

# Major, Lindsey & Africa's Partner Compensation Surveys: **A Decade of Perspective**

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# Executive Summary

2020 marks the 10-year anniversary of the launch of Major, Lindsey & Africa's (MLA) biennial [Partner Compensation Survey](#), the most comprehensive effort ever undertaken to identify ranges of partner compensation, the criteria law firms use in determining partner compensation, and the satisfaction of law firm partners with their compensation and compensation systems.

And what a decade it's been. The earlier part of the decade (2010–2012) saw stagnation and increased rate pressure from clients, both the result of the Great Recession. At the same time alternative legal service providers entered the market to challenge long-established law firms—from both a client and talent perspective—causing law firms to re-evaluate how to approach growth and the business of law. But despite these early headwinds, many law firms rose to the challenge, posting record or near-record gains year-over-year as they cruised through the latter half of the decade.

And then came COVID-19. While it's still too early to determine what short- and long-term effects the pandemic will have on the legal industry, we thought it would be useful to look back at some of our key findings over the previous decade as we bring to a close the collection of our 2020 Survey data.



# Five Key Trends

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## **Lawyers are making 38% more in compensation than 10 years ago.**

Average partner compensation has increased 38% since 2010, driven by a commensurate rise in originations (+40%), the key driver of partner compensation. Breaking down the data by ethnicity, however, shows a wide disparity among non-White partners.

>>> See more on this trend [here](#)



## **Pay gaps between Equity and Non-equity partners is widening.**

The compensation gap between Equity partners and Non-equity partners continues to grow: Over the last 10 years, average compensation of Equity partners has increased 40%, while average compensation of Non-equity partners has remained relatively stagnant, rising only \$35,000 over that same period.

>>> See more on this trend [here](#)



## **Gender equality has shown surprising gains, but inequality gaps are still growing.**

Despite more attention being paid to the gender pay gap, the data suggests the pay disparity continues to widen. Female partners earned 35% less than their male counterparts in 2018. The predominant compensation model in BigLaw may be failing to recognize women's wider contributions and putting them at a disadvantage.

>>> See more on this trend [here](#)



## **50% of partners are willing to trade a portion of their compensation for other perks.**

Although partners report that they are generally satisfied with their current level of compensation, slightly more than half would be willing to sacrifice a portion of their compensation for more time off or a reduction in hours or other perks. And, when broken down by gender, ethnicity and Non-equity/Equity status, the data shows wider disparity in satisfaction.

>>> See more on this trend [here](#)



## **Attorneys who have made a lateral move earn more than their non-lateral counterparts.**

On average, lateral partners earn nearly 20–30% more than their non-lateral counterparts, with female partners seeing even greater benefits, with a 40% increase in median compensation.

>>> See more on this trend [here](#)

# Methodology

Below is a summary of the Survey methodology used by MLA and its research partners.

|                        | 2010  | 2012                   | 2014                   | 2016                   | 2018    |
|------------------------|---|------------------------|------------------------|------------------------|---------|
| Number of participants | 1,873   | 2,228                  | 2,094                  | 2,153                  | 1,390   |
| Response Rate          | 6.2%  | 3.0%                   | 4.9%                   | 2.9%                   | 2.3%    |
| Research Partner       | ADF Research  | ALM Legal Intelligence | ALM Legal Intelligence | ALM Legal Intelligence | Acritas |
| Survey Recipients      | For each Survey, invitations were sent to partners at law firms ranked in the Am Law 200, NLJ 350, or Global 100 within the 5 years leading up to, and including, the year of the Survey.   |                        |                        |                        |         |
| Incentives             | For each Survey, an American Express gift card was awarded to one respondent—selected at random—who completed the Survey before its close date. In 2016 and 2018, participants were also advised that MLA would make a donation to The Legal Aid Society for each respondent who completed the Survey.  |                        |                        |                        |         |
| Confidentiality        | MLA and its research partners are committed to protecting the identity of Survey respondents. None of this report nor any of the prior Survey reports disclose any information about individual respondents or their law firms. All information has been reported in aggregate to ensure anonymity. All data collected has been handled through the research partner. No names, email addresses, or any other identifying information has been shared with MLA or any other organization. |                        |                        |                        |         |

## Analytical Notes and Definitions

Below are key statistical terms used throughout this report.

- › **Average:** Also known as the mathematical mean; used to show a value that is representative of a set of numbers. In this report, average is calculated by adding up all the numbers in a set and dividing by the number of variables in that set.

*Important to note: mathematical averages can be skewed if there are a number of outliers at the high or low end of the range of numbers in a set.*

- › **Median:** This number is used to show the number lying at the midpoint of a distribution of values in a given set. There is an equal probability of falling above or below this value. In this report, median is typically relied on as it is more representative of the sets than the average which can easily be skewed, as noted above.





## Trend 1: Consistent Growth in Partner Compensation Across the Past 10 Years

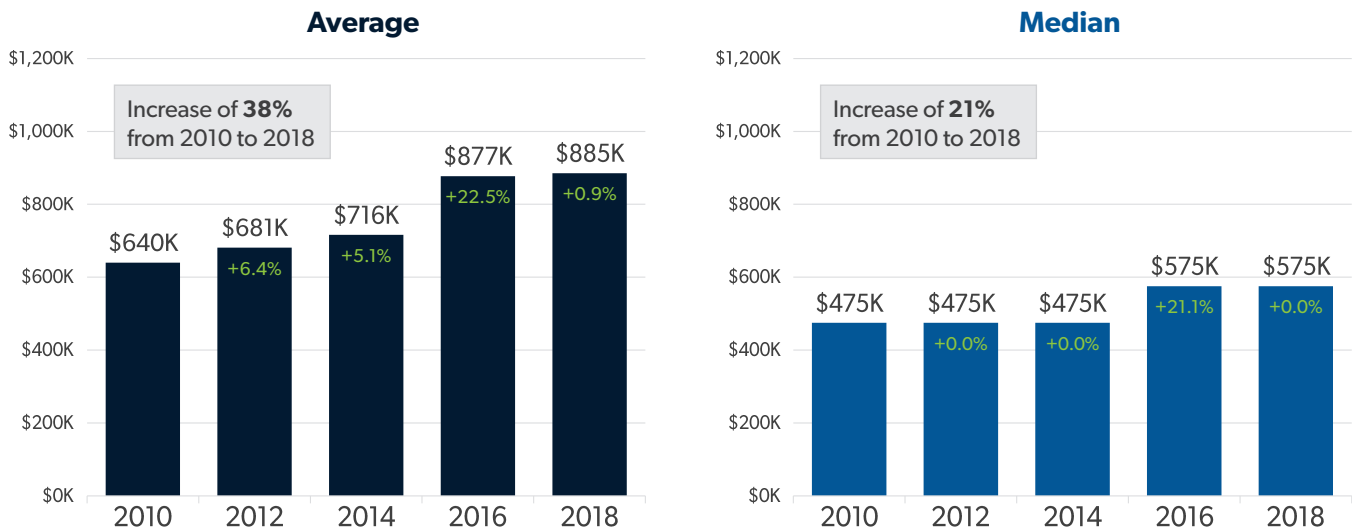
Life as a law firm partner can be a rewarding one—especially financially. In the last decade alone, average partner compensation has grown an impressive 38%. This is 1.5 times faster growth than the national wage index, which has increased only 25% over the same timeframe.<sup>1</sup>

Even when looking at median compensation levels (which tend to be less impacted by outliers than average numbers), partner compensation has grown 21% since 2010.

And while growth in partner compensation levels isn't always the same year-over-year, the direction is almost always up.

### EXHIBIT 1.1—PARTNER COMPENSATION

Base: 2010 (1,722); 2012 (2,089); 2014 (2,068); 2016 (2,206); 2018 (1,316).

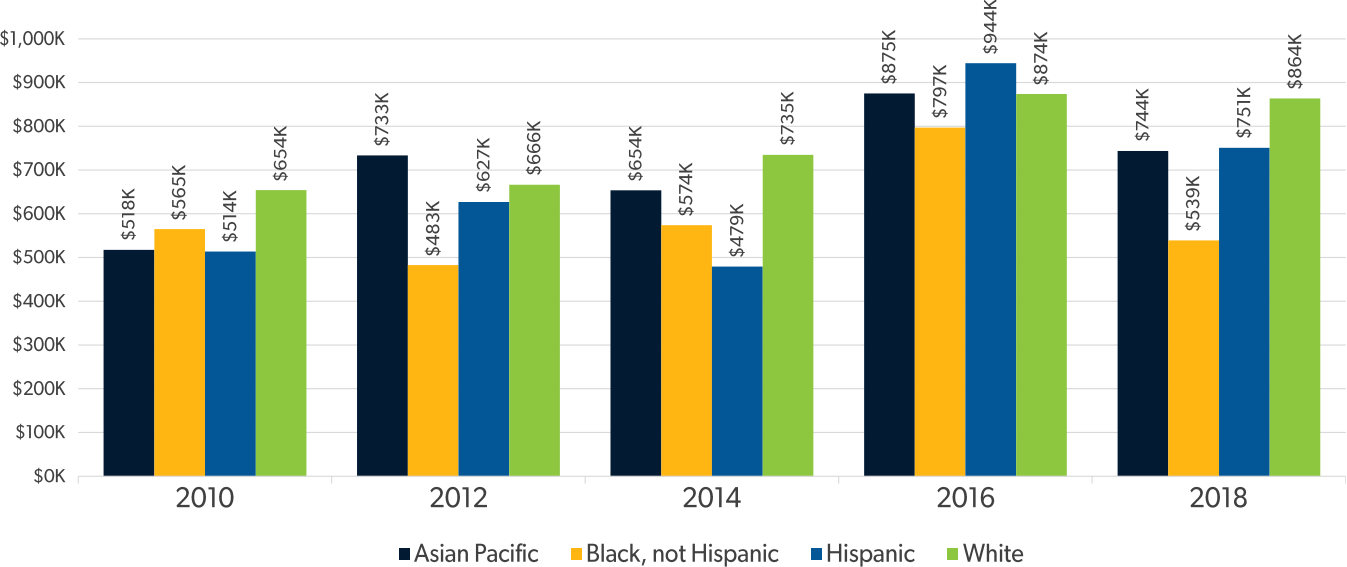


This increase in average compensation is not universal, however, and has varied widely when broken down by ethnicity. For example, reported average compensation of Black partners has actually fallen slightly since 2010, while reported average compensation of Hispanic and Asian Pacific partners has increased by 46% and 44%, respectively over that same time frame.<sup>2</sup>

<sup>1</sup>Social Security National Wage Index <https://www.ssa.gov/oact/cola/AWI.html>

<sup>2</sup>The ethnic categories used in the survey and this report track those previously used by the American Bar Association. The number of respondents by ethnic category for the 2018 Survey were as follows: White, not Hispanic (1,030), Black, not Hispanic (24), Hispanic (29), Asian Pacific, not Hispanic (55), American Indian, not Hispanic (1), Native Hawaiian or Pacific Islander, not Hispanic (2), Mixed Races (22). Because of the relatively small number of non-White respondents, it is impossible to draw statistically meaningful conclusions for those categories and therefore changes over time may not be truly representative. We include them here for informational purposes only.

EXHIBIT 1.2—TRENDS IN AVERAGE PARTNER COMPENSATION, BY ETHNICITY



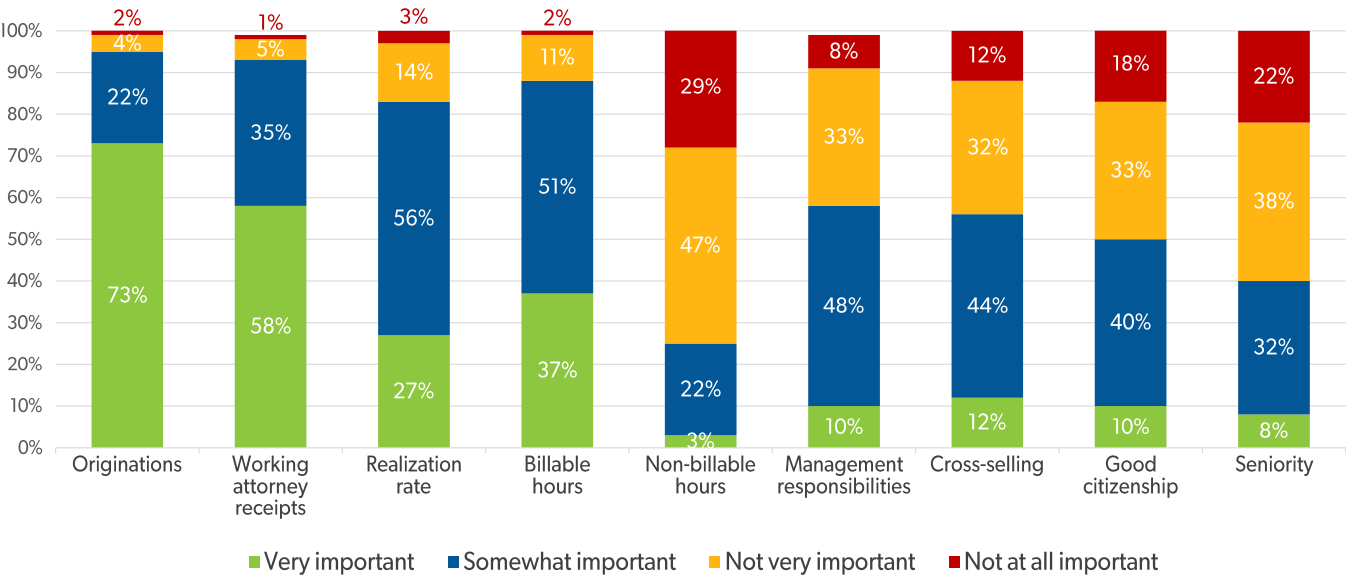
NB: due to small sample sizes from non-White partners (i.e., small response sizes of 29–73 persons across all years for all non-White ethnicities), this chart is included as information only and not as statistically supportable conclusions; see footnote 2.

Compensation and Originations

Without question, originations have emerged over time as the key driver of partner compensation.

EXHIBIT 1.3—IMPORTANCE OF FACTORS WHEN DETERMINING COMPENSATION

Base: 2018 Firm Importance (1,233–1,248)

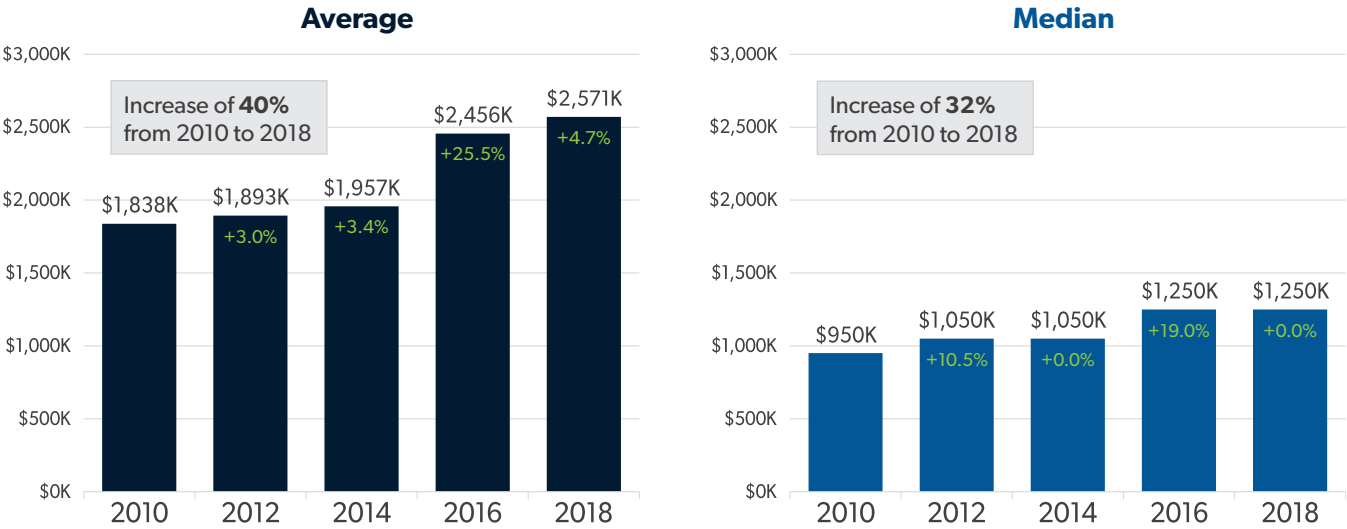




Not surprisingly, while average partner compensation has risen 38% from 2010–2018, average originations have risen a nearly identical 40% over that same time frame.

**EXHIBIT 1.4—PARTNER ORIGINATIONS**

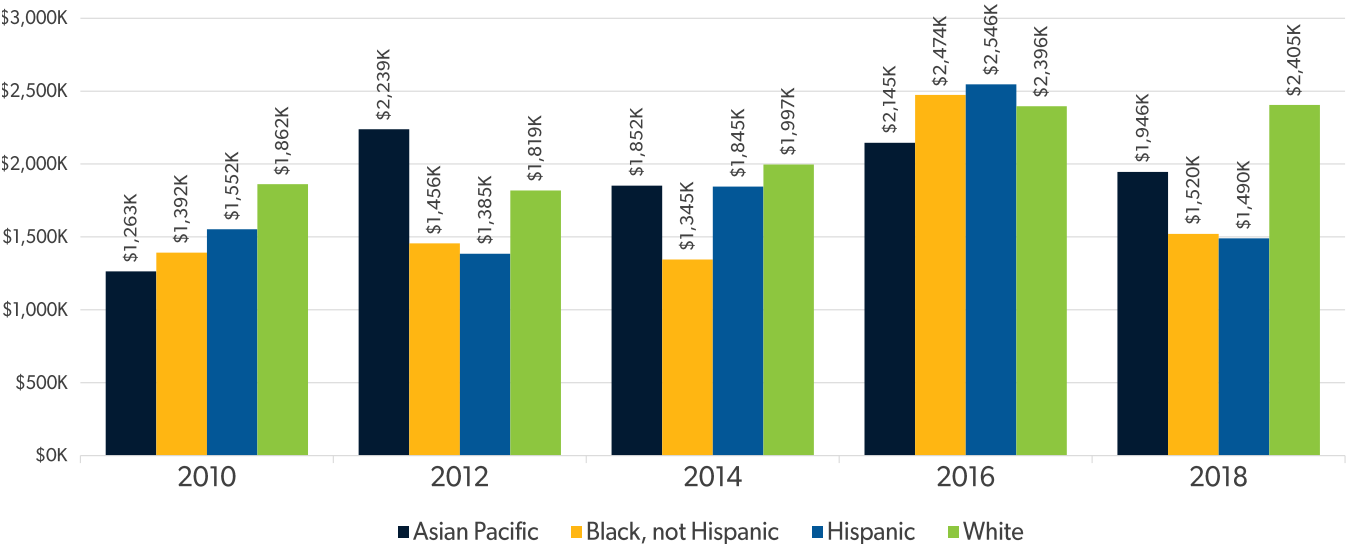
Base: 2010 (1,722); 2012 (2,089); 2014 (2,068); 2016 (2,206); 2018 (1,316).



As with compensation, however, average originations also appear to have varied widely when broken down by ethnicity. For example, reported average originations of Black partners has increased 10% from 2010–2018 (despite reported average compensation falling by 5%), reported average originations of Hispanic partners has appeared to remain stagnant (despite reported average compensation increasing by 46%), and the reported average originations of Asian Pacific partners has appeared to increase by 59% (despite reported average compensation increasing by only 44%). As noted above, however, the relatively small number of respondents makes it difficult to draw meaningful conclusions for these categories.

**EXHIBIT 1.5—TRENDS IN AVERAGE PARTNER ORIGINATIONS, BY ETHNICITY**

Low bases range from 29–73 across years for all ethnicities aside from White.



## The Impact of Tenure

Despite partners ranking seniority next to last in order of importance of factors that determine compensation (see Exhibit 1.3 above), it appears tenure also plays some role in compensation.

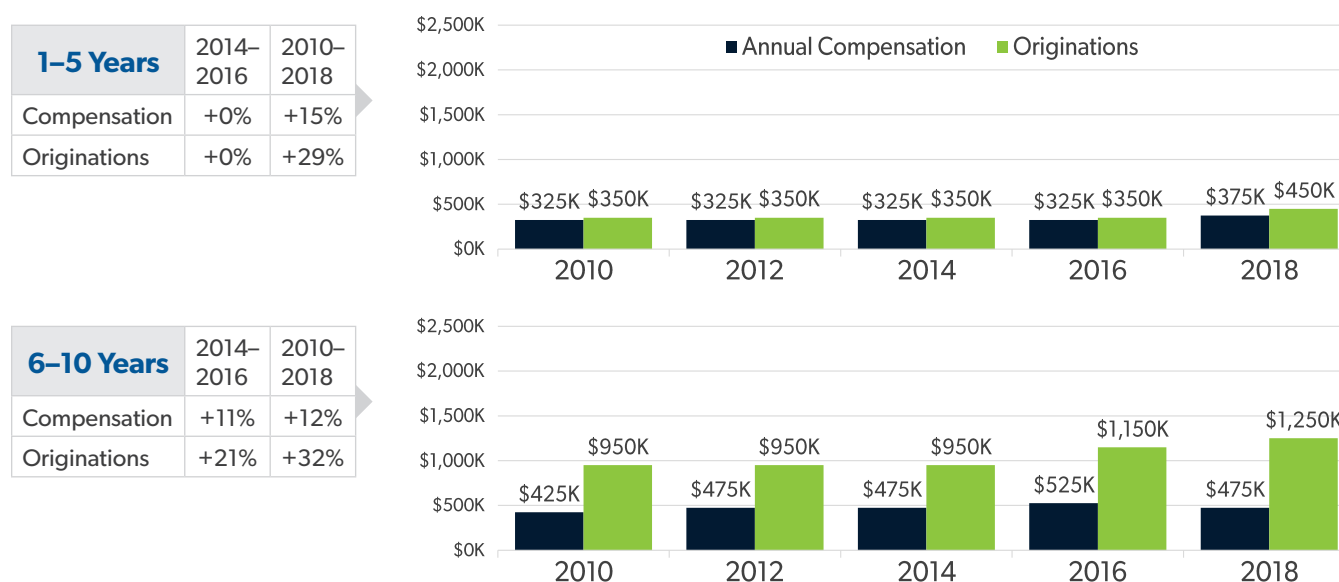
For example, partners who have been practicing the longest (more than 20 years as a partner) saw the biggest uptick in compensation between 2014 and 2016, and saw their compensation increase at a higher percentage than their originations over the period 2010–2018.

**EXHIBIT 1.6A—TRENDS IN MEDIAN PARTNER COMPENSATION AND ORIGINATIONS, BY TENURE**



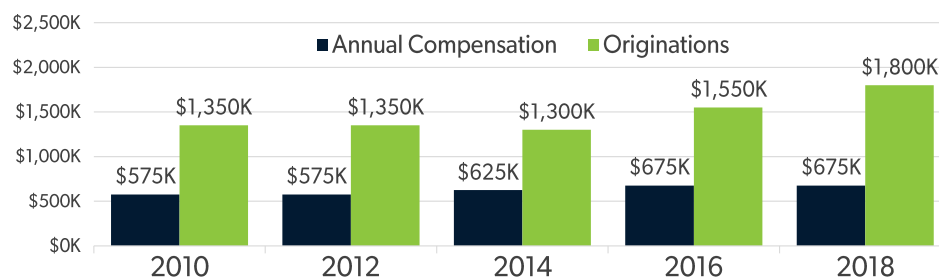
Less senior partners, however, have had a slightly different experience: these groups saw their compensation levels increase at a lower rate than their origination growth (see Exhibit 1.6B).

**EXHIBIT 1.6B—TRENDS IN MEDIAN PARTNER COMPENSATION AND ORIGINATIONS, BY TENURE**



11–20 Years on next page...

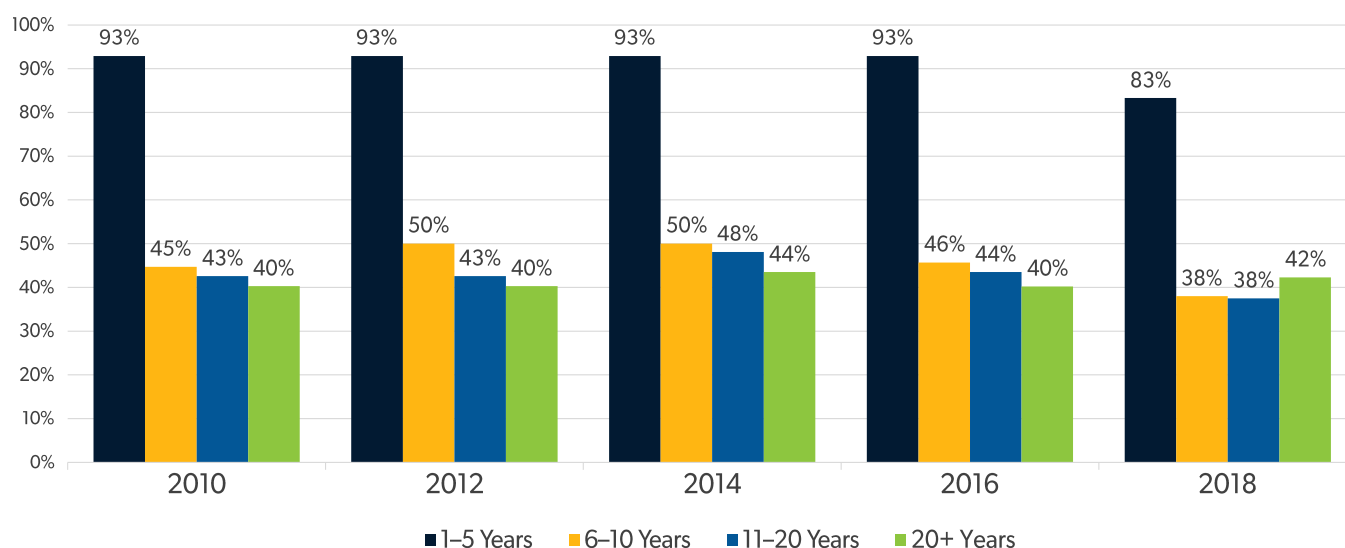
| 11–20 Years  | 2014–2016 | 2010–2018 |
|--------------|-----------|-----------|
| Compensation | +8%       | +17%      |
| Originations | +19%      | +33%      |



## Compensation as a Percentage of Originations

Over time, compensation as a percentage of originations has remained fairly constant (see Exhibit 1.7). In the early years of partnership, compensation as a percentage of originations has been well over 90% (though falling to only 83% in 2018), as law firms make an investment in the future business generation potential of younger partners. After the five-year mark, however, compensation as a percent of originations drops sharply, presumably reflecting the responsibility of partners to originate larger books of business and stand on their own.

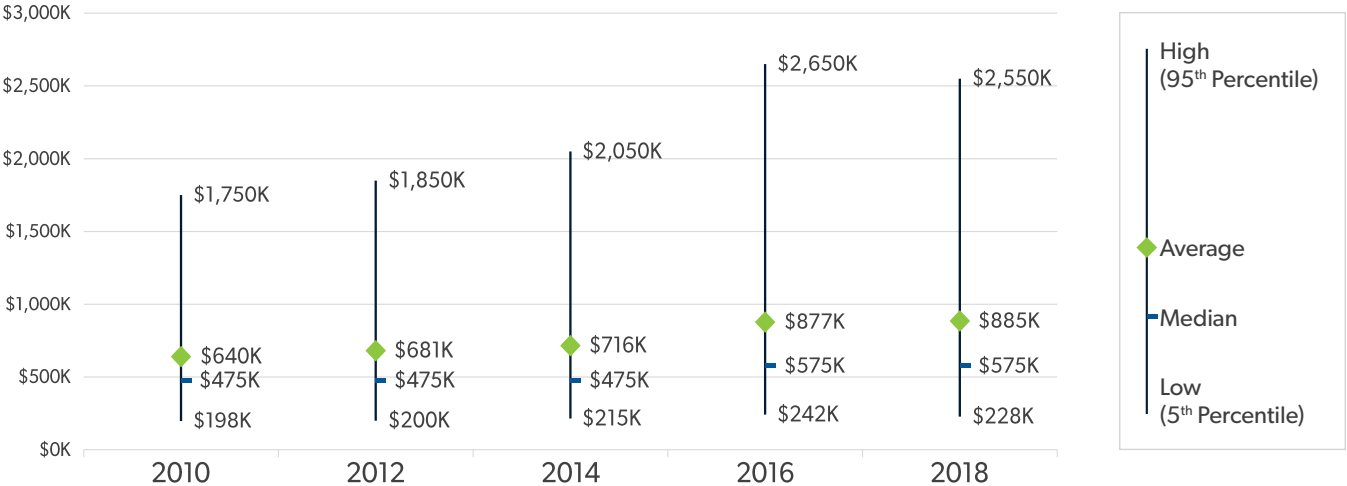
**EXHIBIT 1.7—TRENDS IN PARTNER COMPENSATION AS A PERCENT OF ORIGINATIONS, BY TENURE**



## Growth in Partner Compensation Disparity

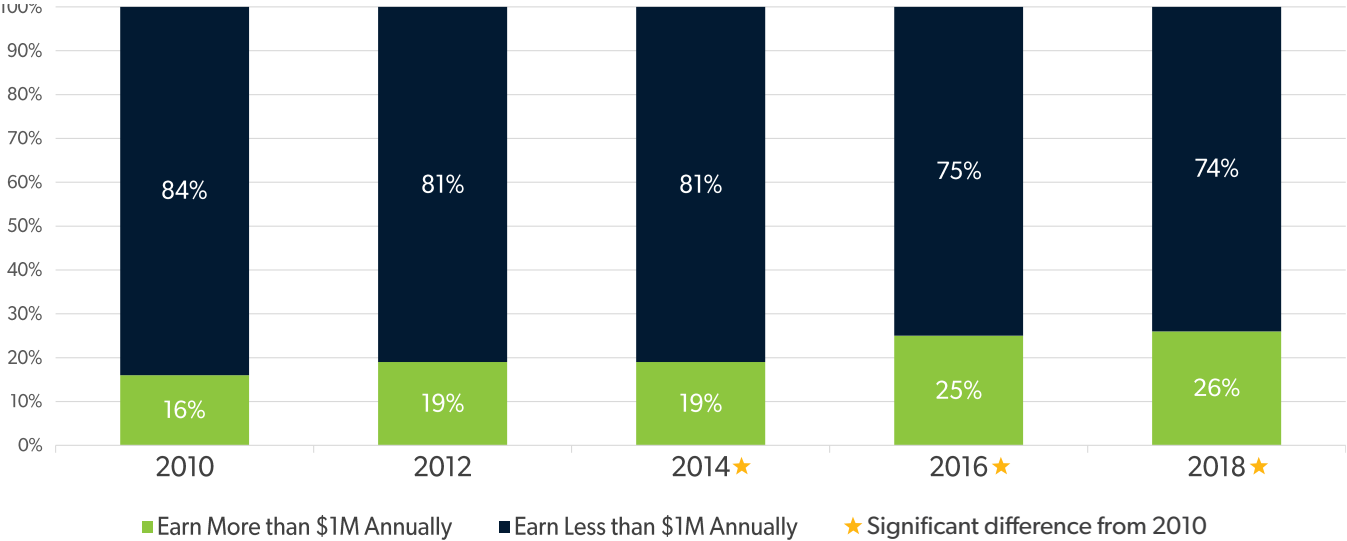
As Exhibit 1.8 demonstrates, compensation among the highest and lowest compensated partners (*i.e.*, those falling in the 95<sup>th</sup> and 5<sup>th</sup> percentiles) has been widening steadily over time. The highest partner compensation levels have increased by 46% since 2010, while the lowest levels of compensation have only grown by 15%. The rich are getting richer.

**EXHIBIT 1.8—DETAILED TRENDS IN PARTNER COMPENSATION**



This wide range in compensation, coupled with the substantially higher average compensation versus median compensation, indicates that there is a small group of partners who are compensated at the highest levels, thereby skewing the average. The good news is that for each year of the Survey, a higher percentage of partners have stepped into the \$1 million club (those who earn \$1 million or more a year).

**EXHIBIT 1.9—PERCENT OF PARTNERS EARNING ABOVE/BELOW \$1 MILLION**

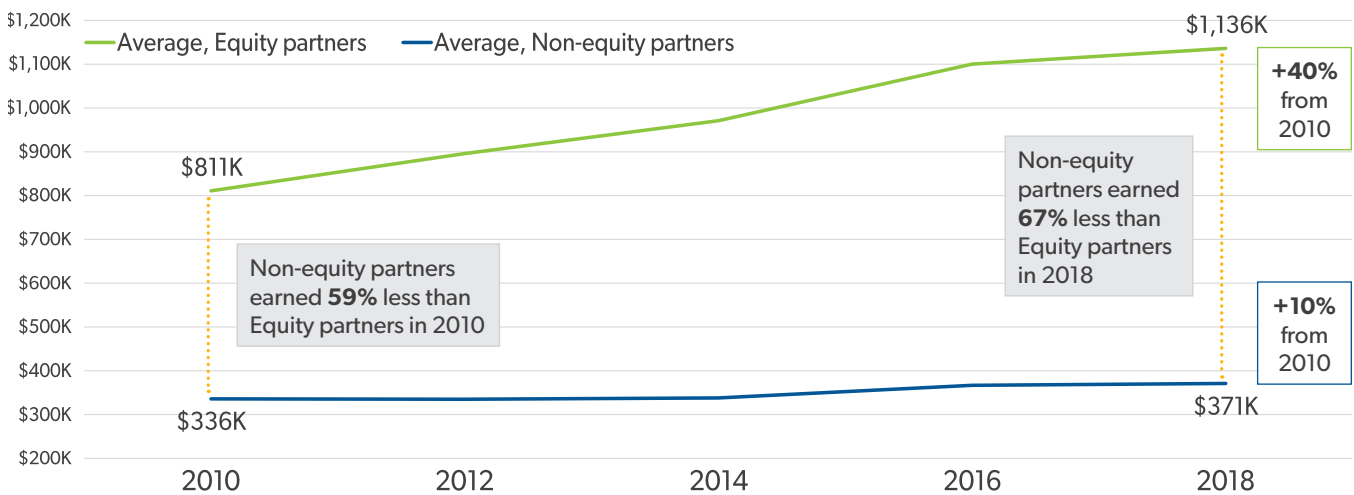




## Trend 2: Pay Gap Between Equity and Non-Equity Partners Is Widening

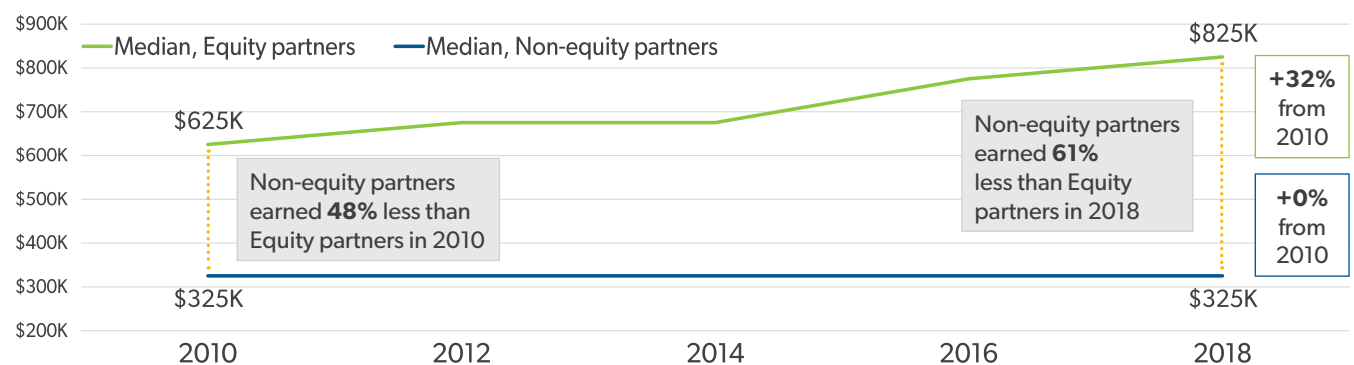
Since our first Survey in 2010, we have seen (not surprisingly) a wide disparity in compensation between Equity and Non-equity partners. For example, in 2010 Equity partners earned, on average, 59% more than Non-equity partners, and this trend has become even more pronounced over the last 10 years. As of 2018, Equity partners reported 67% higher average compensation than Non-equity partners, with Equity partners' compensation growing nearly 4x faster than Non-equity partners over the period 2010–2018.

**EXHIBIT 2.1—AVERAGE EQUITY AND NON-EQUITY PARTNER COMPENSATION TRENDS**



However, unlike overall trends in compensation growth described in Section 1, the widening disparity in average compensation between Equity partners and Non-equity partners is not being driven by a small minority of outliers earning several million dollars or more. Median compensation data reflects the same disparity and is also widening, which means the disparity exists across all compensation range levels, not just at the top.

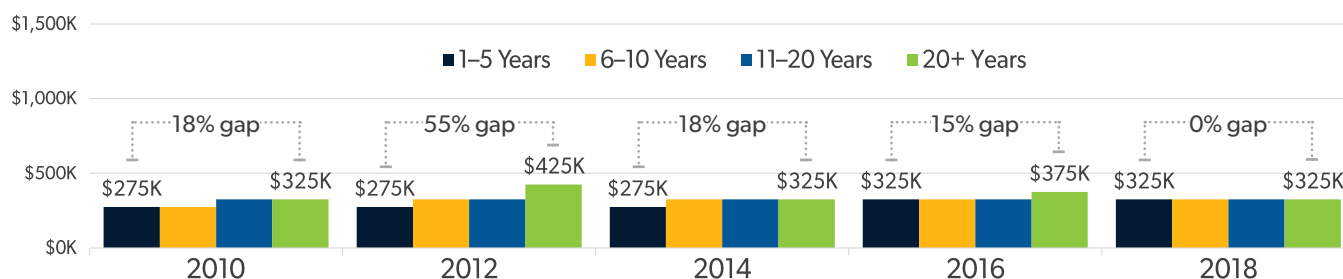
**EXHIBIT 2.2—MEDIAN EQUITY AND NON-EQUITY PARTNER COMPENSATION TRENDS**



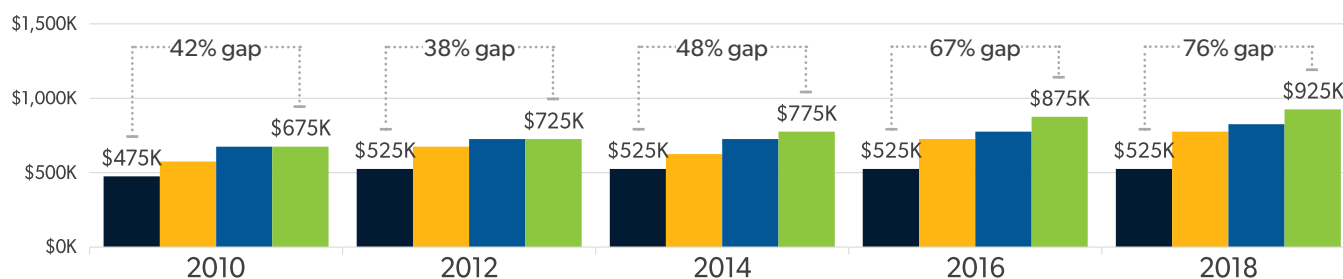
Survey data also shows an interesting disparity between Equity and Non-equity partners when controlling for tenure. As shown below, the compensation gap between the most junior and the most senior Non-equity Partners has remained low. Even counting the seemingly anomalous results in 2012, where the gap was 55%, this translates to a total difference of only \$150,000 at its peak. By comparison, 2018 median data for Equity partners reflects a gap of \$400,000, or a difference of 76% between the most junior Equity partners and the most senior. This gap has grown substantially since 2010, when the gap was only 42%

## EXHIBIT 2.3—TRENDS IN MEDIAN EQUITY AND NON-EQUITY COMPENSATION

### Non-Equity Partners



### Equity Partners



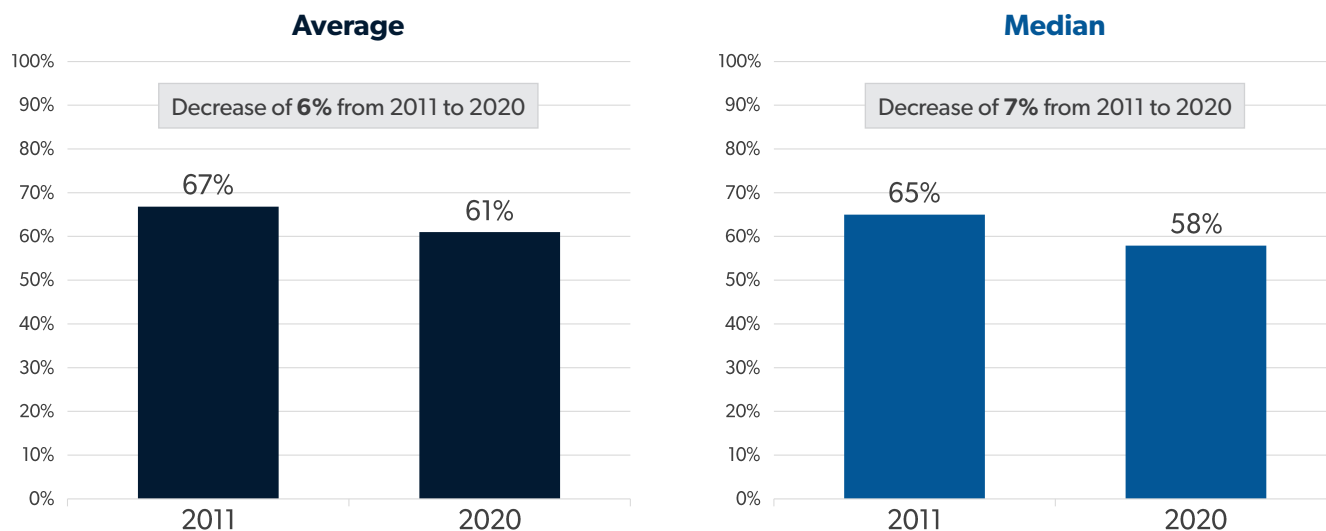
## The Shift To More Non-Equity Partners

Over the last 10–15 years, many law firms have sought to limit further growth of their Equity partner ranks, and instead have been growing their Non-equity partner ranks through de-equitization of Equity partners, limiting admission of new partners solely to Non-equity status, or by lengthening the time between being elevated to Equity from Non-equity.

The reasons for the shift are twofold: First, by limiting the number of Equity partners, the existing Equity partners retain a greater share of profits during boom years. Secondly, and perhaps not as obvious, reducing the Equity partner ranks tends to drive up the Profits per Equity Partner (PPP) of those firms, potentially making them more attractive to future laterals looking to join firms perceived as more profitable.

## EXHIBIT 2.4—PERCENT OF EQUITY PARTNERS IN AMLAW200

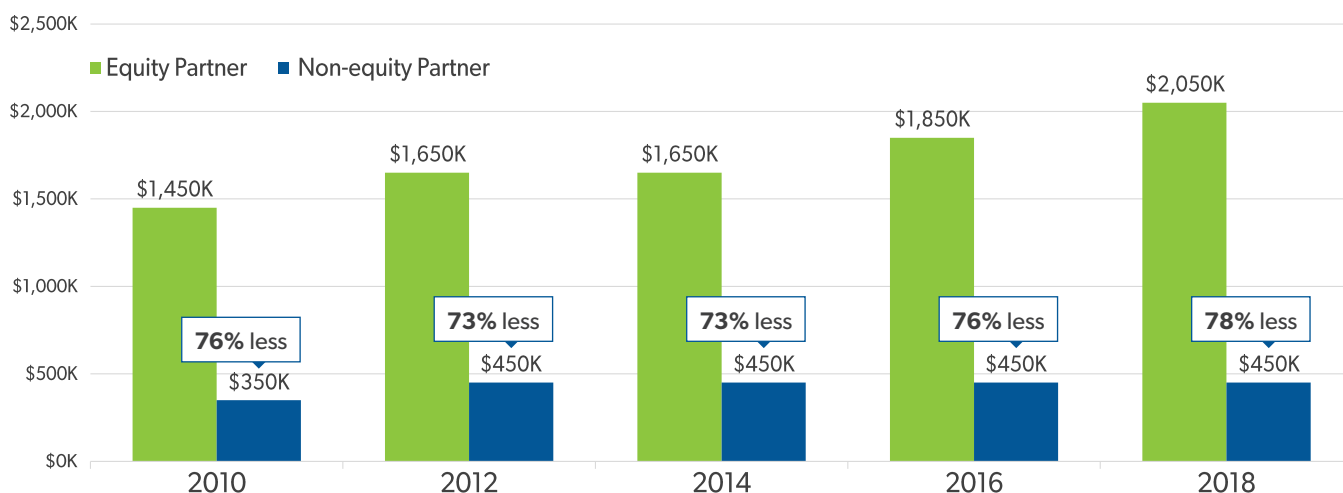
Source: AmLaw200



## Compensation and Originations

As noted in Section 1, the relationship between compensation and originations is well-established. Non-equity partners routinely generate approximately only 25% of the originations generated by Equity partners and are, thus, compensated accordingly.

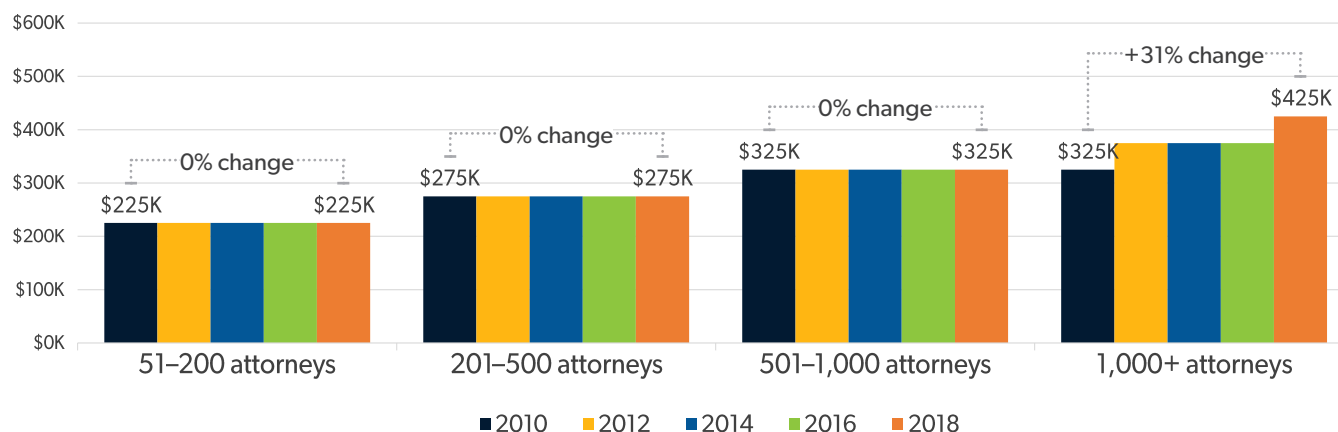
## EXHIBIT 2.5—TRENDS IN MEDIAN EQUITY AND NON-EQUITY ORIGINATIONS



Although the average compensation of Non-equity partners has remained relatively flat since 2018, breaking down the data by law firm size reveals an interesting story: unlike smaller firms (*i.e.*, those with less than 1,000 lawyers), law firms with more than 1,000 lawyers have increased Non-equity partner compensation by 31% since 2010 (see Exhibit 2.6).

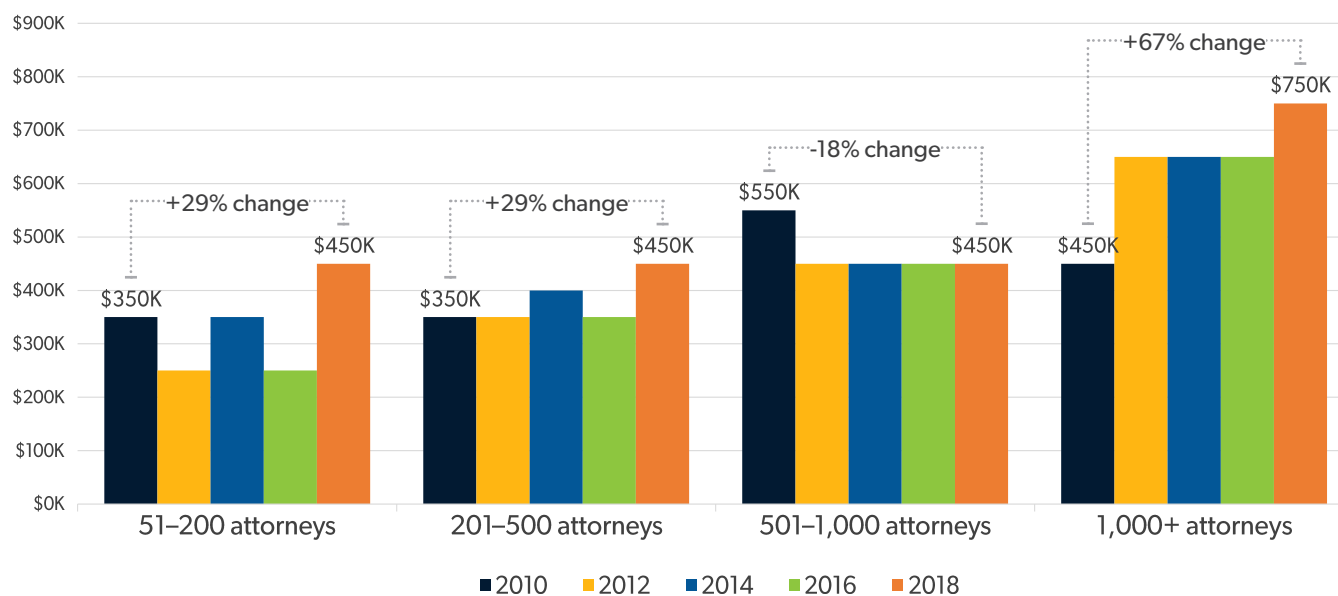


## EXHIBIT 2.6—TRENDS IN MEDIAN NON-EQUITY COMPENSATION, BY FIRM SIZE



While this may initially seem surprising, the data shows why it shouldn't be: originations for Non-equity partners at the largest firms are 67% higher than at firms of other sizes and have grown more than twice as fast as originations of Non-equity partners at smaller firms (see Exhibit 2.7).

## EXHIBIT 2.7—TRENDS IN MEDIAN NON-EQUITY ORIGINATIONS, BY FIRM SIZE





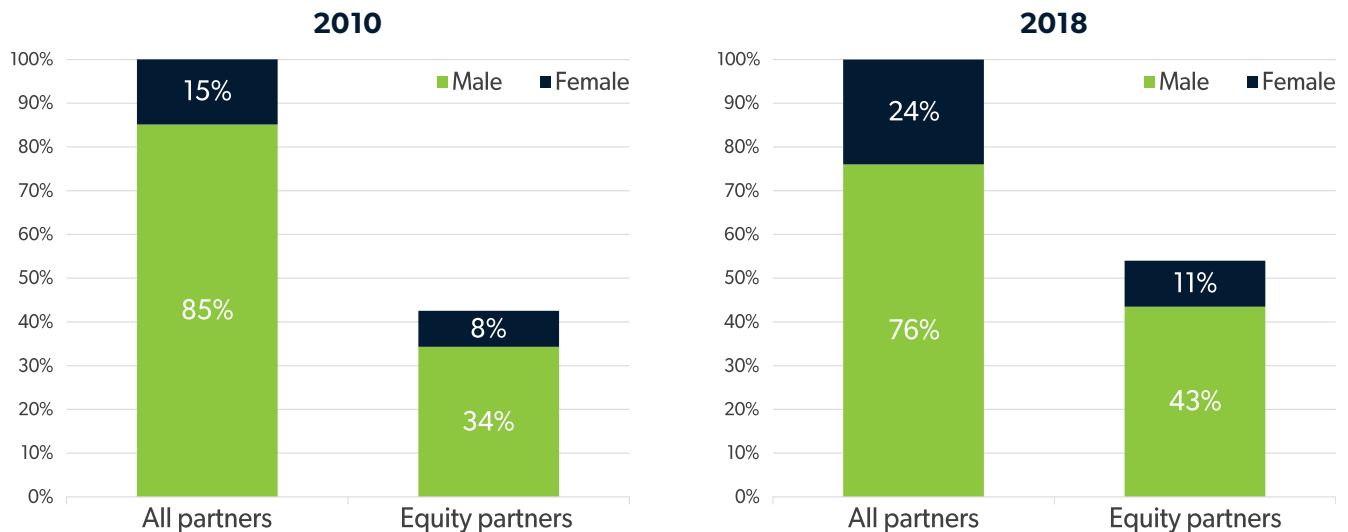
## Trend 3: Gender Pay Disparity Remains Profound—and There Are Some Indications It May Be Increasing

Gender pay equity has received significant attention over the last several years, and the data shows the “gap” remains profound.

Part of what drives this disparity in the legal profession is the relatively low number of female Equity partners. While the proportion of total partners who identify as female has increased from 15% to 24% in the last 10 years, there has been less progress when looking solely at Equity status, with that proportion having increased from 8% to only 11% over the same period.

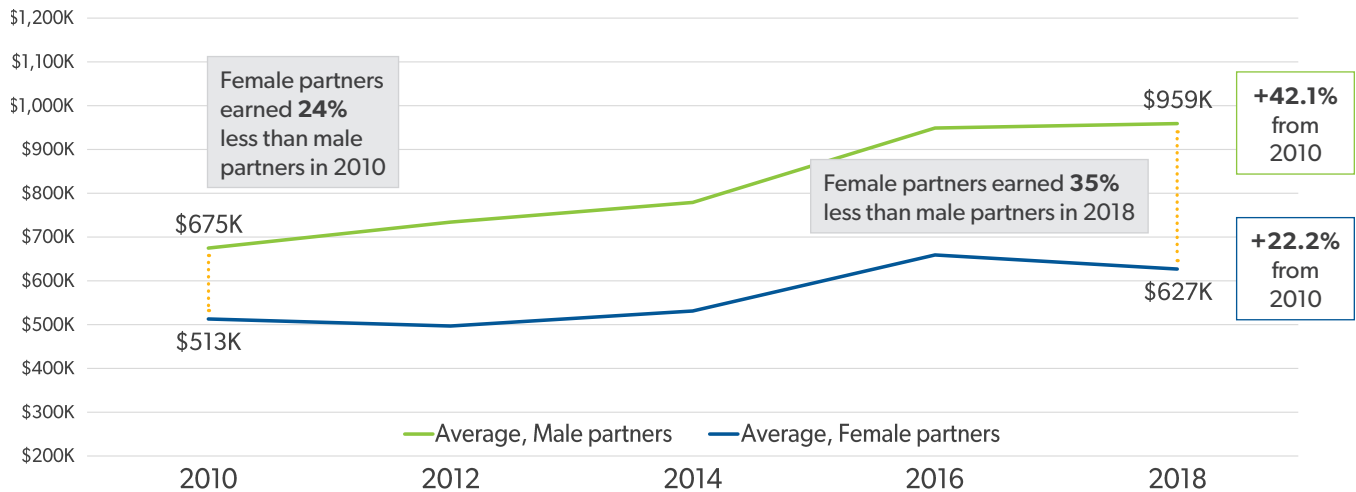
**EXHIBIT 3.1—LAW FIRM PARTNERS, BY GENDER**

Source: 2011 and 2019 NLJ Female Equity Partner Scorecard; ALM Media Properties

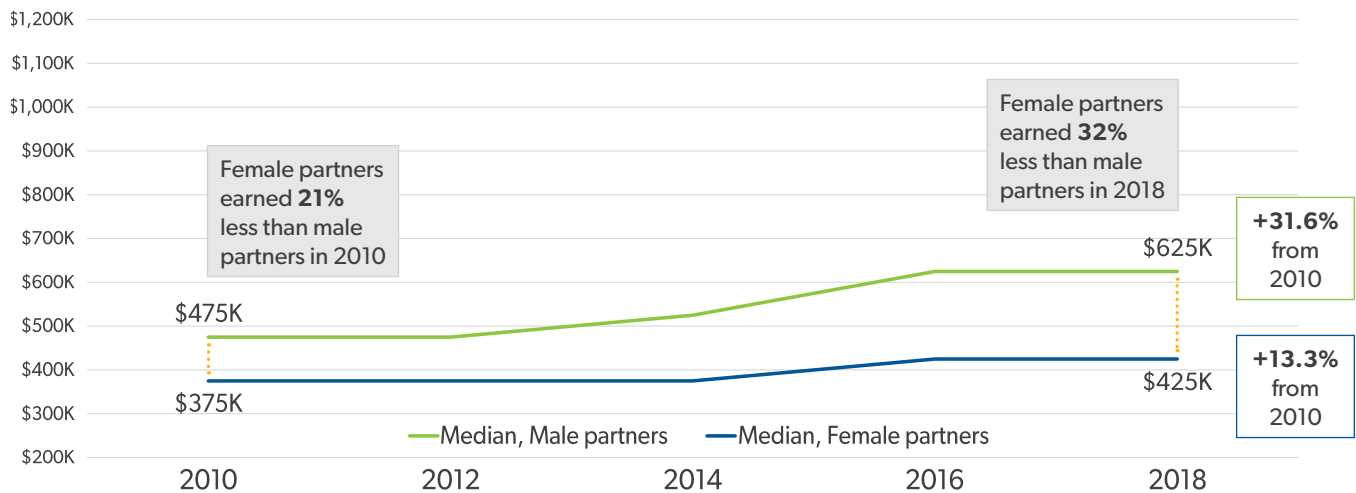


Despite increasing their representation in both Equity and Non-equity tiers, pay disparity for female partners is arguably moving in the opposite direction. In 2010, female partners earned an average of 24% less than their male counterparts. By 2018, this gap had widened substantially to 35% less than male partners. One reason is that male partners’ compensation levels are increasing at a faster rate than female partners’ compensation levels. Between 2010 and 2018, average male partners’ compensation grew 42%, compared to 22% for female partners.

### EXHIBIT 3.2—AVERAGE FEMALE AND MALE PARTNER COMPENSATION TRENDS

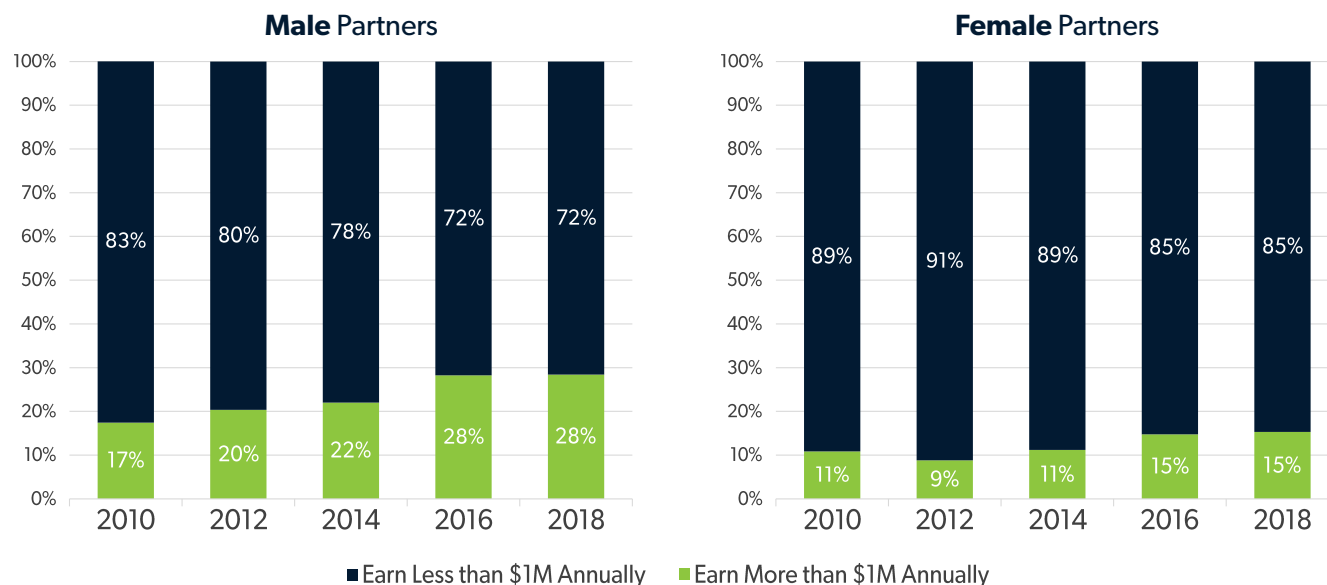


### EXHIBIT 3.3—MEDIAN FEMALE AND MALE PARTNER COMPENSATION TRENDS



At the higher compensation levels, male partners are significantly outpacing female partners. In 2018, 28% of male partners made more than \$1 million in annual compensation, compared to only 15% of female partners. Since 2010, the number of male partners making more than \$1 million in annual compensation has increased from 17% to 28% (a 65% increase), whereas the number of female partners making more than \$1 million annually has only grown from 11% to 15% (a 36% increase).

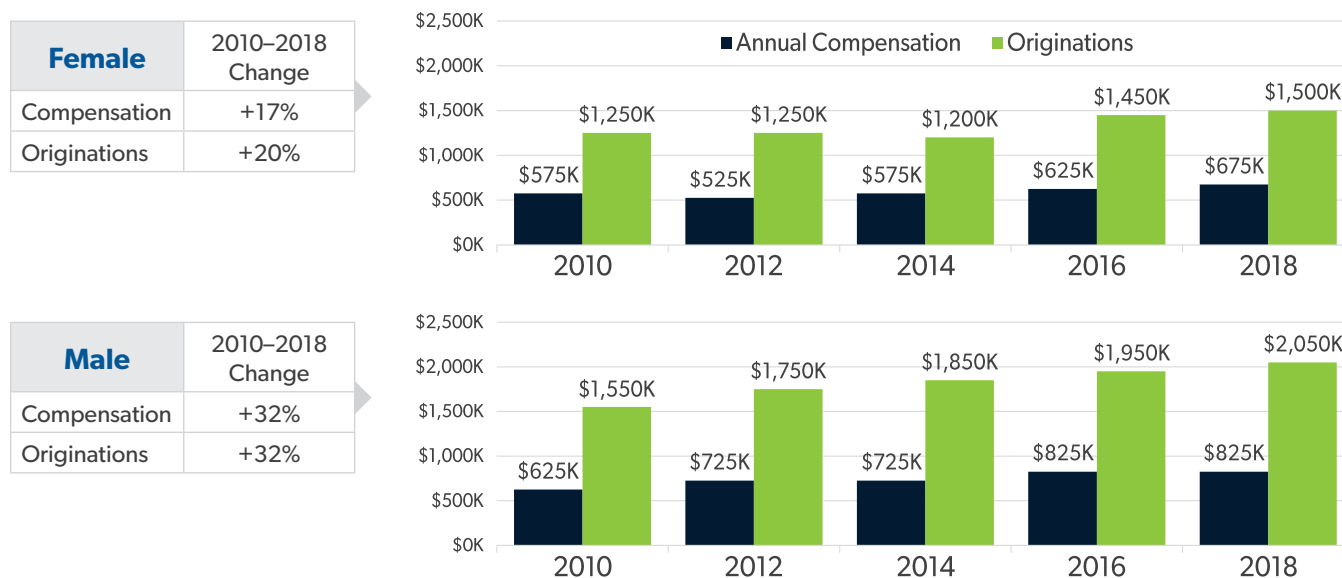
**EXHIBIT 3.4—PERCENT OF PARTNERS EARNING ABOVE/BELOW \$1 MILLION, BY GENDER**



## The Impact of Originations

As discussed earlier in this report, compensation at most firms is largely driven by originations. But while male Equity partners' originations and compensation **both** increased by 32% from 2010–2018, female partners did not fare as well. Between 2010 and 2018, female Equity partners increased their originations by 20% yet only saw a 17% increase in their compensation levels.

**EXHIBIT 3.5—TRENDS IN MEDIAN EQUITY COMPENSATION AND ORIGINATIONS, BY GENDER**



Given the importance/perceived importance placed by partners on originations in determining compensation, in our 2018 Survey we sought to examine the relationship between compensation and originations for male and female partners. Exhibit 3.6 shows the average compensation for male and female partners within their reported origination bands for each Survey.

### EXHIBIT 3.6—COMPENSATION VS. ORIGINATIONS BY GENDER

|             | 2010    |         | 2012    |         | 2014    |         | 2016    |         | 2018    |         |
|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|             | Male    | Female  | Male    | Female  | Male    | Female  | Male    | Female  | Male    | Female  |
| Average     | \$675   | \$513   | \$734   | \$498   | \$779   | \$531   | \$934   | \$659   | \$959   | \$627   |
| <\$500K     | \$348   | \$319   | \$382   | \$287   | \$352   | \$293   | \$441   | \$330   | \$431   | \$341   |
| \$0.5K–\$1M | \$385   | \$390   | \$406   | \$395   | \$444   | \$375   | \$449   | \$446   | \$454   | \$458   |
| \$1M–\$1.5M | \$532   | \$477   | \$525   | \$486   | \$563   | \$571   | \$645   | \$543   | \$555   | \$460   |
| \$1.5M–\$2M | \$612   | \$655   | \$702   | \$618   | \$646   | \$617   | \$703   | \$602   | \$671   | \$632   |
| \$2M–\$2.5M | \$782   | \$633   | \$783   | \$724   | \$816   | \$735   | \$858   | \$933   | \$816   | \$693   |
| \$2.5M–\$3M | \$801   | \$805   | \$947   | \$753   | \$902   | \$722   | \$961   | \$841   | \$976   | \$1,039 |
| \$3M–\$3.5M | \$1,018 | \$1,192 | \$963   | \$883   | \$1,051 | \$752   | \$1,047 | \$989   | \$1,035 | \$906   |
| \$3.5M–\$4M | \$1,143 | \$1,115 | \$1,194 | \$858   | \$1,246 | \$1,386 | \$1,200 | \$1,176 | \$1,164 | \$1,000 |
| \$4M–\$4.5M | \$1,092 | \$1,025 | \$1,289 | \$975   | \$1,296 | \$1,342 | \$1,518 | \$1,277 | \$1,321 | \$1,039 |
| \$4.5M–\$5M | \$1,346 | \$725   | \$1,399 | \$875   | \$1,448 | \$713   | \$1,471 | \$1,466 | \$1,436 | \$1,167 |
| \$5M–\$6M   | \$1,367 | \$1,450 | \$1,362 | \$925   | \$1,492 | \$1,100 | \$1,706 | \$1,468 | \$1,665 | \$1,291 |
| \$6M–\$7M   | \$1,775 | \$1,415 | \$1,716 | \$1,531 | \$2,109 | \$1,995 | \$1,782 | \$1,200 | \$2,102 | \$2,138 |
| \$7M–\$8M   | \$2,015 | \$1,475 | \$1,892 | \$1,600 | \$1,750 | \$1,525 | \$1,785 | \$2,105 | \$2,344 | \$2,008 |
| \$8M–\$9M   | \$1,835 | \$1,908 | \$1,657 | \$1,458 | \$1,933 | \$2,450 | \$2,405 | \$2,075 | \$1,927 | \$2,450 |
| \$9M–\$10M  | \$1,685 | --      | \$1,870 | \$1,850 | \$2,073 | \$1,650 | \$2,503 | \$2,300 | \$3,090 | --      |

### Differential in Female/Male Compensation

■ >30% lower ■ 21%–30% lower ■ 11%–20% lower ■ 0%–10% lower □ Even ■ 0%–10% higher ■ 11%–20% higher ■ >20% higher

As you can see from this chart, over the course of five biennial Surveys, when compensation is controlled exclusively for gender and originations, female partners report lower average compensation than males in all but 16 of the 73 data blocks where there were both male and female respondents. We thought this data merited further study and engaged our research partner, Acritas, to undertake a more detailed analysis, described below.

## Perception of a Gender Pay Gap

Our 2018 Survey also introduced several new questions aimed at investigating whether a gender pay gap exists for female partners and, if so, what firms are doing to address any imbalance. For purposes of the Survey, the gender pay gap was defined as “the difference in compensation received by women as

compared to men for the same work or contribution to the firm.” The complete results of that analysis can be found [here](#).

28% of respondents said that they believed a gender pay gap existed within their firm, but when analyzing the data by gender, female partners were six times as likely to perceive a pay gap as their male counterparts (67% vs. 11%). Across all respondents, including those who don’t believe there is a pay gap, the gender pay gap was perceived to average 6%, but once again the difference in how large each gender perceived the gap to be was stark: only 3% of females thought the pay gap was 10% or less, compared to 21% of males. Conversely, 35% of female partners who believed a gap existed estimated it exceeded 20%, compared to 13% of male partners.

## The Acritas Study

Given the apparent disconnect between (i) a perceived gender pay gap of only 6%, (ii) a difference in reported average compensation between male and female partners that has ranged between 32% and 53% over the course of five Surveys and (iii) historical data that suggests when compensation is controlled exclusively for gender and originations, female partners report lower average compensation nearly 80% of the time, MLA asked Acritas to undertake a rigorous, scientific analysis of the data. A copy of Acritas’ report is set forth at Appendix XII–Acritas Gender Pay Gap Statistical Modeling to the 2018 Survey.

## A Surprising Finding

The first step of Acritas’ investigation was determining which factors had the greatest impact on compensation. Factors tested by Acritas included both metric/scalar variables (originations, hourly rate, working attorney receipts (WAR), total billable/non-billable hours, age, and number of lawyers at a firm) and classification/categorical variables (gender, partner status, practice area, lateral status, ethnicity and sexual identity). Acritas determined as an initial matter that all of these variables, other than ethnicity and sexual identity, had some statistically significant relationship with compensation though low base sizes for these two factors may have contributed to a lack of statistical relationship. However, when all these variables were combined, Acritas found that several had no statistically significant impact once the other factors were controlled for. Acritas determined through regression analysis that across the whole data set, 75% of variance in pay compensation can be attributed to a combination of an individual’s originations and hourly billing rate. Adding any one or more of WAR, number of lawyers at firm, and partner status—those factors with statistical significance—into the equation did not increase the variance above 75%. Thus, Acritas determined that there was no difference in compensation between males and females, once the other factors had been controlled for.

According to Acritas, about 48% of overall variance in compensation was accounted for by the variance in originations, 27% of overall variance was accounted for by the variance in hourly rates and 25% of overall variance is accounted for by “other factors, including differences between firms.”

## Where Do We Go From Here?

As we noted in the 2018 Survey, given the seemingly incongruous results of the analysis, one obvious question is whether the current compensation models employed by firms are inherently unfair to women. While the data might not suggest a conscious bias against women, the predominant compensation model in BigLaw today, which heavily rewards partners for their originations and WAR, may be failing to recognize women's wider contributions to their firms and putting them at a disadvantage. Differing perceptions of what constitutes the "same work or contribution to the firm" between genders could explain why so many more female partners than male partners perceive there to be a gender pay gap.

Additionally, since female partners are more likely to cluster in less profitable practice areas such as Labor & Employment (for example, 9% of female respondents listed Labor & Employment as their specialty versus 5% of male respondents, rather than more lucrative practice areas such as Corporate, M&A and Securities [19% male versus 12% female]), it's not surprising to see lower average originations and hourly rates for female partners. However, we believe the extent of the gender disparity in originations cannot be explained by practice area differences alone. So, the question remains as to why female partners' originations are on average so much lower and whether firms could be doing more to support female partners in increasing their originations and hence driving up their compensation.

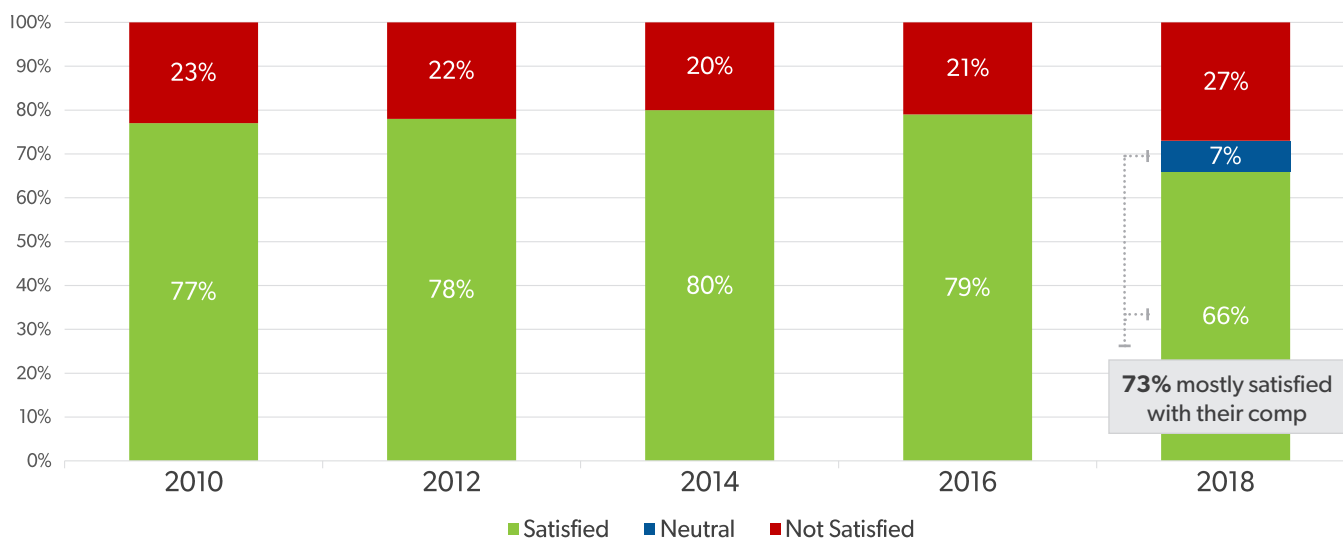




## Trend 4: Compensation Versus Satisfaction—50% of Partners Are Willing to Trade a Portion of Their Compensation for Other Perks

Each Survey has consistently shown that partners are generally satisfied with their current level of compensation. In 2018, 73% of partners expressed satisfaction with or neutrality towards the level of compensation they receive, down slightly from historical ranges of 76–80% in prior Surveys.<sup>3</sup>

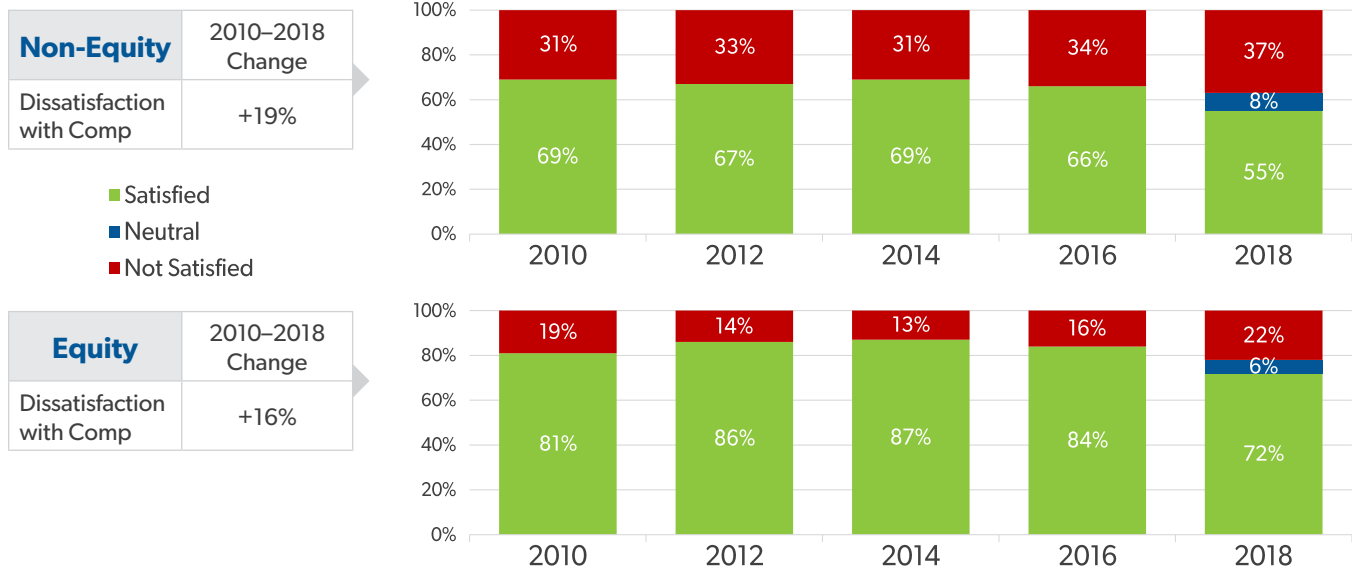
**EXHIBIT 4.1—SATISFACTION WITH COMPENSATION**



Not surprisingly, Equity partners tend to be more satisfied with their compensation than Non-equity partners. Only 22% of Equity partners are not satisfied with their compensation, compared to more than one-third (37%) of Non-equity partners.

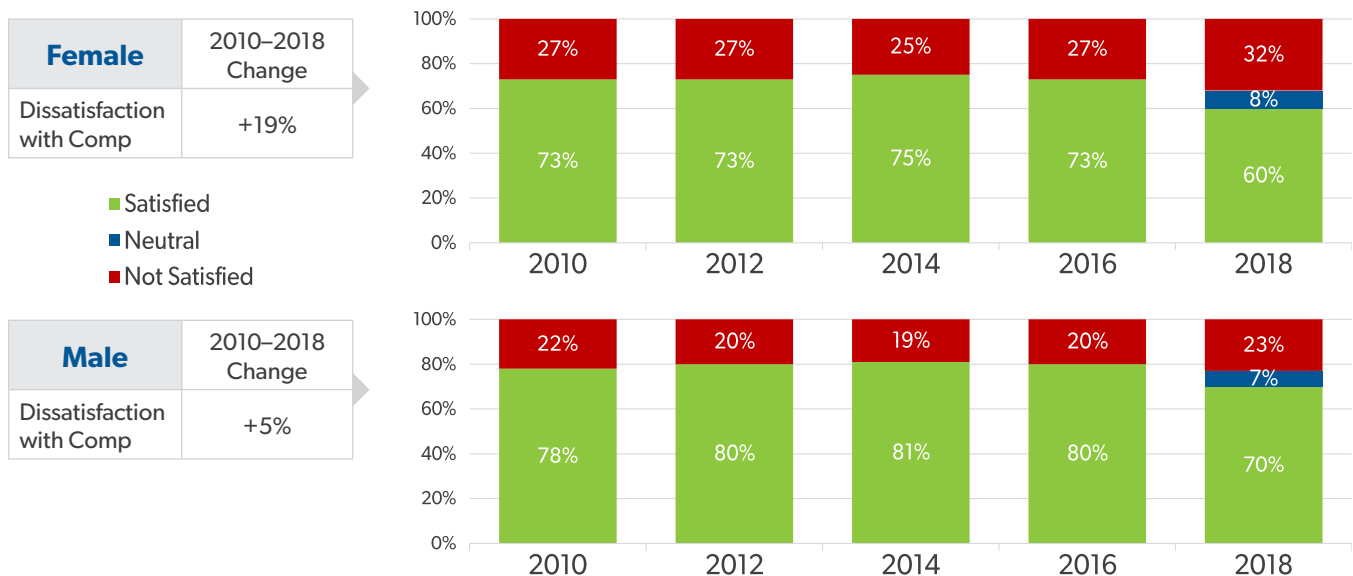
<sup>3</sup>The Survey questionnaire was amended slightly in 2018 to allow respondents to choose the option "Neutral," in addition to "Satisfied" and "Not Satisfied."

#### EXHIBIT 4.2—SATISFACTION WITH COMPENSATION, BY PARTNER STATUS



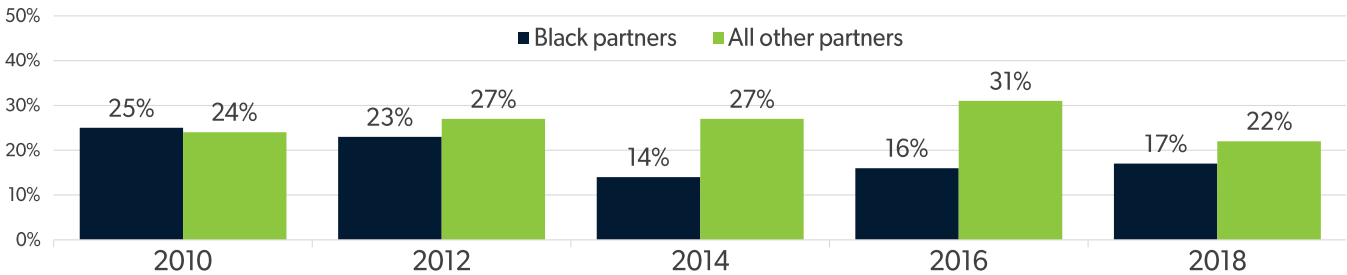
Female partners are also more likely to be dissatisfied with their compensation, with 32% falling into that category, versus 23% for male partners. In 2018, both male and female partners recorded their highest levels of dissatisfaction since the inception of the Survey in 2010. In addition, with the aforementioned limited response rate again noted here, Black partners historically have responded that they are much less likely to be very satisfied with their compensation and much more likely to be very dissatisfied with their compensation.

#### EXHIBIT 4.3—SATISFACTION WITH COMPENSATION, BY GENDER

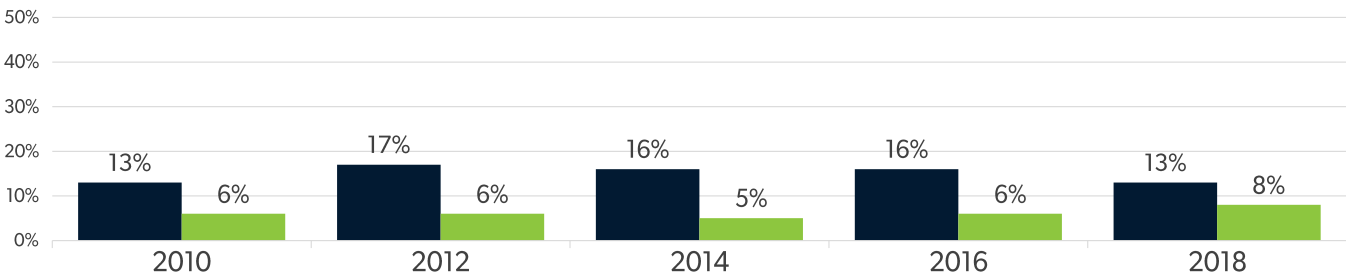


**EXHIBIT 4.4—SATISFACTION WITH COMPENSATION, BY ETHNICITY**

**% 'Very Satisfied' With Comp**

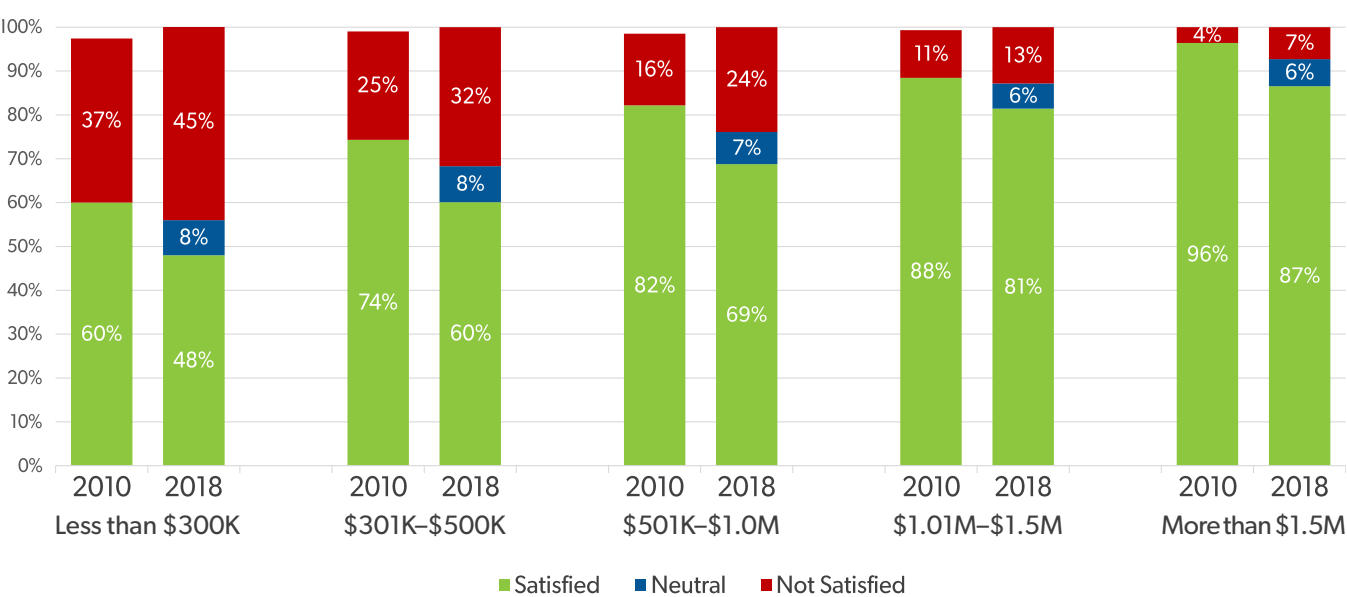


**% 'Very Dissatisfied' With Comp**



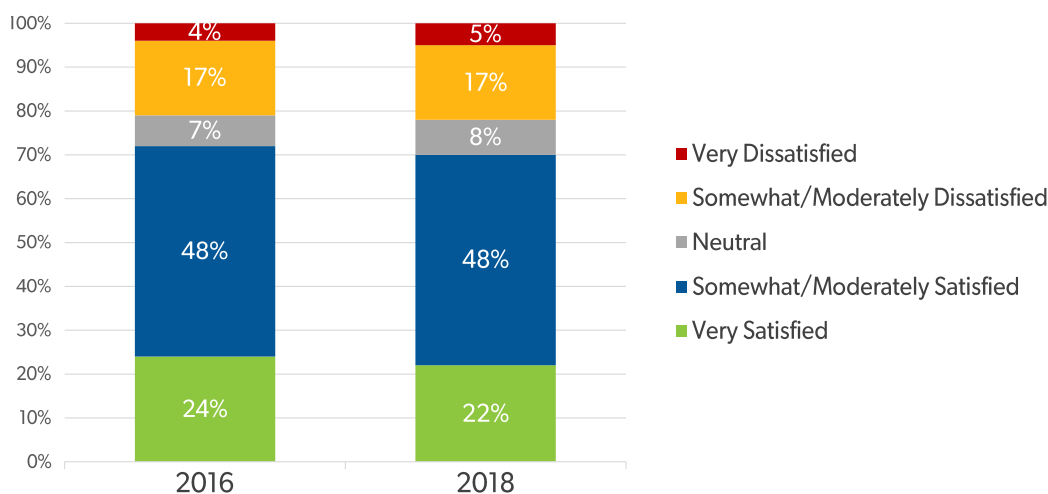
Similar trends persist across compensation tiers. Partners who earn more tend to be more satisfied than partners who earn less, but partners across all compensation tiers reported lower satisfaction in 2018 than in 2010.

**EXHIBIT 4.5—SATISFACTION WITH COMPENSATION, BY COMPENSATION BRACKET**



In 2016, the Survey introduced a new question which asked partners to rate their overall satisfaction with attorney life without taking compensation into consideration. As Exhibit 4.6 shows, the 2018 results recorded only a slight increase in dissatisfaction, but overall the vast majority of partners express satisfaction with their lives.

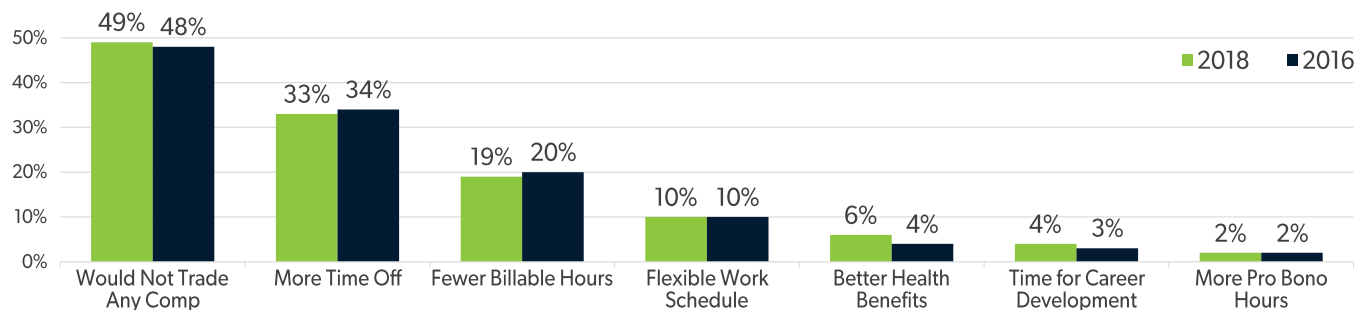
**EXHIBIT 4.6—OVERALL SATISFACTION WITH ATTORNEY LIFE (Not Taking Compensation Into Consideration)**



## Sacrificing Compensation for Other Benefits

Notwithstanding this high level of satisfaction, a high percentage of partners are willing to sacrifice a portion of their compensation for other perks. The 2016 and 2018 Surveys showed an almost even split between partners willing to sacrifice a portion of their compensation compared to those not willing to give up pay for other perks (see Exhibit 4.7).

**EXHIBIT 4.7—WILLINGNESS TO TRADE COMPENSATION FOR OTHER PERKS**



On average, partners were willing to trade up to 14% of their compensation for these other perks. Not surprisingly, the most desired trade-off for compensation was for more time off.

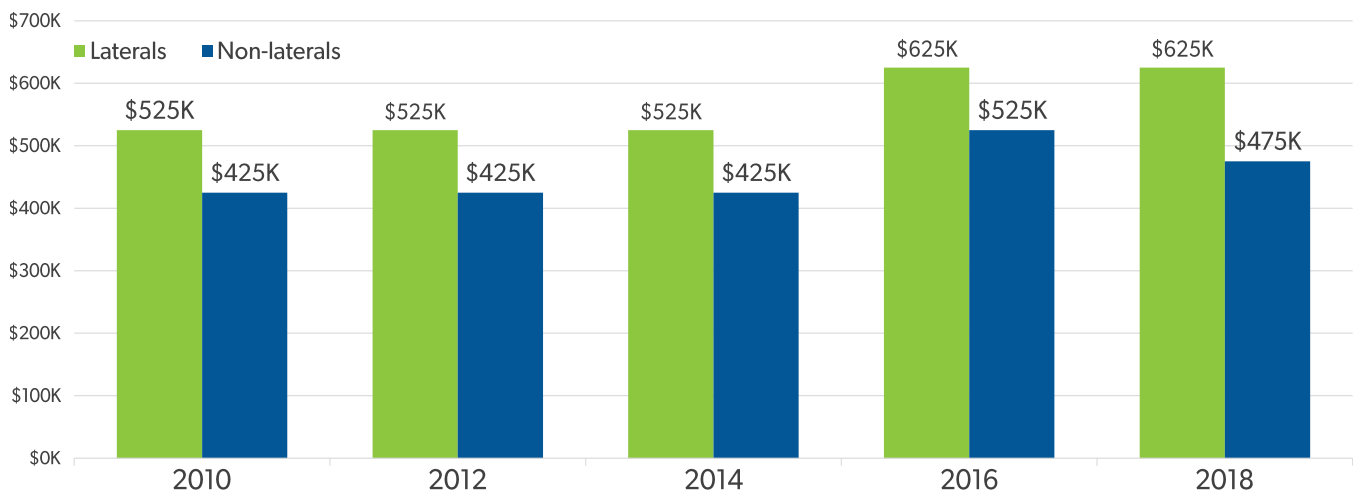


## Trend 5: Partners Who Have Made a Lateral Move Earn More Than Their Non-Lateral Counterparts

Over the course of their careers, many partners are faced with the prospect of making a lateral move from one firm to another. It is commonly thought that compensation is usually the main driver for making a lateral move, but data from the [Major, Lindsey & Africa Lateral Partner Satisfaction Surveys](#) has consistently shown otherwise: since its inception in 1996, and in each subsequent iteration in 2006, 2014 and 2020, compensation has been cited as the sixth most important factor. Instead, partners cited lack of confidence in firm management/strategy as the number one reason for leaving their former firm, and the ability to support/take practice to the next level as the number one reason for choosing their current firm.

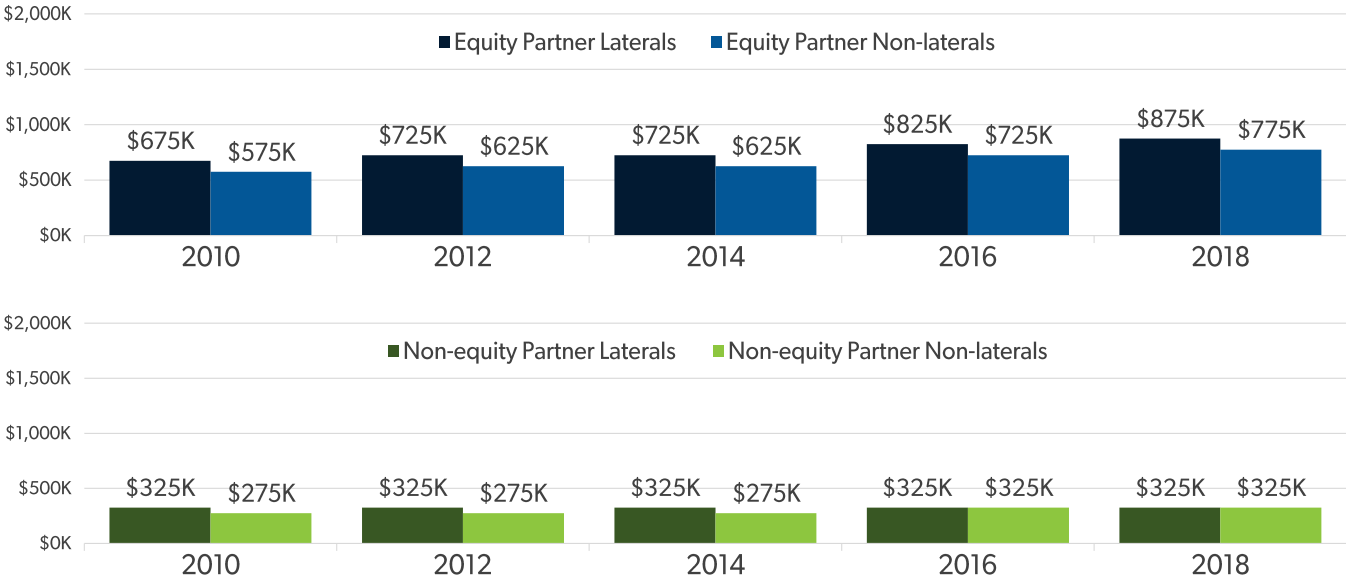
While a desire for increased compensation may not be the main reason for a move, there still is a strong correlation between lateral movement and increased compensation: **partners who have made a lateral move at some point in their careers consistently earn 20%–30% more than those partners who have never moved.**

**EXHIBIT 5.1—MEDIAN COMPENSATION TRENDS FOR LATERALS AND NON-LATERALS**



The impact of a lateral move on partner compensation is visible across almost every partner type, with the notable exception of Non-equity partners.

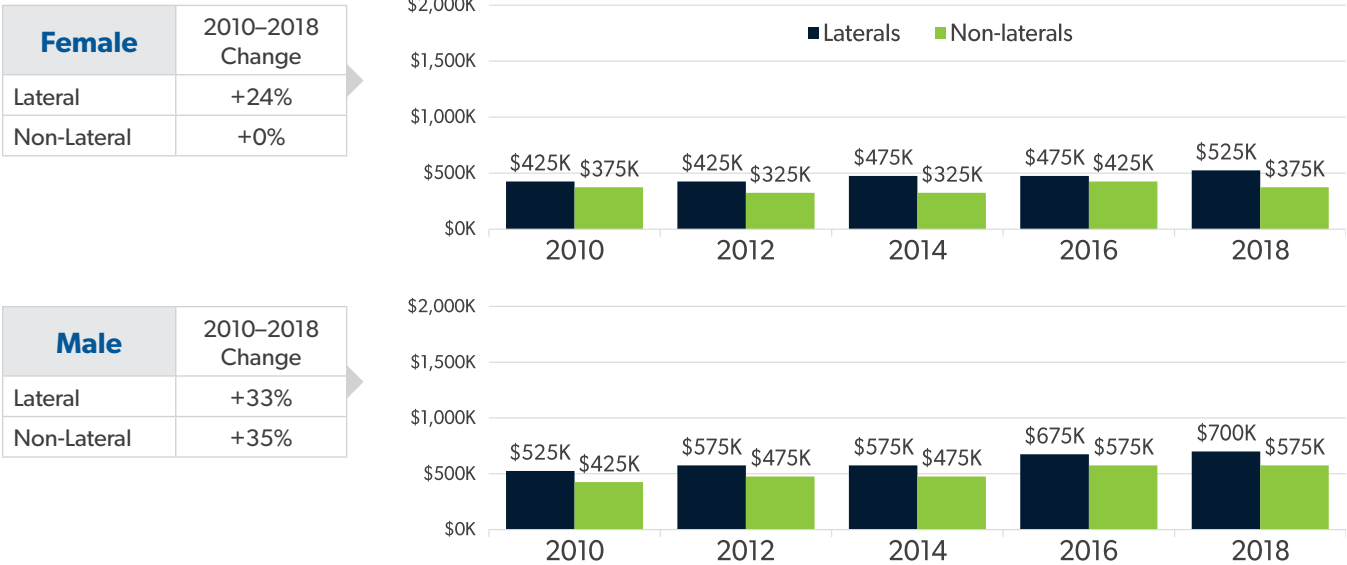
EXHIBIT 5.2—TRENDS IN MEDIAN LATERAL AND NON-LATERAL PARTNER COMPENSATION



Lateral Moves Propel Both Male and Female Partner Compensation

The effect of a lateral move on compensation is even more dramatic for female partners. Female partners who have made a lateral move report 40% higher median compensation than their non-lateral counterparts. This differential has risen steadily over the course of our first survey in 2010, which showed only a 13% differential. Conversely, there has been no net change in median female non-lateral compensation levels over the last 10 years.

EXHIBIT 5.3—TRENDS IN MEDIAN LATERAL AND NON-LATERAL PARTNER COMPENSATION, BY GENDER

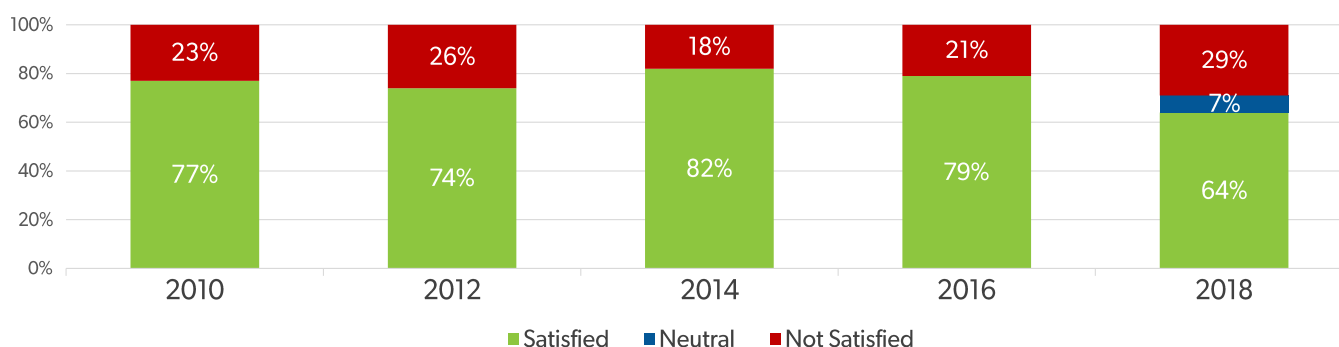


Male partners who make a lateral move also report significantly higher median compensation than those who have not, earning 22% more in 2018. This percentage differential has remained relatively constant over the course of our Surveys. Notably, however, unlike female partners, both male laterals and non-laterals have seen their median compensation levels grow by more than 30% over the last 10 years.

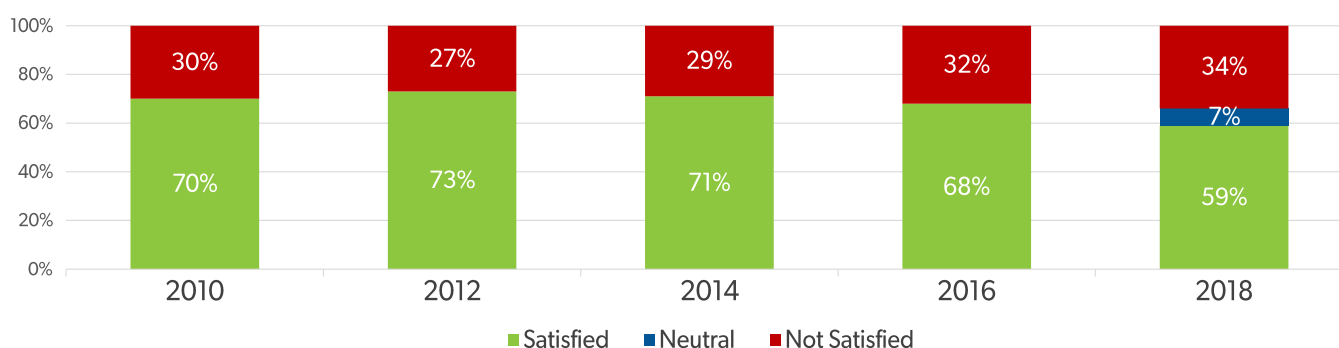
In addition to earning more, female partners who make a lateral move are also consistently more satisfied with their compensation than female partners who have not.

#### EXHIBIT 5.4—FEMALE PARTNER SATISFACTION WITH COMPENSATION, BY LATERAL STATUS

##### Female Lateral



##### Female Non-Lateral



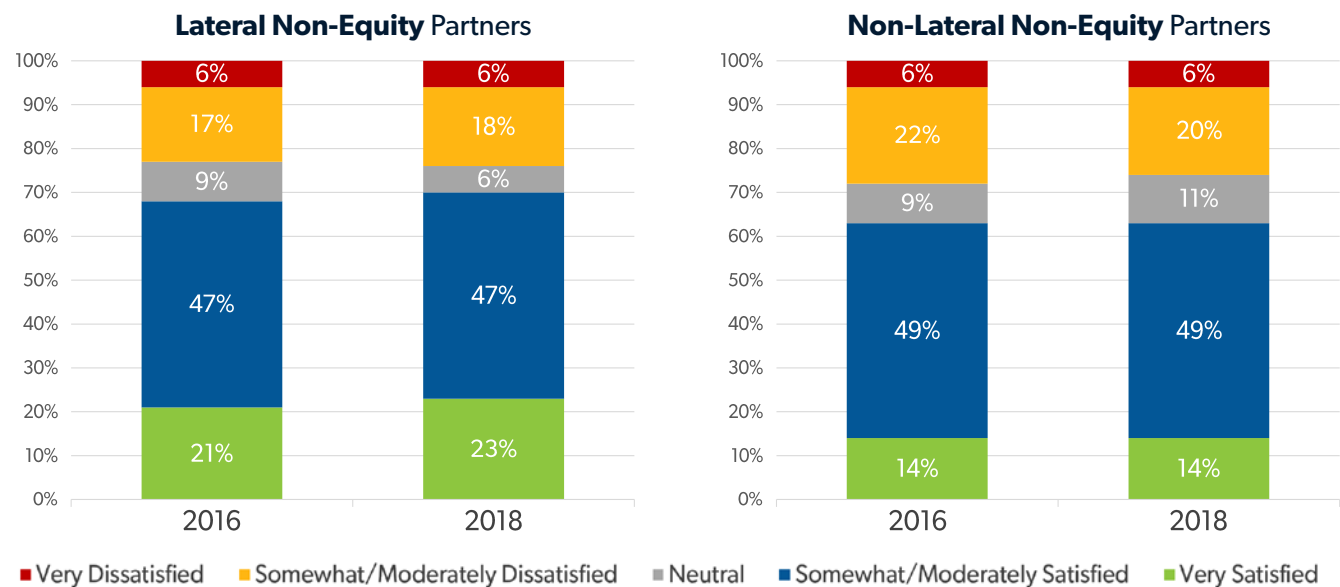
## Not All Lateral Partners See a Significant Boost in Compensation—but Other Benefits Are Evident

Not all partners benefit monetarily from a lateral move. For example, Non-equity partners report little or no difference in median compensation regardless of whether they have made a lateral move, compared to lateral equity partners, who have shown consistent increases.

However, a lateral move still seems to have a significant psychological benefit: even Non-equity lateral partners report much higher satisfaction with their life as an attorney than those whom have never lateralled.

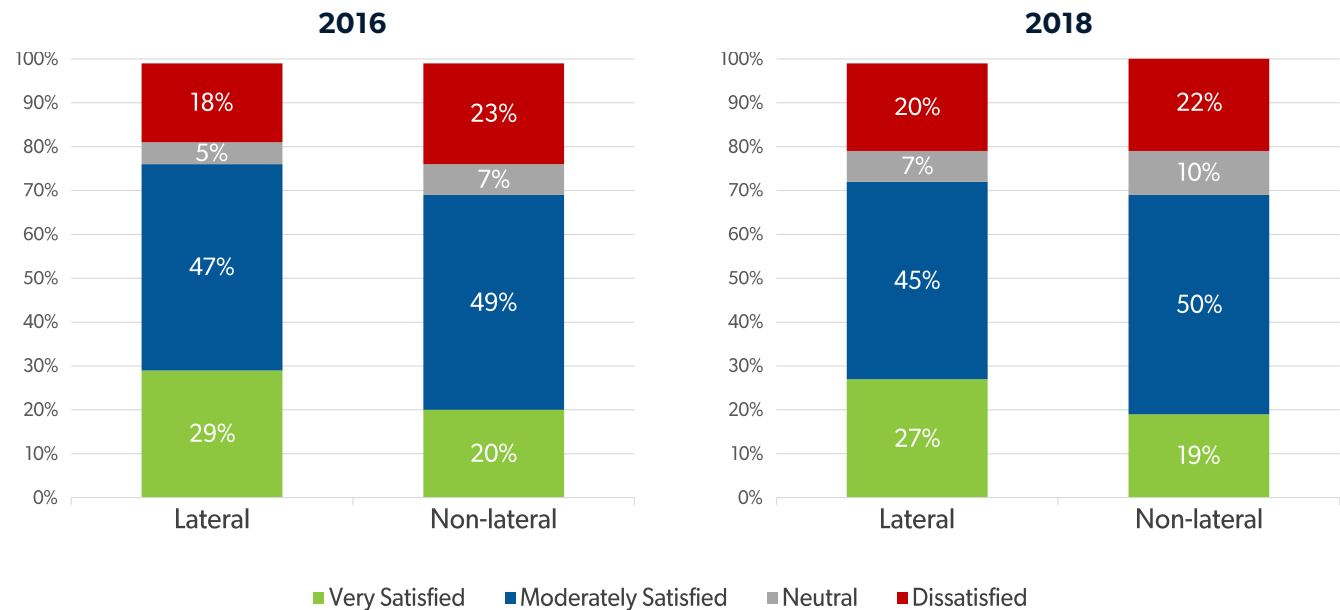


EXHIBIT 5.5—OVERALL SATISFACTION WITH ATTORNEY LIFE, BY LATERAL STATUS



Similarly, the research shows a lateral move influences satisfaction levels for both Equity and Non-equity partners.

EXHIBIT 5.6—LATERAL AND NON-LATERAL PARTNER SATISFACTION, EQUITY AND NON-EQUITY PARTNERS



While satisfaction with a lateral move isn't always a given, [MLA's 2020 Lateral Partner Satisfaction Survey](#) found that 86% of lateral partners are "very" or "somewhat" satisfied with the move they make, and four out of five would make the same move again with hindsight. The three highest drivers of satisfaction came from:

1. *The alignment of reality versus expectations in regard to culture and reputation*
  2. *How effective the new firm is at providing support to incoming laterals*
  3. *How candid a firm is about the opportunities available to the lateral partner*
- 

## Conclusion

When Major, Lindsey & Africa launched its first Partner Compensation Survey in 2010, we were unsure how the market would react. After all, you can hardly get more personal than asking law firm partners how much they make and how much business they generate. We were pleasantly surprised by the legal community's reception to our Survey and have been honored to share the results with the industry (at no charge) for these past ten years, all while maintaining strict confidentiality and anonymity for the respondents. Although it's still too early to tell, we suspect that the data from our 2020 Survey (which collects 2019 compensation and related numbers) will represent the high-water mark for several years to come. But we also know that the effects of the COVID-19 pandemic could have been much worse. As it turns out, BigLaw is actually pretty agile, and most firms have been able to adapt more quickly than anyone could have anticipated. We look forward to sharing our 2020 Survey results later this year. 📌

# Notes

## About the Author

Jeffrey A. Lowe is the Global Practice Leader of Major, Lindsey & Africa's Law Firm Practice Group, the Managing Partner of MLA's Washington, D.C., office and the leader of the Washington, D.C., Partner Practice Group. He regularly handles the most significant placements in Washington, D.C., and is widely regarded as one of the leading partner recruiters and advisors in the United States. He was named to Lawdragon's "100 Leading Legal Consultants and Strategists" in 2016 and 2017.

Jeffrey is the creator and author of the Major, Lindsey & Africa Partner Compensation Surveys, the most comprehensive efforts ever undertaken to identify ranges of partner compensation and the criteria law firms use in determining partner compensation, and the co-author of the 2014 Major, Lindsey & Africa Lateral Partner Satisfaction Survey. He is regularly quoted by leading legal publications and periodicals, such as *The American Lawyer*, *The Wall Street Journal* and *Law 360*, and his articles have been published in the *D.C. Legal Times*, *The New York Law Journal*, *The National Law Journal*, the *Law Firm Partnership & Benefits Report* and the *Texas Lawyer*.

Prior to opening the Washington, D.C., office of Major, Lindsey & Africa in 2003, Jeffrey was a partner in the Washington, D.C., office of Hogan & Hartson L.L.P. (now Hogan Lovells). He joined Hogan & Hartson in 1991 and was elected to the partnership in 1998. In 1994–1995, Jeffrey worked in Tokyo, Japan, with Mori Sogo Law Offices (now Mori Hamada & Matsumoto), one of Japan's leading international and domestic law firms.

## About Major, Lindsey & Africa

Major, Lindsey & Africa is the world's leading legal search firm. The firm, founded in 1982, offers a range of specialized legal recruiting and advisory services to meet the ever-changing needs of law firms and legal departments and to support the career aspirations of talented lawyers and legal and compliance professionals. With more than 25 offices and 200-plus search consultants around the world, Major, Lindsey & Africa uses its market knowledge and experience to partner with organizations to fulfill their legal talent needs and provide solutions to increase team efficiency and effectiveness. Major, Lindsey & Africa is an Allegis Group company, the global leader in talent solutions. To learn more about Major, Lindsey & Africa, visit [www.mlaglobal.com](http://www.mlaglobal.com).

## About Acritas

Acritas, now part of Thomson Reuters, is the leading provider of market research in the global legal industry. Its annual market studies with in-house legal departments and top law firm talent provide a bedrock of data to help law firms and legal services providers develop strategies which will enable them to gain competitive advantage. In addition, Acritas provides custom research and advisory services from its offices in the UK and the US. For more information, go to [acritas.com](http://acritas.com).



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