

# Best Laid Schemes

## Attorney Compensation Schemes

FICPI – 15<sup>th</sup> Open Forum

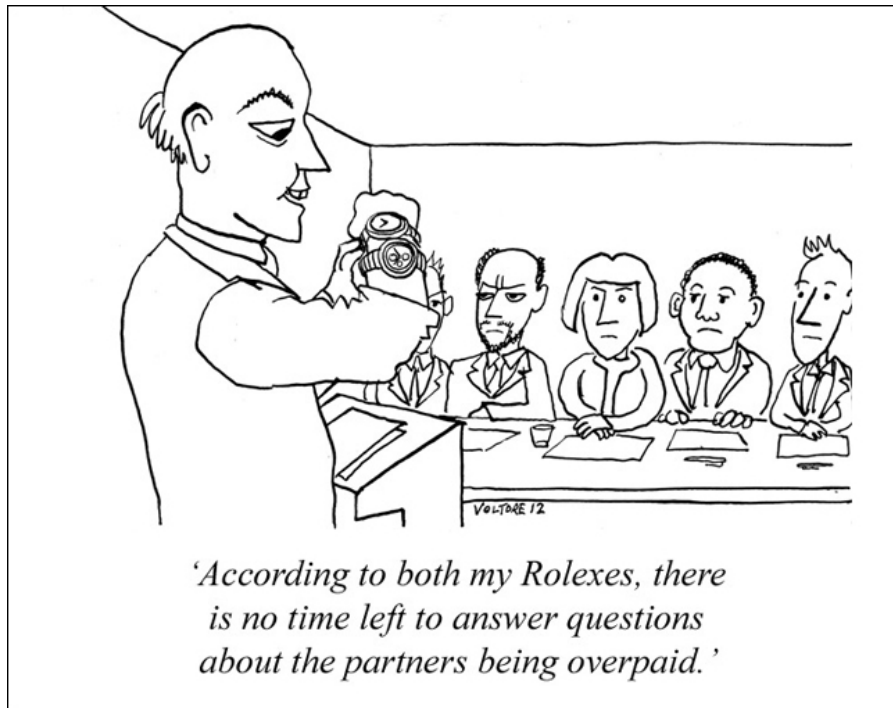
Barcelona

7 November 2014

# ‘Order of play’

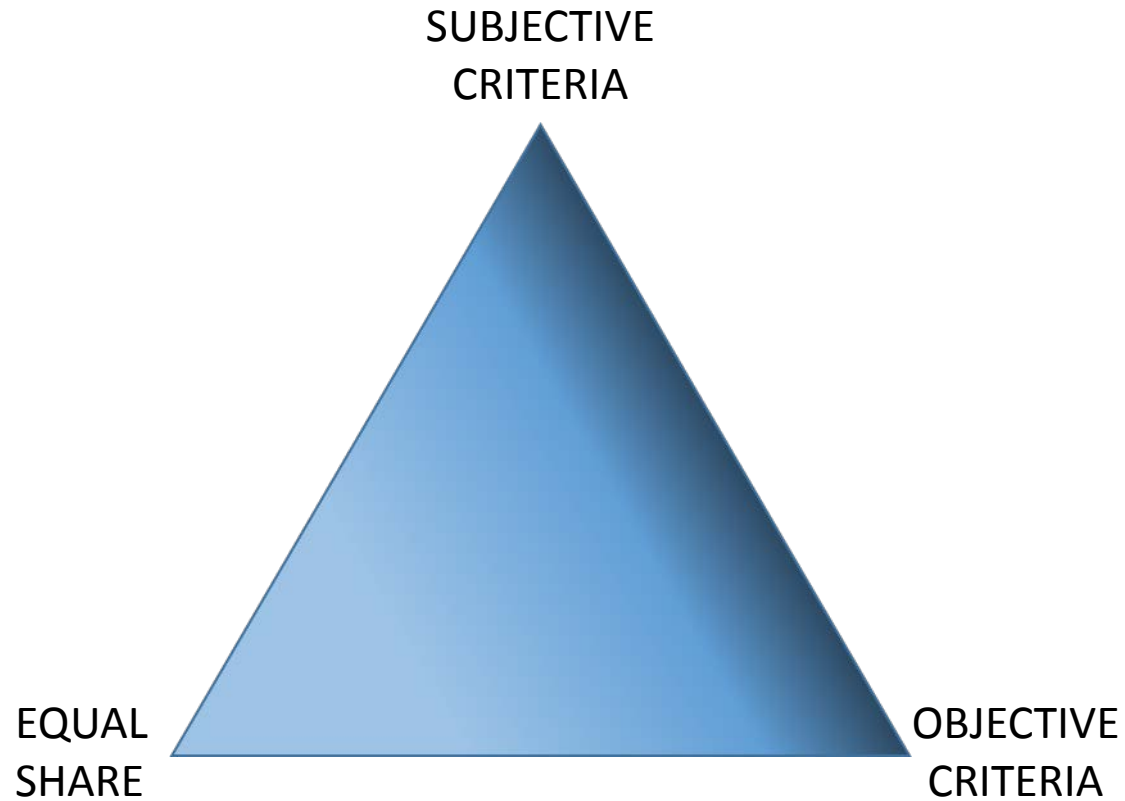
- PART 1
  - Model compensation schemes – their pros and cons
  - Stephen Carter
- PART 2
  - Designing a compensation scheme – underlying factors
  - David Merrylees
- PART 3
  - Best practices & managing change
  - Doug Deeth
- DISCUSSION

# Model Compensation Schemes

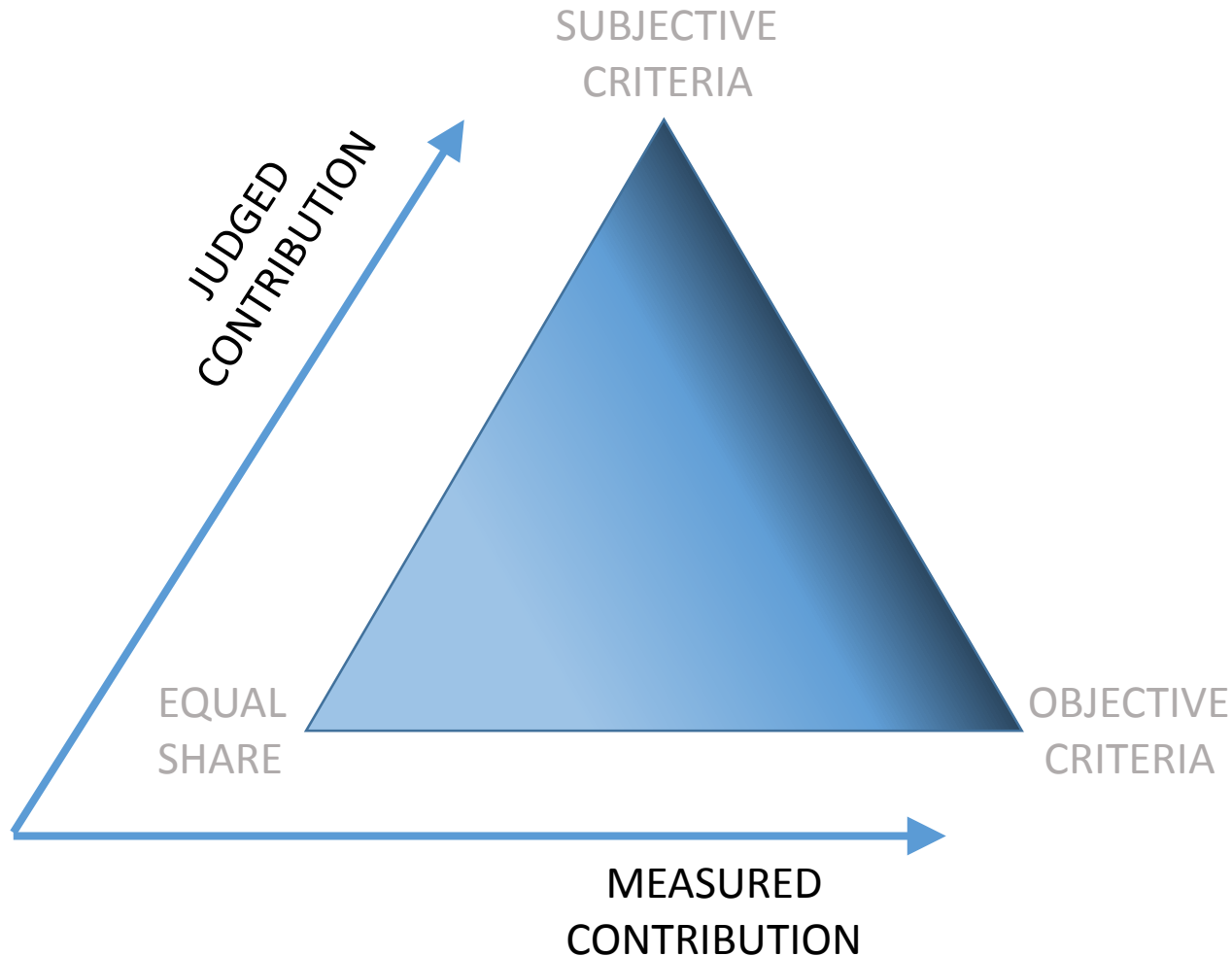


With thanks to Voltore & 'the epilogue' blog - <http://www.the-epilogue.com/>

# A continuum

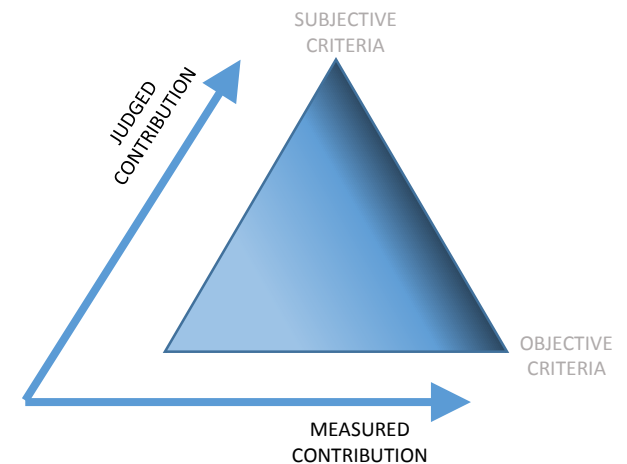


# Aligning compensation with contribution



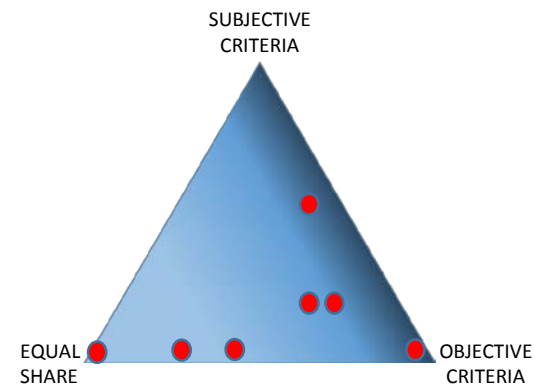
# Parameters

- Non-economic vs economic contributions
- Seniority vs. Production
- Billable hours vs. "rainmakers"
- Among various practice areas

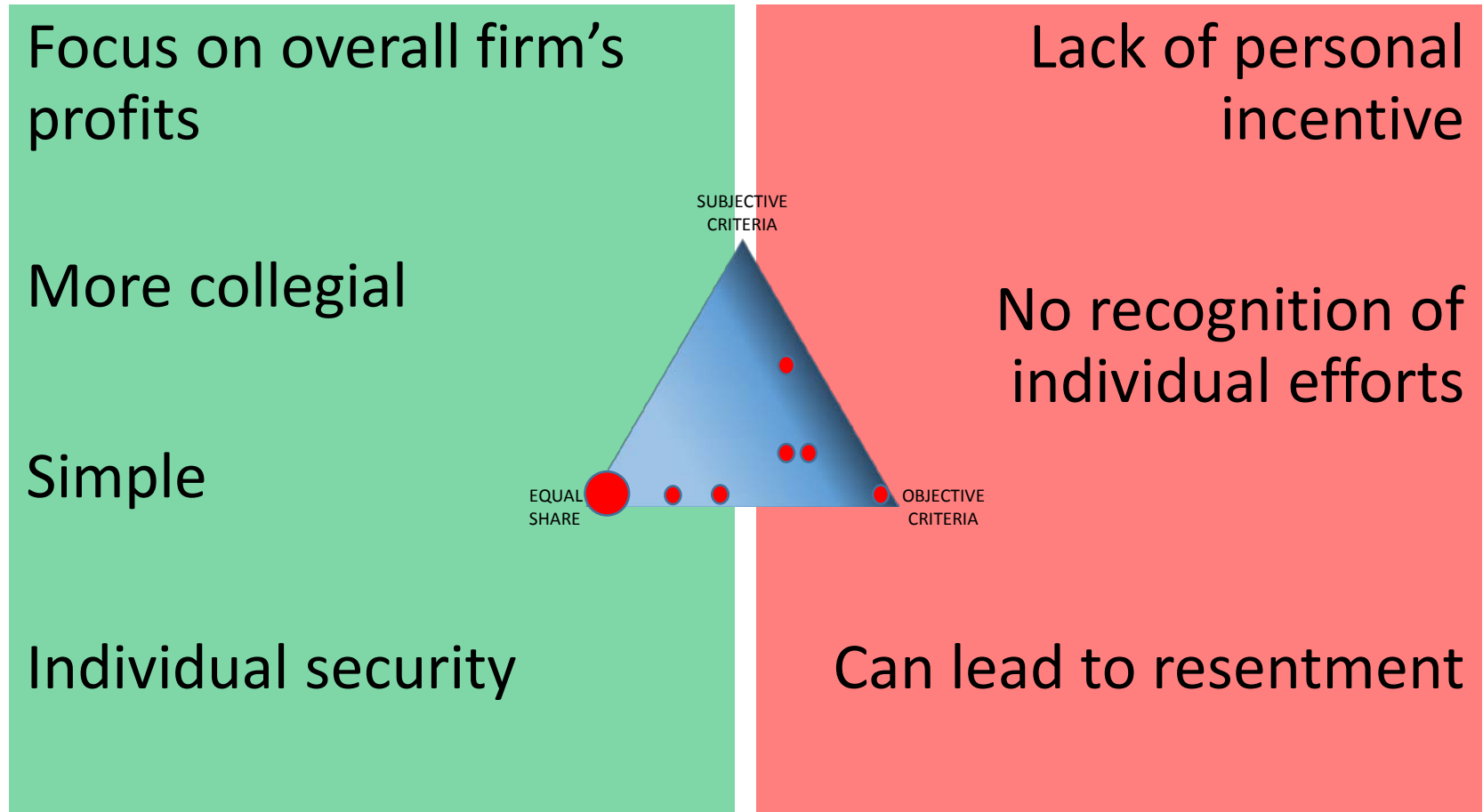


# The models – pros & cons

- Equal partnership
- Lockstep / Modified Lockstep
- Modified Hale & Dorr
- Simple Unit
- Subjective / objective blend
- Team building
- Eat what you kill



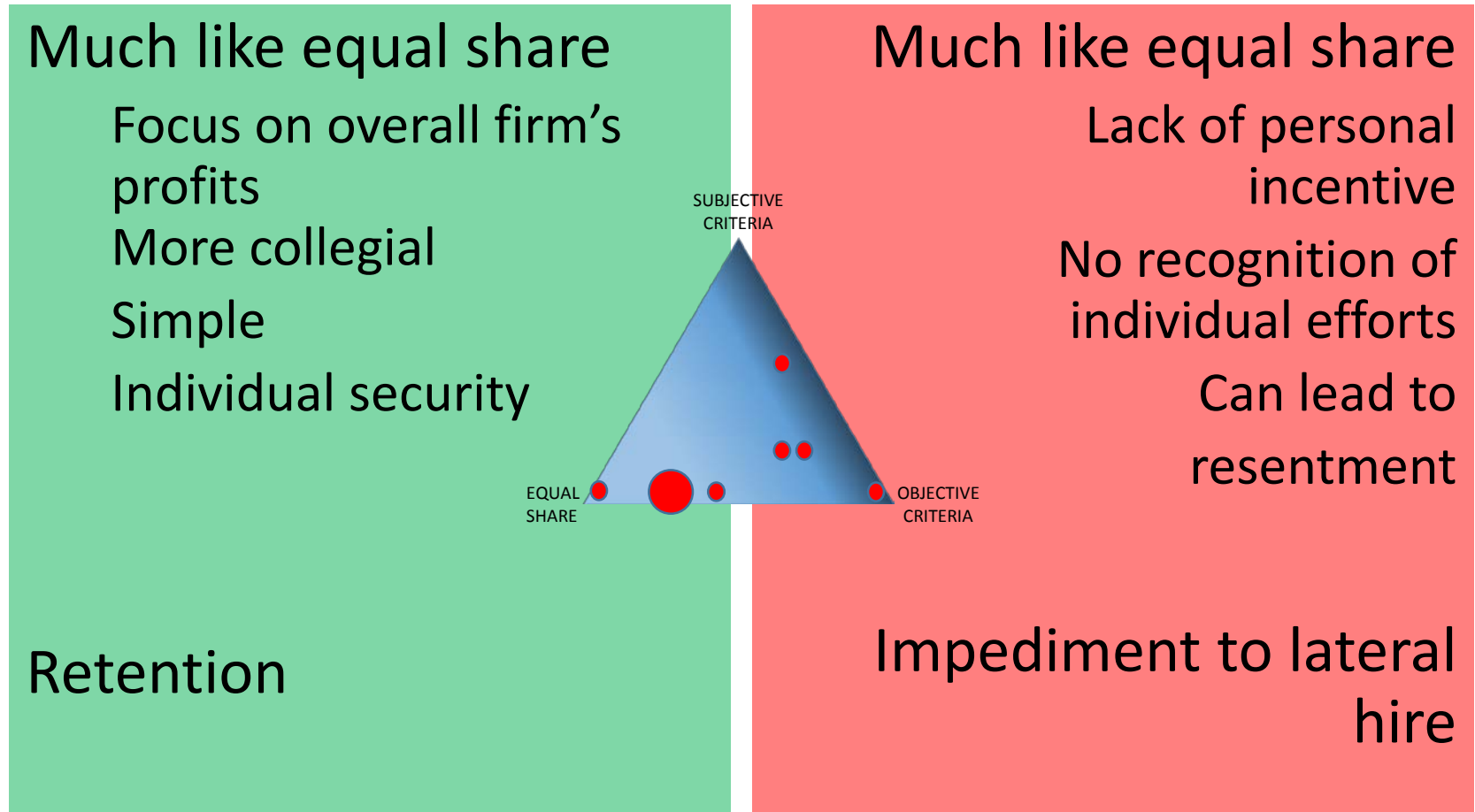
# Equal partnership



EQUAL SHARE OF PROFIT AMONGST PARTNERS OR GROUPS OF PARTNERS

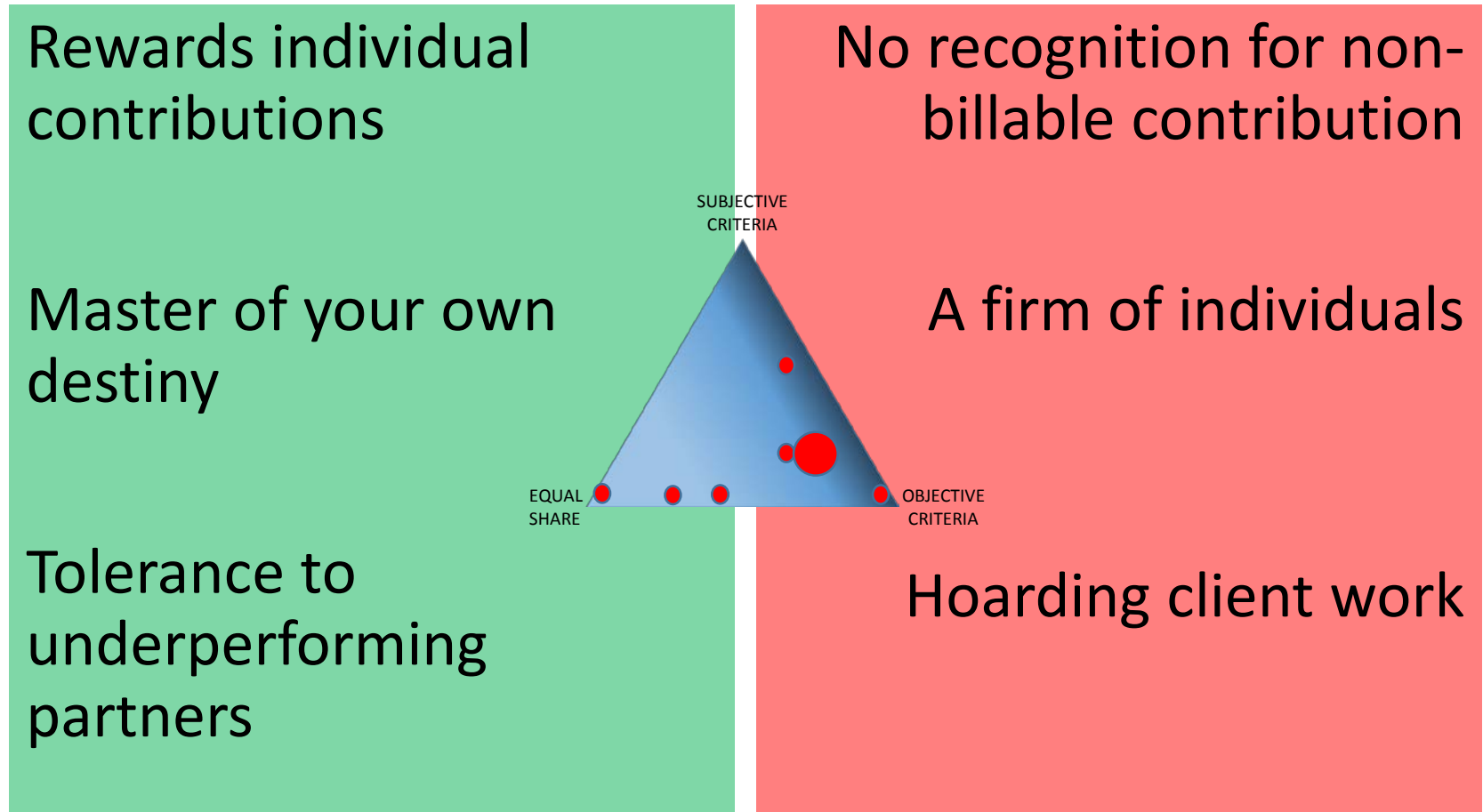


# Lock-step



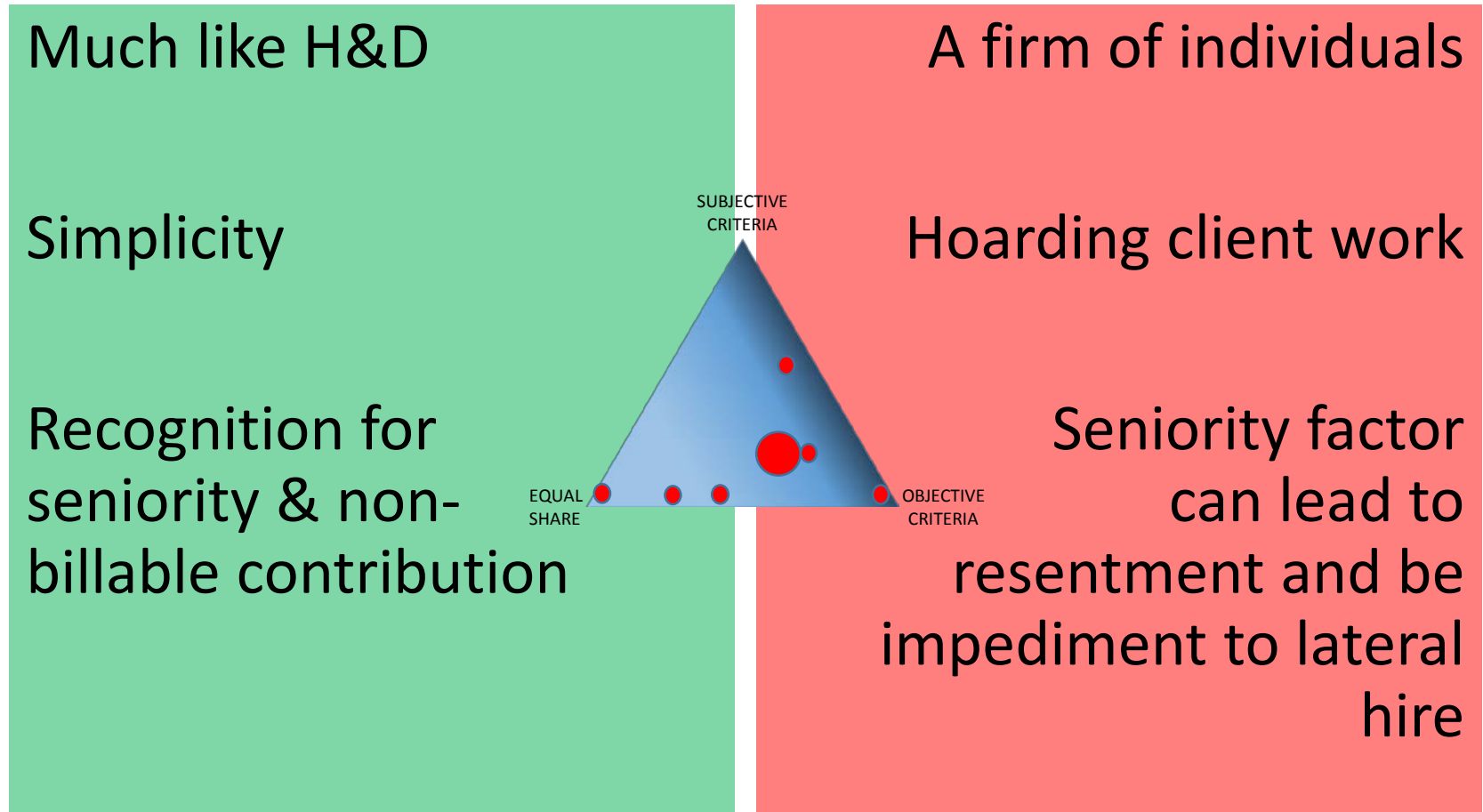
PROFIT SHARE BASED ON SENIORITY

# Modified Hale & Dorr



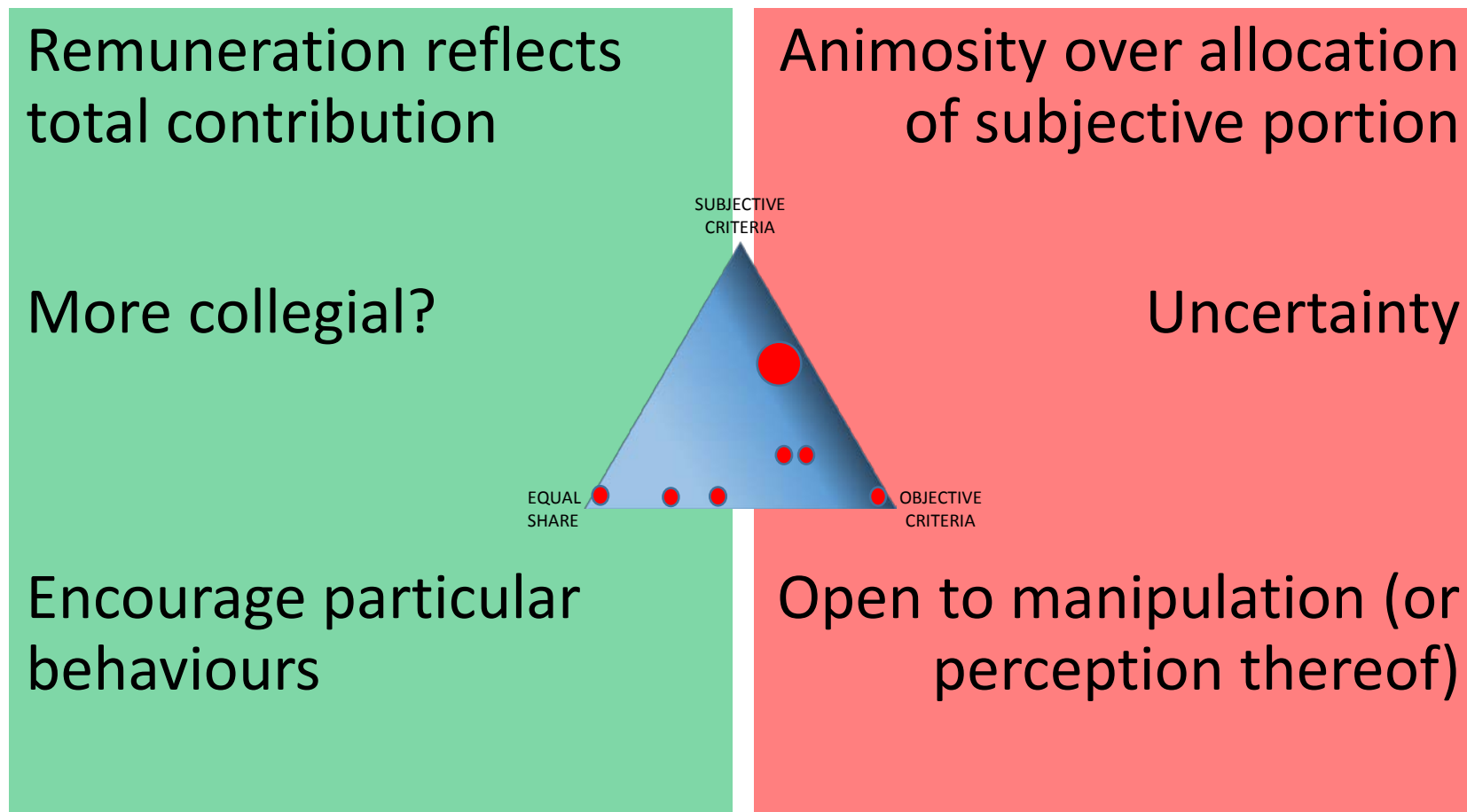
“FINDERS”, “MINDERS” & “GRINDERS”

# Simple Unit



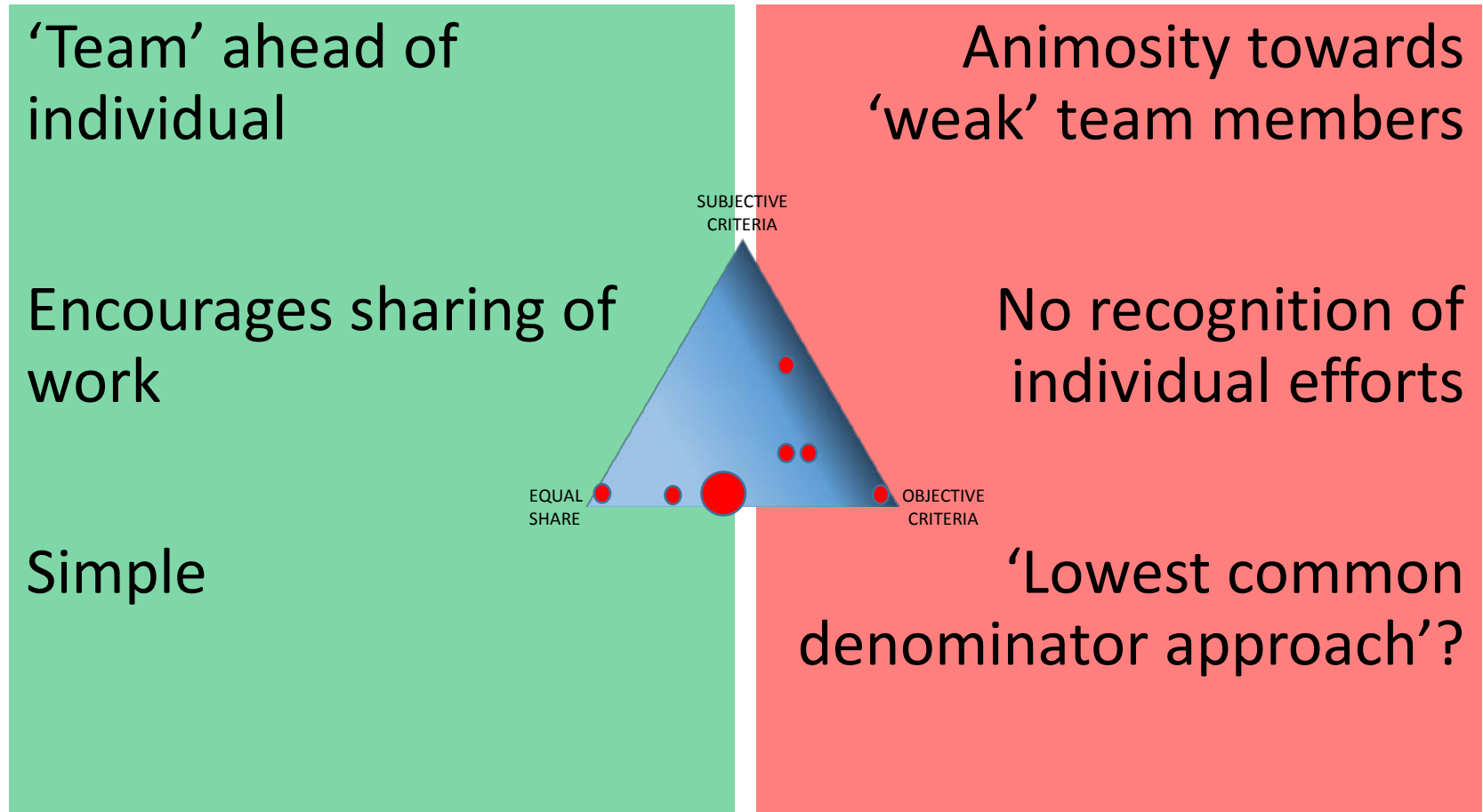
UNITS FOR SENIORITY, FEES BILLED/RECEIVED, CLIENT GENERATION & OTHER CONTRIBUTION

# Subjective/Objective



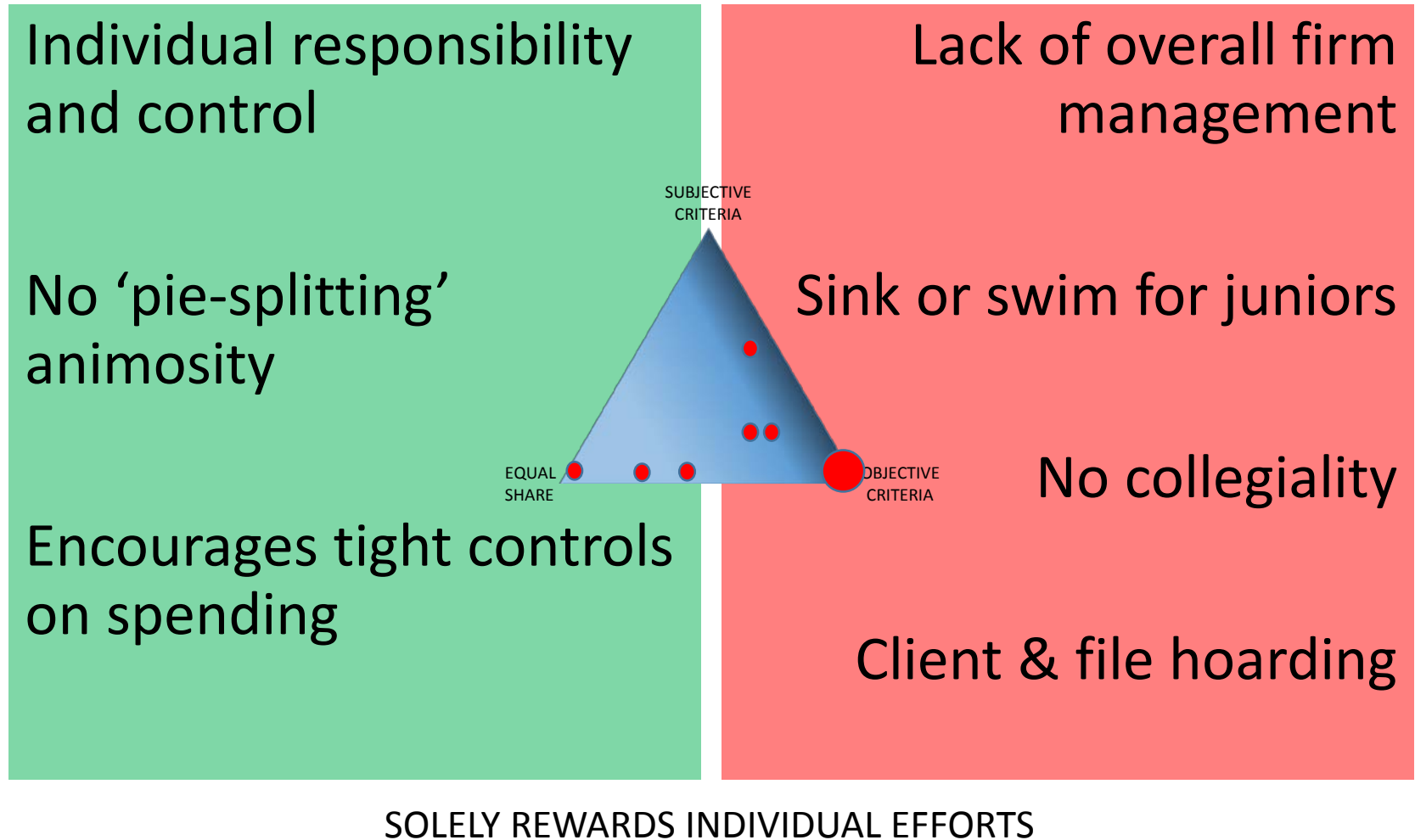
PROFIT SHARE DETERMINED BY SUBJECTIVE FACTORS AS WELL AS OBJECTIVE

# Team building

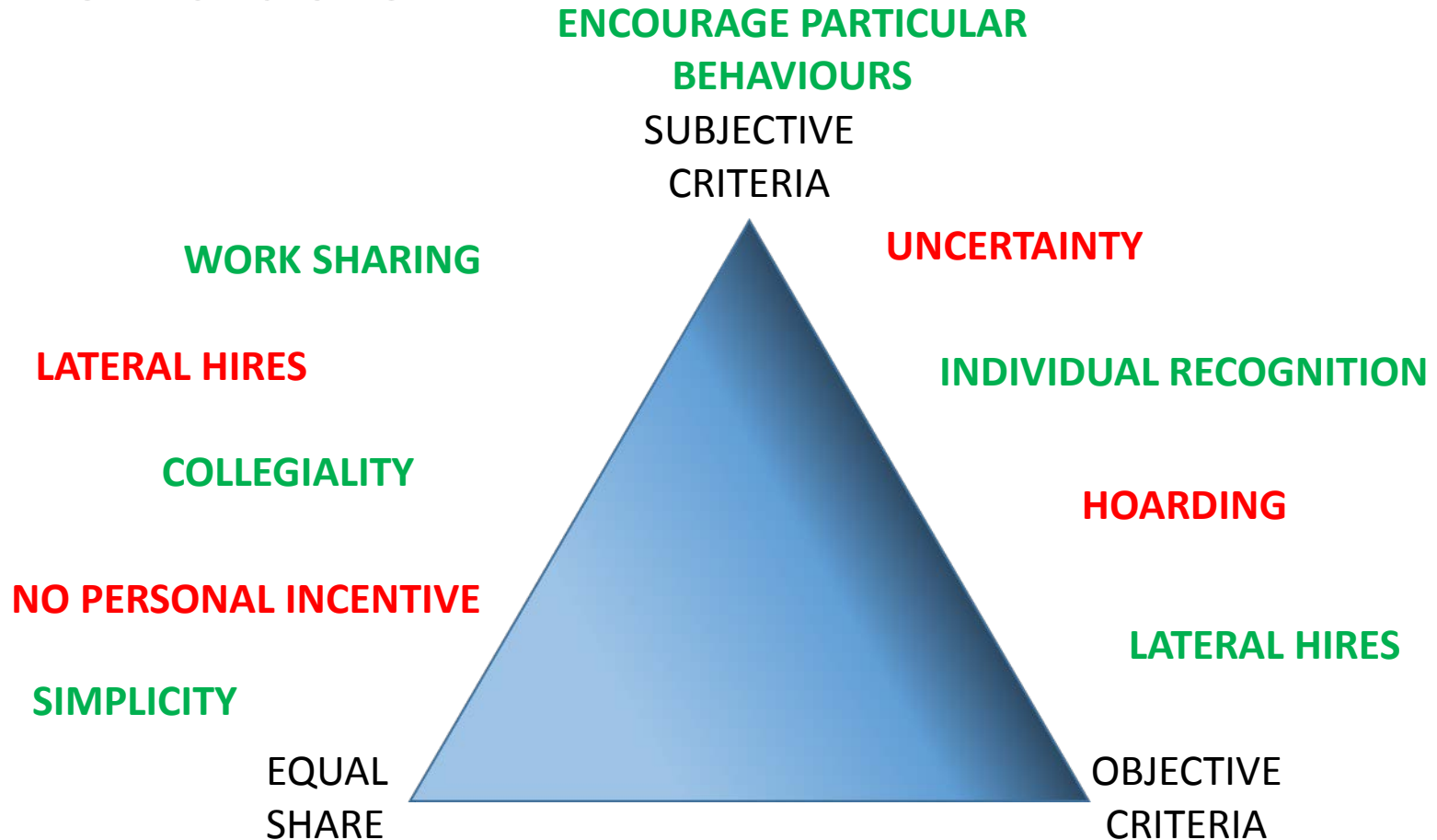


PROFIT DISTRIBUTION BASED ON FIRM & TEAM FINANCIAL PERFORMANCE

# Eat what you kill



# Conclusion



**NO MAGIC ONE SIZE FITS ALL SOLUTION!**