

Best Laid Schemes - Attorney Compensation Schemes

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The pure IP firm

- **An eclectic group of partners**
- **Services that do not result directly from a given partner**
- **Institutional clientele**

The firm and you

Were you satisfied with your firm's profits last year?

Were you satisfied with your share?

Were you satisfied with your share?

**Do you think that you deserved to have
taken more home?**

You think you should have taken more home...(?)

And your partners, were they satisfied with their lot?

Were we all satisfied with our respective parts?

OR

**Was there one partner that failed to do his
bit but took home more than you?**

Is your scheme transparent?

**Do you know why you got what you got and
why they got what they got?**

Satisfied with your share?	YES	NO	NO	YES	NO
You should got more?	NO	YES	YES	NO	YES
Your partners were satisfied?	YES	YES	NO	NO	NO
One partner took home more than he deserved?	NO	YES	YES	NO	YES
There was a fair split?	YES	NO	NO	YES	NO
You know why everyone got what they got?	YES	YES	YES	NO	NO

Unity of the partnership

- **Feel part of the business**
- **Recognise the difficulties of low profit areas**
- **Understand market conditions**
- **Participation in management**
- **Be part of a team**

Items that may being conflicts

- Transparency and simplicity
- Unity of the partnership
- Partners with experience –v- New blood
- Incentive to contribute
- New lifestyles
- Different cost centres

Experience -v- New Blood

- Maturity of experience
- Institutional value of the firm
- New ideas, hard work, new clients
- New lifestyles
- Incentives to contribute

Choosing a Reward System

- Cultural values of the firm
- Size of firm
- Partners heading teams
- True “Boutique” firms
- Market aggressive firms
- Two-tiered partnerships
- Adapting the reward system to the billing system

My recommendations

1. Check if a change is really necessary
2. Remember that the present system is the starting point
3. Ensure transparency
4. A major part should be based on overall profits
5. A minor, but reasonable, part based on cost centre and individual billing
6. A second minor, but reasonable, part based on subjective/objective criteria (procurement, representation, training, management etc.)

GOOD LUCK AND THANK YOU FOR YOUR PATIENCE!