

A WIDENING CHASM

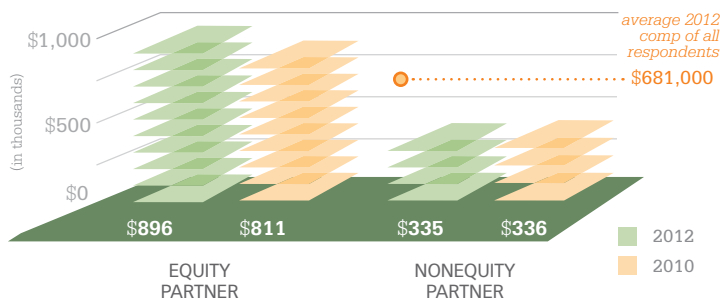
The gap between equity and nonequity partner pay.

LAW FIRM PARTNERS' average compensation has risen 6.4 percent over the past two years, to \$681,000, according to a new compensation survey conducted by legal search consultants Major Lindsey & Africa and ALM Legal Intelligence. The increase seems to be driven, in part, by a rise in the average partner billing rate, which was reported at \$585 in this year's

from \$336,000 in 2010 to \$335,000 this year. "Rainmakers are demanding more money and are getting it because firms are afraid they'll leave," says Jeffrey Lowe, a Washington, D.C.-based recruiter at Major Lindsey. "There's less left for service partners. It's a zero-sum game."

Twenty-seven percent of all respondents described themselves as "very satisfied" (up from 24 percent

PARTNER PAY



survey, up \$30 from the average reported in 2010, the last time this survey was conducted.

But not all partners are sharing in the wealth. Equity partners have seen their compensation increase an impressive 11 percent since the 2010 survey. The pay for nonequity partners is significantly lower, and has been stagnant over the past two years. Not surprisingly, satisfaction over pay is much higher for equity partners.

The partner compensation survey, which gathered responses from 2,228 partners at the Am Law 200, National Law Journal 350, and Global 100 firms, revealed that average compensation for equity partners, who represented 62 percent of respondents, increased from \$811,000 in the 2010 survey to \$896,000.

The average compensation for nonequity partners was flat, going

in the 2010 survey) with their total compensation. But when divided by partner class, that figure jumps to 36 percent among equity partners and falls to 12 percent among nonequity partners. Nearly a third of all nonequity partner respondents described themselves as "not very" or "not at all" satisfied with their total compensation, compared to just 15 percent of equity partners.

Despite the disparity in pay, there's one issue that unites both sets of partners. Fifty-eight percent of all partners said they should be making more. And of that group, an overwhelming majority were looking for something more than a token raise. Ninety percent thought that their compensation should be increased by more than 10 percent, while 1 percent thought that their pay should be doubled. Sound familiar? —Drew Combs

Finley Kumble," predicting the demise of that brash upstart firm. For those of you too young to remember, Finley, Kumble, Wagner, Heine, Underberg, Manley, Myerson & Casey was sort of like the Dewey & LeBoeuf of its day, but without the pedigree—a fast-rising firm that went down in flames even faster.

Over the years I've seen lots of other big firms implode: Shea & Gould (1994); Brobeck, Phleger & Harrison (2003); Coudert (2005); Heller Ehrman, White & McAuliffe (2008); and Howrey (2011). (And the old-line firm I once worked for got absorbed in a merger with Pillsbury, Madison & Sutro, and its distinctive blue stationery disappeared.) Each time I watched one of these firms fall apart, I was shocked at how quickly the dominoes tumbled.

Our coverage of Shea & Gould, by the way, produced one of my favorite lines to appear in this magazine. In 1989 William Horne wrote about the firm's troubles, and he interviewed founders Wil-

liam Shea, then 82, and the 80-year-old Milton Gould, who both still came into the office every day. Said Gould: "We're kind of like an octogenarian's gonads, still there but not of much use."

Twenty-five years ago, *The American Lawyer* did a lot more eye-poking for sport than it does now. I can't imagine us today running an article called "Five Firms on the Way Down," as we did in 1979. And that's a good thing. I'm all for rigorous journalism, but I'm not comfortable with unnecessary meanness.

Journalism was a different world in 1987. If your coworker's phone rang when she was away, you'd rush over to her desk to answer it, then write a message (using a pen or pencil) on a pink "While you were out" slip. We didn't have voicemail. We didn't have computers on our desks, either. We all shared three or four word processors jammed into a tiny windowless room. People smoked at their desks, and you didn't complain about it.

GOLDEN PARACHUTE

Am Law firms have been a nice landing spot for former presidential candidates.

When Clint Eastwood wasn't yelling at an empty chair and debating an invisible President Barack Obama during his recent tour de force at the Republican National Convention in August, he was taking shots at lawyers. "I never thought it was a good idea for attorneys to be the president, anyway," said Eastwood. "They are always devil's advocating this and bifurcating this and bifurcating that." Unfortunately for Clint, both Obama



and Mitt Romney have J.D.s from Harvard Law School. But the losing candidate can rest assured that there will probably be a nice, well-paid job at a prominent Am Law 100 firm waiting for him if he wants it. After all, there's plenty of precedent. —Victor Li

There was no Internet. If you wanted to know how to spell a lawyer's name, you looked it up in Martindale-Hubbell (which was a collection of heavy books). If you wanted to check *The New York Times's* coverage of some event, you trekked to the library and scanned microfilm until your eyes felt like they'd dissolve. And court records in the pre-Pacer era? Wait in line at a crowded file room in lower Manhattan, and hope the clerk isn't in too bad a mood and the copy machine is working.

After six years in the New York office, I moved to San Francisco in 1994. During the dot-com boom of the late 1990s, it really did feel as if money grew on trees. If you weren't a millionaire, then you weren't trying. Otherwise sane people I knew, including some journalists, decided they might as well get in on the action, and they started day-trading stocks. It usually didn't end well.

Firms like Wilson, Sonsini, Goodrich & Rosati were making astounding sums from their cli-

ents' stock. Making money from billable hours almost became a quaint afterthought. I wrote a column in 2000 about this new paradigm that would allow Bay Area firms—like Brobeck—to eclipse their New York counterparts in influence and profitability. I was dead wrong.

One of the most fascinating stories I covered was the rise and spectacular fall of Brobeck and its leader, Tower Snow Jr. Snow was a visionary, and I thought he had a lot of good ideas about changing law firm culture, but he got out too far ahead of his partners. I learned that highly charismatic people don't always make good leaders. They can be so used to swaying people with their charm that they don't react well when people push back.

Women certainly have made strides in the legal profession since I started this job, but they're still far behind men in terms of power and influence, especially at law

firms. I can't decide if the reason is terribly complex or terribly simple.

Of course, the pace of journalism is so much faster now. In years past I might have spent four or five weeks trying to find out why three ERISA partners moved from one Chicago firm to another. Now we'll write it up in two hours. And that's probably a better use of our

But some things remain the same. My job mainly involves talking to people and hoping they tell me something interesting and useful. I'll make dozens of phone calls in the hope that one person—just one!—will be that indispensable source with the right knowledge and insight. I read documents that no average

Writing a magazine article is a whole lot different from writing a memo to a partner on the **Internal Revenue Service's new regulations on investment tax credits.**

time. But there are stories that deserve more time, and it can be a struggle to find the right balance.

I'm still trying to figure out the usefulness of this social media revolution. I'm not a fan of Twitter, which reminds me of the frantic jockeying for attention in high school. Facebook? Not a chance. (In fact, writing this personal essay at the urging of my editor makes me queasy.)

person in their right mind would read, hoping to find a footnote that suggests an untold tale.

In 2007 I moved back to my hometown of Cleveland, which I love. With a phone and an Internet connection, I can work almost anywhere. The one thing that hasn't changed is that every day I'm still searching for a great story.

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Charles Evans Hughes *GOP nominee for president, 1916.*

After losing a tight election against President Woodrow Wilson, Hughes returned to his old firm, Hughes, Rounds, Schurman & Dwight. He left in 1921 to become secretary of State, came back, and then left for good after becoming chief justice of the U.S. Supreme Court in 1930. Today the firm is known as Hughes Hubbard & Reed.



Wendell Willkie *GOP nominee for president, 1940.*

The dark horse candidate won more popular votes than any previous Republican candidate, but that wasn't enough to deny Franklin D. Roosevelt an unprecedented third term. Willkie went to New York and joined Miller, Boston, and Owen, a law firm that eventually became Willkie Farr & Gallagher.



Thomas Dewey *GOP nominee for president, 1944 and 1948.*

Dewey didn't defeat Truman. Nor did he defeat FDR four years earlier. In 1955 Dewey joined Ballantine, Bushby, Palmer & Wood after his term as governor of New York expired. The firm eventually shortened its name to Dewey Ballantine, and merged with LeBoeuf, Lamb, Greene & MacRae in 2007. The rest is history.



Richard Nixon *GOP nominee for president, 1960, 1968, and 1972.*

After a razor-thin loss to John F. Kennedy, and a surprising setback for governor of California in 1962, Nixon was seemingly done with politics. He moved to New York and joined prominent firm Mudge Rose Guthrie Alexander & Ferdon. The firm, which briefly became Nixon, Mudge, Rose, Guthrie & Alexander, dissolved in 1995.



John W. Davis *Democratic nominee for president, 1924.*

One of the greatest Supreme Court advocates of his time, Davis was relatively unknown on the national stage and suffered a landslide loss to Calvin Coolidge. Davis had previously joined Stetson, Jennings & Russell in 1921 and soon headed the firm. After his electoral loss, he returned to the firm, known today as Davis Polk & Wardwell.



Edmund Muskie *Democratic nominee for vice president, 1968. Candidate for president, 1972.*

Muskie, who nearly became vice president in 1968, saw his presidential hopes implode before the 1972 New Hampshire primary when he supposedly cried in front of reporters. After serving as secretary of State under Jimmy Carter until 1981, he joined Chadbourne & Parke.



Walter Mondale *Democratic nominee for president, 1984.*

After leaving the vice presidency in 1981, Mondale practiced law at Winston & Strawn before running for president in 1984. He then suffered one of the worst electoral college defeats in American history at the hands of Ronald Reagan and went back to law, this time at Dorsey & Whitney. He's been there ever since.



Geraldine Ferraro *Democratic nominee for vice president, 1984.*

The first woman to be nominated by a major political party to run on its national ticket, Ferraro joined Keck, Mahin & Cate as managing partner of the New York office after losing out on the Democratic nomination for Senate in 1992. After a hiatus, in 2007 she went to Blank Rome, where she worked until her death in 2011.