

You Don't Need A JD Anymore To Get Paid Like A Partner

By **Aebra Coe**

Law360 (May 13, 2021, 12:29 PM EDT) -- Compensation, authority and responsibility for large law firm administrative leaders are all on the rise, bringing the group of mostly nonlawyer professionals to levels of pay that in some cases equal or even exceed those of partners.

Just as the lateral market for partners and associates has heated up in the past several months, so has the market for certain law firm administrative positions, particularly chief technology and information officers and chief diversity officers, according to recruiters and other experts.

The ongoing pandemic accelerated a trend that began several years ago in which large law firms began to lean more heavily on MBAs, CPAs and technology experts to handle certain operational aspects of the law firm, develop and implement long-term strategy and in some cases interface with clients.

That added responsibility has meant more compensation for administrative professionals, especially as law firms seek to attract and retain top talent in a competitive market.

"We're seeing compensation for business managers ratcheting up," said James S. Wilber, a recruiter for law firm leader positions at Altman Weil Inc. "It's been a slow, steady realization that these people are critical to what we do, and there's a lot of competition for the good ones."

The Effects of the Past Year

The sudden move last year to remote working by nearly everyone in the industry has driven up the importance of the CIO and CTO jobs, according to Wilber.

It's not just the nuts and bolts of creating a remote work environment and smooth communication channels internally and with clients, but also the importance of cybersecurity, especially now, he said. Law firms are guarding not only their own, internal information but also sensitive client information, making the top IT honcho a very important person.

Teresa Walker, past president of the Association of Legal Administrators and COO of Waller Lansden Dortch & Davis LLP, said she thinks CIO pay will have risen further when ALA's annual survey comes out in September.

"Those folks really had to carry the day last year," Walker said.

COOs are also having a moment as law firm mergers and acquisitions are on a steep rise and firms look to grow, she said.

"A key area that COOs are involved in more today than ever is looking at mergers and acquisitions and growth," she said. "Most of that is being led by — and certainly the implementation process is being led by — COOs."

In addition to the pandemic, the racial reckoning that occurred in the U.S. following the murder of George Floyd last spring has also affected how law firms think about administrator job functions, specifically chief diversity officer, according to Dustin Laws, managing director of Major Lindsey & Africa's law firm management practice.

"There's been such a huge shift in emphasis on diversity and inclusion in the last 12 to 18 months," Laws said. "Law firms for the last couple of years have been focused on the CDO role, but after the death of George Floyd, everyone needs to be doing something or else you're not keeping pace with the industry."

Often, lawyer candidates look at a law firm's diversity and inclusion programming when considering whether to join a law firm, he said, and clients have increasingly pushed to see results in areas of D&I when considering what law firms to use as their outside counsel.

"Diversity professionals are helping to drive revenue to the firm," Laws said.

The Shape of C-Suite Law Firm Pay

The Association of Legal Administrators does an annual survey of law firms with more than 100 attorneys that looks at compensation for various administrative positions.

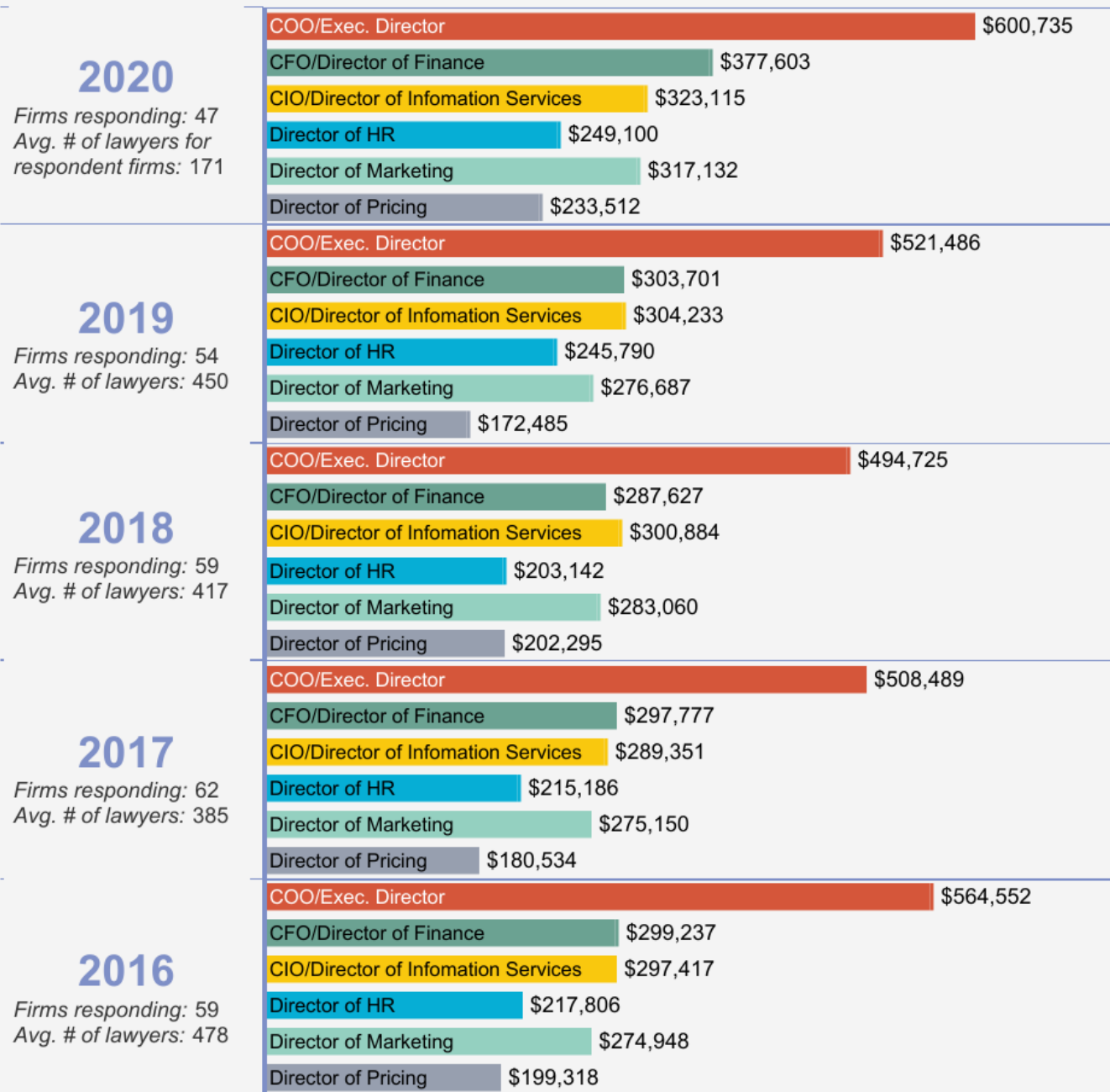
While the number and size of law firms responding varies from year to year, there was a clear increase in total compensation between 2016 and 2020 across nearly all administrator categories, with an average increase of 15% among COOs, CFOs, CIOs, heads of human resources, heads of marketing and pricing officers.

Each year the survey was performed between 2016 and 2019, the average size of firms responding was around 400 lawyers. In 2020 that dipped to 171 with a large portion of smaller firms responding.

Even so, compensation still rose in the 2020 survey over 2019.

ALA Surveys Show Rise in Administrator Comp

Even as the size of law firms responding to the Association of Legal Administrators' long running large firm key staff survey declined in 2020, reported compensation still increased.



Source: ALA Large Firm Key Staff Compensation Survey



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For COOs and equivalent positions the jump was from an average for total compensation of \$521,000 to \$601,000. Average CFO and similar position compensation rose from \$304,000 to \$378,000. And CIO and other top tech leader pay rose from \$304,000 to \$323,000.

Law360 conducted a **survey of law firm technology leaders** this spring, and of the seven who responded to a question about compensation, one said the top tech leader at their firm, a CIO, earns \$1.2 million a year, one responded with \$1 million and the rest ranged from \$169,000 to \$350,000.

Wilber says it's not unusual for a law firm COO to earn around the equivalent of the average law firm partner in their firm. But other roles like CIO are growing in importance and in pay.

As law firm profits per partner have soared in recent years, that average partner rule of thumb means there are a number of law firm COOs, usually the highest-paid administrative leaders, earning more than \$1 million a year.

Laws said chief diversity officers, a position not included in the ALA survey, are also earning more today than they did even a year or two ago.

A few years ago, Laws said, it was hard to convince a firm they should pay a chief diversity officer in the \$300,000 range.

"Now at a decent-sized firm in a large market that number is almost definitely going to begin with a 4," Laws said.

--Editing by Brian Baresch and Alyssa Miller.

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