



# Acing year-end reviews

Our experts reveal tips on properly handling year-end reviews at work, whether you are getting or doling one out as the end of 2011 nears



By The Counsel Network

**T**he end of a year often brings sparkly dresses, confetti and champagne. The close of another calendar year also usually brings a performance review, with awkward conversation, red faces and possible disappointment.

Whether you are giving or getting a year-end review soon, as recruiters we have dealt with a bevy of questions, from how to dole out a review, to compensation questions from in-house counsel. Both parties (those conducting the review and those being reviewed) want to ensure that the review is both taken seriously and is beneficial. Often, queries stem from uncertainty around the process and the information available, due to a perceived lack of comparable data relating to in-house counsel in other organizations. Unlike private practice, where compensation and career paths are broadly similar across the board

for associates in “same tier” firms, no two in-house legal roles are alike.

Uncertainty can be frustrating for both in-house counsel and their reviewers. In-house counsel want a meaningful discussion about their career progression (both in terms of roles and compensation) but may feel hampered by a lack of knowledge about what the rest of the market is doing. Likewise a reviewer wants to retain and motivate in-house counsel over the long-term, within the boundaries of what is reasonable in the wider legal market.

It is not all bad news. If viewed differently, uncertainty can also create opportunities for both parties. The lack of rigid career paths for in-house lawyers allows them to actively shape their role. In particular, yearly performance reviews are an excellent tool for both parties involved, but work best only with careful preparation. Here are some suggestions for preparing for such a review.

### → For reviewed

#### WHERE AM I NOW?

Few organizations remain static from year to year, and successful in-house counsel adapt accordingly. A yearly review is a good excuse to take stock and ask non-legal colleagues for their view of the state of the organization. For example, has the past year seen expansion, perhaps a private company preparing an IPO, contraction of business, opening in new market places, legislative changes? How, on a broad level, has this affected the organization as a whole? In particular, understanding how your commercial and financial colleagues view both the current landscape and how the legal function fits into it can be invaluable to determining how to take the role forward.

**Take stock of where you are now**

#### WHAT AM I WORTH?

Inevitably, yearly reviews focus on compensation issues. As with any discussion or negotiation, careful research is crucial. For an overview of compensation trends, The Counsel Network in conjunction with Ipsos Reid and The Canadian Corporate Counsel Association periodically publishes in-house counsel compensation and career surveys that report and benchmark compensation-related topics for Canada's in-house counsel community. For example, the 2010 survey showed that base salary varied widely depending on the type of organization. On the low end a government/crown organization paid in-house counsel an average base salary of \$137,000, while on the most lucrative was the resources/mining industry, which paid an average base salary of \$173,000. Knowing the exact numbers will help both sides negotiate a fair salary based on the industry standards. A recruitment consultant will also be able to provide "real time" information on compensation structures in the local market and the strength of the in-house counsel job market generally.

Depending on the organization, a better comparator may be the compensation of



### ← For reviewers

#### BE PREPARED

If you want to make the most of any conversation regarding performance or compensation, you should be well prepared. Keep in mind that most lawyers talk with each other informally about compensation and career opportunities and you do not want to be learning about the market from them during the yearly review. Information is power and you want to make sure you know all you can about your industry, your organization and the individual you are talking to.

**It's all about being "in the know"**

#### KNOW YOUR INDUSTRY

Most in-house counsel will compare themselves to others in the same industry. Therefore, you should know when yearly reviews happen at other organizations in your industry so you can position yours appropriately. You should also know what the average annual salary increase and bonus look like at other organizations in your sector. Lastly, you should have a good sense of where the industry as a whole is trending. Is there anticipated growth or decline? What will be the challenges or opportunities faced by your industry? Giving this some thought will allow you to speak to in-house counsel's concerns about the industry as a whole and their career progression within it.

#### KNOW YOUR ORGANIZATION

Be honest with yourself and in-house counsel regarding your own organization. Highlight your own competitive advantages but do not shy away from the down side either. Doing this helps establish credibility and trust. Every organization has internal struggles and while you do not want to shine too much light on that, you need to address it in a fair and reasonable manner. There are always trade-offs and if you want to retain in-house counsel for the long run, being upfront with them is very helpful. Be cognizant of your organization's position within your industry. Is it a market leader or is it purposefully positioned near



other in-house professional advisors within the organization itself, such as executive peers (finance and human resources colleagues) rather than in-house counsel elsewhere.

### **WHERE AM I GOING?**

One of the biggest risk factors lawyers face going in-house is a general lack of guaranteed career progression, along with the perception that their technical development may stagnate as a result. Compensation discussions are also tied closely to the scope of the role itself, which can present challenges in justifying a pay rise without a corresponding promotion with the organization. However, one way to approach this is to consider how the in-house counsel role can be adapted, both to allow the job to remain challenging, and to better service the organization as it evolves.

For example, in-house counsel may want to expand their role beyond strictly legal to other areas such as training, compliance, or matters traditionally outsourced. One counsel recently noted that at her yearly review, she proposed simple changes including updating precedent contracts and devising a training program for commercial managers on contract negotiation for lower value contracts. The net result was to free up more time for the lawyers to deal with complex and high risk contracts rather than farming them out to external counsel. This provided tangible evidence on which to justify both her request for a pay rise, and to expand her role out to compliance and policy matters affecting the organization.



median for compensation purposes? How is legal as a group treated within the organization as a whole? Are they benchmarked against other professionals or do they have their own scale? Having thought about these questions will help answer and address any concerns in-house counsel may have and help them understand their position and progression within the organization.

### **KNOW THE INDIVIDUAL**

This is perhaps the most important element. Effective managers can overcome many obstacles represented by the industry and the organization by focusing on the individual. Many in-house counsel make the decision to move in-house for reasons other than money and as such appreciate when they feel valued and vested. Providing highly specific and timely feedback on a constant ongoing basis can help create a team dynamic which can withstand many challenges. Do not only wait for the yearly or quarterly reviews for discussions of this nature.

To make the most of the year end review, both parties must approach the process with an understanding of what they are hoping to accomplish and be ready to openly and fully discuss the individual's goals and how they relate to the organization and industry as a whole. In particular, talking to a professional market observer is a great way to gain insight and be well prepared for the year end review. **END**

