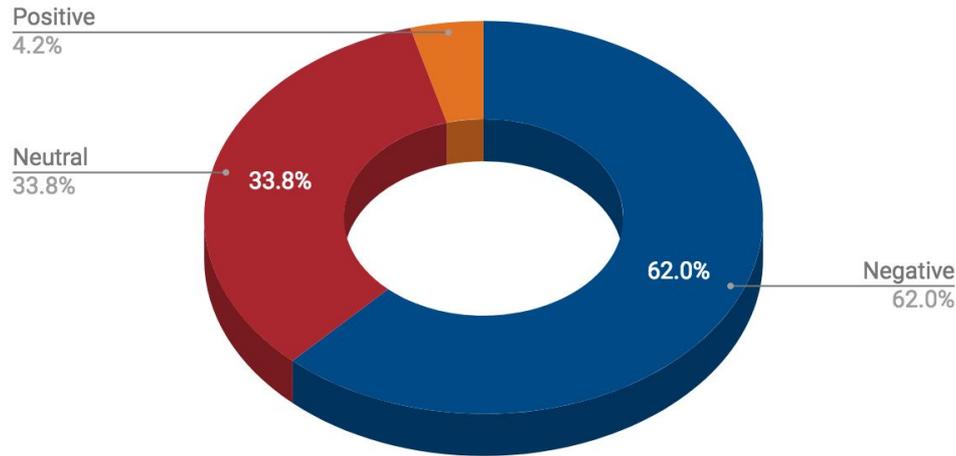
respondents will reconsider how their matters are staffed

85%

of respondents indicated associate salary increases "will" or "may" impact what firms get their business

General Counsel Reaction to Salary Increase

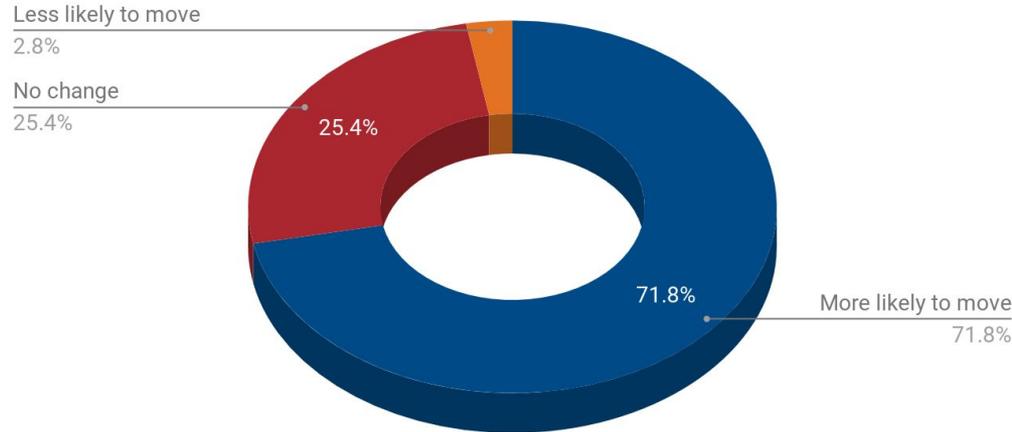
What is you/your GC's reaction to the increase in first year associate salaries to \$190K per year?



A majority respondents report their general counsel responded negatively to the associate salary increase.

Moving Work In-House or to Alternative Legal Providers

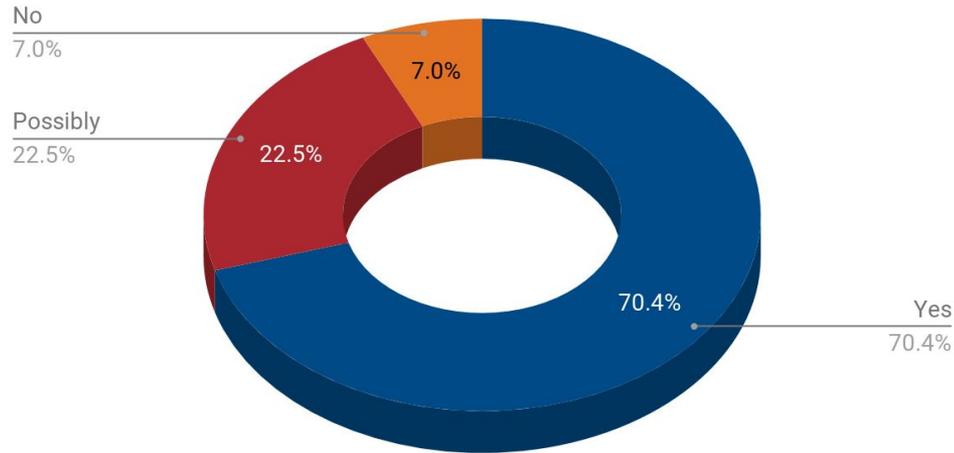
If firms you use mirror this increase, will that influence your legal department to move work in house or to alternative legal providers/law companies?



7 in 10 respondents indicated they are more likely to move work in house or to alternative legal providers/law companies for the firms that increase associate salaries.

Matter Staffing and Associate Pay

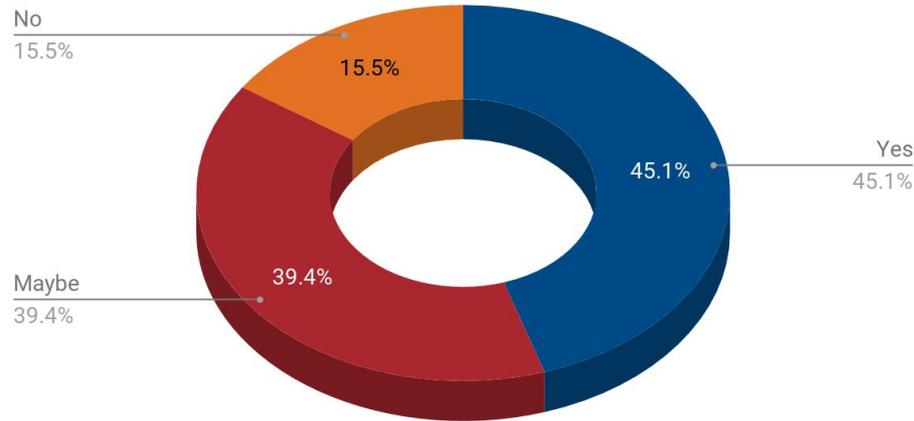
If firms you use mirror this increase, will the increase impact how you look at staffing matters handled by those firms?



7 in 10 respondents indicated they will reconsider how matters are staffed by the firms which mirror associate salary increases.

Salary Increase Impact on Giving Firms Business

Will this increase impact whether you give any particular firm your business?



85% of respondents indicated the associate salary increase will impact whether they give a particular firm their business.

Reaction to Law Firm Salary Information Made Public

58% OF RESPONDENTS THINK MAKING FIRM SALARY INFORMATION PUBLIC IS “JUST THE WAY THE INDUSTRY WORKS” OR THE “MARKETPLACE ACTING EFFICIENTLY”

What's your company's reaction to this sensitive salary information being made public and driving some law firms to follow suit whether they like it or not?

- It's an internal, law firm business matter of no concern to me..... 17%
- It's inappropriate, and I don't know how this practice goes on without review.... 25%
- It's just the way the industry works..... 30%
- It's the marketplace acting efficiently to forces of supply and demand..... 28%

What CLOC Members Are Saying - Positive & Neutral Reactions

“As long as it does not change the rates I am charged, they are free to overpay whomever they like.”

“In the San Francisco Bay Area where the cost of living is unbelievably high, this increase is likely warranted simply to allow younger attorneys to live a decent life.”

“Associates should be adequately compensated, NYC is very expensive, they have a lot of law school debt, firms need to attract top talent, etc. For us, the issue is how those higher costs are dealt with at the firm. Do they come out of partner profits or are they passed on to clients through higher rates?”

“The cost of law school continues to rise, and the market adjusts accordingly. I understand that. All of us, in the end, pay the bill directly or indirectly.”

What CLOC Members Are Saying - Negative Reactions

"This is seen as a tactic to attract new hires and not reflective of value delivered to a client. A firm who makes such a change should be prepared to cover the increase out of their own pocket and not expect to transfer the increase to their clients."

"The decision to raise first year salaries to \$190K is further proof that some law firms missed the lesson in 2008."

"Just because the law firms have decided to pay more to their associates, our company will not be responsible for financially supporting their increase. We will continue to push for alternative fee arrangements for every matter, fewer attorneys on matters and management of resources and time on cases."

"This will just further drive segmentation. It will cause us to adjust how we staff matters. It won't cause us to discontinue using these firms, but it will cause us to accelerate segmenting part of the work to more efficient firms and/or alternative legal services providers."