

The Fox Rodney Five Questions Series

Law Firm Partners:

Five questions to ask yourself when Negotiating your Compensation

1. What is market rate?

Obtain data on what is market rate: speak to colleagues or a recruiter. First, gather data on your own performance and consider your actual contribution i.e. originations, cash collections in the context of your firm's compensation system. If you are negotiating compensation as part of a move, your fee projections will be key, so estimate your fee projections for the next three years. If your firm has a note on compensation guidelines, make sure you familiarize yourself with it. There is no point in assessing yourself on the basis of invoiced revenue if your firm assesses only on cash collections.

2. Where is the value for my firm?

As part of this process, you should consider where your value lies to the firm and, if you are negotiating with an existing employer, how difficult it would be to replace you. Is your practice of strategic importance to the firm or just an additional revenue stream that is non-core?

3. Am I looking at total compensation and benefits, as well as the trajectory?

Consider your points/units and any bonus payment, as well as other benefits such as pension. Also consider the trajectory: how likely are you to move up the equity and increase your compensation over the next 5 years? If you are not yet an equity partner, is it realistic to think there will be a business case to make equity at your current firm?

4. Am I listening and being empathetic?

When it comes to actually negotiating your compensation, listening is a key skill. It is important to show empathy: make a reasoned and unemotional case and try to see it from the firm's perspective also. Focus on the business case: it's not personal.

5. Is this actually the right firm and platform for me?

Are you on a platform which values your contribution? Are you recognized for generating work which is passed onto other practice areas or offices? You may be better off at a firm which rewards you more appropriately for your particular strengths and network of contacts.

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