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In-house lawyers enjoy life on the inside of business

Making decisions, casting off billable hours

by Maria Kantzavelos

Mike Evers, who recruits attorneys for corporations throughout the country, likens the role of a company's in-house lawyer to Robert Duvall's portrayal of Tom Hagen, the Corleone family's "consigliere" in *The Godfather*.

"The in-house lawyer is the counselor, the person to whom the CEO turns," said Evers, founder of Chicago-based Evers Legal Search. "The lawyer in-house is often the first voice, and that is very appealing to many lawyers."

It was about 20 years ago that the idea of moving from law firm to law department began to show some promise for lawyers, said James S. Wilber, a principal of the Pennsylvania-based legal consulting firm of Altman Weil Inc.

"We were just starting to see in-house lawyers not being looked at like a second-class citizen," Wilber said. "Before then, in-house lawyers were looked at as those who couldn't make it in law firms."

Today the positions of in-house counsel are highly sought. Attorneys clamor for spots in corporate legal departments, and companies are competing with law firms for top talent.

"The thought was, a law firm practice was far more sophisti-



Heather C. Steinmeyer

cated work, was more interesting and cutting-edge," Evers said. "What's happening now is the caliber of the lawyers who are going in-house has continuously gotten better, and the pay of in-house lawyers has gotten better. The work of in-house lawyers continues to get more interesting. The model has been reversed."

Chicago Lawyer recently talked with a cross section of lawyers practicing in the legal departments of corporations and other organizations — from staff attorneys at small companies to lawyers serving as general counsel at Fortune 500 companies — about the allure of moving in-house.

Some said they felt like they played a greater role in making business decisions at their companies, while others pointed to feeling that they're part of a cohesive team working for the benefit of the



Jason Brown

company. Many said they loved working for just one client.

"We've got this great trust relationship, which you just don't get at a law firm anywhere because you're always switching clients," said Lisa Henrickson, who focused on litigation in law firms for several years before joining the legal department at MCI Inc., which is now Verizon Business. "For me, that was a big thing, to feel like you're really helping people."

Taking the wheel

For many in-house counsel, the opportunity for constant contact with one client translates to playing a more meaningful role in a company's business objectives.

As senior counsel at PepsiAmericas Inc., Jason L. Brown said he likes being "entrenched" in the operation of the Schaumburg-based beverage company's business

and focusing all his attention on one client.

“It is very easy for you to quickly learn and understand exactly what is in your client’s best interest,” Brown said. “You’re here every day. You live and breathe the company, so you know where the company stands.”

Unlike many of their law firm counterparts, who tend to juggle the needs of multiple clients, in-house counsel said they like being part of a team that takes a more proactive approach to legal work.

“The biggest difference is that... you get to know your clients because they’re on the team with you,” said Michael R. Booden, an attorney in the law department of the U.S. Postal Service.

That inside advantage gives lawyers the chance to work toward preventing problems from occurring, compared to the work of many law firm lawyers, who generally enter the picture after something has gone wrong, Brown said.

“I can pick up a file from its infancy, resolve it and actually put mechanisms in place at a company so it won’t happen again,” said Brown, who is one of a half dozen lawyers practicing in his law department. “Instead of being a hired gun to come in and kind of save the day, I can be more of a constant asset to a company. I can work to protect and preserve its liability on a day-to-day basis, as opposed to when the phone rings.”

Booden described the difference this way.

“Once the fire starts, then there is a limited number of things you can do — it’s always damage control,” said Booden, a former president of the Chicago chapter of the Association of Corporate Counsel. “When you’re able to learn the business, how to work with the people that are depending on you on a daily basis, then you can be more proactive, rather than reactive.”

Open field

In-house attorneys might focus

on particular areas of law, such as employment issues, or on a wide array of legal matters.

For Brown, who joined PepsicoAmericas Inc. after working as an associate at Ungaretti & Harris, variety in his work has “kept me glued to my seat.

“I’ll have a contract dispute on one hand; I’ll have a major accident fatality, possibly, on the other hand; I may be negotiating a contract with a major sporting venue; and one thing as simple as a product

Brown: “You live and breathe

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liability case. And it all happens in one day,” Brown said.

The U.S. Postal Service’s Booden said he spends about 60 percent of his time handling labor and employment litigation. The rest of his time is devoted to training employees on maintaining compliance with employment discrimination laws and providing advice on how to correct or avoid discrimination-related problems.

Henrickson, an associate counsel for Verizon Business who supports sales branches, said she spends up to 80 percent of her time drafting and negotiating contracts with large corporate customers. The remainder of her time is focused on resolving pre-litigation customer disputes and providing advice to sales teams.

Heather C. Steinmeyer, a former partner in the intellectual property practice at Bell Boyd & Loyd, said she was pleasantly surprised by the variety of matters that landed on her desk in her first week in the law department of the Blue Cross & Blue Shield Association.

“It contradicted some of my earlier concerns about the world-

view narrowing in-house,” said Steinmeyer, senior brand counsel at the association.

“In-house law departments are sometimes leaner, so people have to be prepared to deal with more issues than you may have as a specialist at a law firm. It’s broadened my horizons. I still focus on IP, but we do have to be a jack of all trades.”

For Simon B. Anolick, a lawyer focusing on intellectual property issues at Motorola, having more control over the type of projects he works on is one of the advantages of working in-house.

“I like being able to choose work and having the ability to send work to outside counsel,” said Anolick, who prepares and prosecutes patent applications. “I can say, ‘This is where the excitement lies, and this is where the drudgery lies, and what do I want to do?’ ”

Recognizing the many benefits of working for one client, Daniel A. Cotter, deputy general counsel for Argonaut Group Inc. and general counsel for Argonaut Select Markets, pointed out a potential downside.

“Your career and job security is as good as the one client,” Cotter said, referring to corporate restructurings that could have an impact on the size of a company’s legal department.

Making the jump

William A. Von Hoene Jr., who was recently appointed senior vice president and general counsel for Exelon Corp., moved in-house after 19 years of practice at Jenner & Block, where he was a senior partner handling complex civil and criminal litigation.

An in-house lawyer, Von Hoene said, can operate from a “holistic vantage point.”

“The responsibility is not just to prevail in a particular matter, but in what makes business sense as a whole,” Von Hoene said. “It’s a very different perspective which has allowed me to learn a tremendous

amount and also has been pretty exhilarating.”

Brooks Newman was handling regulatory compliance issues and transactions in his health law practice at Gardner Carton & Douglas when a recruiter told him about a newly created position in the law department of a company that helps health plans screen requests for diagnostic tests.

Although he wasn't looking to leave the firm, he said he saw his move in January to Deerfield-based American Imaging Management Inc. as a chance to learn the inner workings of an industry that interested him.

“It still maintains a high legal component, but there's also additional business implications in your analysis,” Newman said. “At a firm, a lot of times you're just asked to analyze the purely legal aspect of things.”

As a mother of a young son who had just made partner in her firm, Steinmeyer said she was struggling to strike a balance between work and home life when she moved in-house.

“I remember immediately feeling some relief getting the billable hour monkey off my back,” Steinmeyer said. “I appreciated not having that artificial layer of stress overlaid on top of the work.”

Many in-house lawyers said they were happy to say good-bye to the pressure of having to log billable hours and building a book of business.

“I find in-house practice very satisfying because it is really about the practice of law: It's not at all about the business of law,” said Susan R. Lichtenstein, corporate vice president and general counsel at Baxter International Inc. “It's not about how many clients did I bring through the door, how many hours did I bill last year. It is about solving problems and helping my company accomplish its business goals.”

For Motorola's Anolick, moving in-house after about seven years at

Gardner Carton & Douglas meant he could avoid the partnership track tasks he had been dreading.

“I wasn't looking forward to recruiting business, having to go out and knock on doors and give sales pitches,” Anolick said. “It also becomes how you're valued in the firm — how much money you bring in, as opposed to the quality of your work.”

Lifestyle

While many in-house lawyers who've made the transition from a law firm said they enjoy more control over their schedules and greater predictability in their professional lives, they are quick to acknowledge that doesn't necessarily translate to less work.

“The notion that in-house lawyers don't work as hard as outside lawyers is a myth,” said Roderick A. Palmore, general counsel at Sara Lee Corp.

Argonaut's Cotter explained the difference this way.

“You don't have total control over your schedule in-house, but you definitely have more control,” Cotter said. “You have one client — you know what their needs are and what needs to get done.”

“One of the perceptions way back was that it was kind of an easier career path in terms of lifestyle, hours and demands,” Cotter added. “But there have been times I've put in 90 hours a week working on a deal. Once you're done with those projects, life becomes more normal.”

Because employees at corporations generally work regular business hours, the schedule of an in-house lawyer can involve a great deal of juggling, said Natalia Delgado, general counsel at Huron Consulting Group.

“It really compresses your workday; it's very intense,” said Delgado, speaking to lawyers at a recent career fair presented by the Chicago Bar Association.

For the most part, Steinmeyer said it is easier to reach a work-life

balance. “On average, I have breakfast and dinner with my family every day, and I don't go to the office on the weekends, which is amazing,” Steinmeyer said. “One of the ways in which we get that balance is that when we work, we work hard. People here tend to buckle down, nose to the grindstone and get in and get out.”

Without the pressure of having to log billable hours, “every bit of work counts as work. If I'm reading a case, staying current in my area of law, at a law firm I couldn't bill that — you had to eat that,” Steinmeyer said. “We have deadlines, we have crunches, we have clients who are demanding. Some of the stresses are the same, but there is one stress that is gone immediately.”

Work schedules of in-house lawyers can vary according to the industry. Lawyers working in health-related industries, for example, can have less predictability, Altman Weil's Wilber pointed out.

Such is the case for Charles E. Reiter, general counsel for Loyola University Health System.

“It's not less work. For me, it's more,” said Reiter, who said he is always accessible to doctors and other clients in the health system via pager, cell phone and e-mail. “I'm always on. If you work in a business that never closes, there's always a service.”

Moving in-house from a premier law firm generally translates to a reduction in pay. Most lawyers tend to accept comparable salaries or less than what they were earning in a law firm, Wilber and other experts said. The difference in pay can depend on factors such as the level of the position, the industry and size of the corporation.

“If you are the chief legal officer, then you can make the big money that partners at law firms make,” Evers said. “If you're not sitting in that general counsel chair, then there is a significant decrease in the compensation level.”

Many in-house lawyers said they took a cut in pay to make the move,

but they pointed out that full compensation packages from corporations — which can include bonuses, stock options and 401(k) contributions — often help make up for the reduction, and can sometimes mean more money.

“There are some very wealthy [in-house] lawyers running around,” said Steven Shapiro, executive vice president and corporate secretary at First Midwest Bancorp Inc., who practiced in law firms for 12 years before moving in-house. “You get a certain amount of options over the year, you hang onto them and they increase in value — it could be very lucrative.”

Compensation for in-house lawyers has been on the rise, according to a 2005 survey of U.S. corporate law departments published by Altman Weil Inc. and

the Association of Corporate Counsel.

The survey found that median salaries for chief legal officers increased 4.1 percent compared to 2004; lawyers in mid-level management positions earned 5.4 percent more; senior attorneys in non-management positions earned 6.2 percent more; and staff attorneys reported an increase of 4.7 percent.

According to the survey, the national median salary in 2005 for chief legal officers was \$280,000 and \$129,000 for senior attorneys. The median salary for new law school graduates was \$60,000, which reflected no change from 2004.

Corporate law departments also reported a significant increase in median annual bonuses over 2004, as well as a rebound in stock option

values after significant decreases in 2003, the survey found. Options for chief legal officers rose 43.6 percent to a median of \$888,600, while options for division general counsel saw a 14.5 percent increase to \$284,400.

Baxter’s Lichtenstein, a former counsel to Gov. Rod Blagojevich who spent several years in big law firms, pointed out a main difference between working in-house and as outside counsel.

“I really enjoy being part of something, as opposed to being a consultant, which is, after all, what outside counsel really are,” Lichtenstein said. “It’s two very different kinds of skill sets. In-house lawyers bring something to the table that outside counsel can’t: an in-depth knowledge of their industry.”★