

OCS Weekly Bulletin

October 7, 2008

Upcoming OCS Programs & Career-Related Articles

What's Inside

Upcoming OCS Programs, Page 1

Career-Related Articles, Pages 2-6

About OCS

The Office of Career Services (OCS) serves as a bridge between students, alumni and employers. The staff helps students and alumni to shape and realize their career goals. We also provide counseling, workshops and resources on judicial clerkships, international opportunities and non-law alternatives.

OCS is open Monday through Friday from 8 a.m. to 5 p.m. The office is located on the first floor in Room 143 in the Law School's office building on Nathan Abbott Way.

Upcoming OCS Programs

1L Spotlight Lunch Series

NOTE: Attendance is limited to those students who were assigned a spot through OCS. If you have any questions about the Spotlight Lunch program, please contact Laura Flores at lflores@law.stanford.edu.

M&A - Monday, October 13th featuring Tom Ivey from Skadden

Bank Lending & Securitization - Tuesday, October 14th featuring Warren Loui from Mayer Brown

Emerging Growth Companies - Wednesday, October 15th featuring Brooke Stough from Gunderson Dettmer

Civil Litigation - Thursday, October 16th featuring Richard Yankwich from DLA Piper

Employment - Thursday, October 16th featuring Holly Sutton from Farella Braun

White Collar Crime - Friday, October 17th featuring Matt Jacobs from McDermott

Supreme Court Clerkship Orientation

Attention 3Ls who applied for a clerkship with the U.S. Supreme Court over the summer...

Please attend this clerkship orientation workshop on **Thursday, October 16th at 1:00pm in Room 185.**

Career-Related Articles

• **More Firms Detail Part-Timers' Path to Partner**.....Pages 2-3

An increasing number of law firms are codifying policies specifying how associates who opt for part-time or flex-time schedules can ascend to partnership. One firm, Fish & Richardson, instituted a policy outlining reduced-hours options and partnership expectations after approving alternative arrangements on an ad hoc basis for years, says Nancy Stagg, a principal in the San Diego office who is also national chairwoman of the firm's diversity initiative. "We looked at it as a good retention tool," she says.

• **Associate Pay Unlikely to Rise**..... Pages 3-4

Nearly a year ago, Williams & Connolly defied the economy's gravity and pushed first-year associate salaries to \$180,000. If recent history is any guide, an increase like that is usually what sends firms scrambling to catch up. But instead of triggering another salary boom, the Williams & Connolly increase appears to have ended a three-year salary streak for Biglaw associates. "I don't anticipate any jumps this year. I just don't see it happening," says Wiley Rein managing partner Richard Wiley.

• **Economic Tailspin Hasn't Slowed Law Firm Mergers in '08**.....Page 5

An economic tailspin hasn't slowed law firm mergers so far in 2008. Combinations in the first three quarters of the year kept pace with the number of mergers in the same period last year, according to Hildebrandt International's MergerWatch. From Jan. 1 to Sept. 30, total completed mergers equaled 49, compared with 47 mergers in the first nine months of 2007. And merger totals by the end of the year likely will mirror last year's tallies, says Hildebrandt consultant Lisa Smith.

• **Women Buzz About Bridging Pay Gap**.....Pages 5-6

The gender pay gap has always been a sore subject bubbling near the surface of law firms across the nation. Now it has boiled over the top. A recent report by the U.S. Census Bureau shows that women lawyers still earn far less than their male counterparts. The statistic didn't surprise anyone, but it triggered a fresh round of debate. Arent Fox partner Bernice Leber says the salary gap won't shrink until more women make managing partner and more women sit on executive compensation committees.

More Firms Detail Part-Timers' Path to Partner

Sheri Qualters

The National Law Journal

October 01, 2008

An increasing number of law firms are codifying policies specifying how associates who opt for part-time or flex-time schedules can ascend to partnership. They include Fish & Richardson, Morrison & Foerster and Boston's Ropes & Gray, which all inked or revised policies this year.

They join firms that have taken similar steps in the past couple of years, including K&L Gates and New York's Cleary Gottlieb Steen & Hamilton.

Other firms have more long-standing policies, including Bingham McCutchen; Foley & Lardner; Boston's Goodwin

Procter; Perkins Coie of Seattle; New York's Sullivan & Cromwell; and Wilmer Cutler Pickering Hale and Dorr.

Firms say they want to assure lawyers who need part-time or flex-time schedules that their long-term partnership prospects are still viable.

Firms also say they're creating official policies because they want everyone in the firm to treat lawyers opting for alternate schedules the same as other lawyers.

Ropes & Gray, for example, rolled out its new "Impact" program last month to allow associates facing family or health demands to craft a work plan involving some

combination of reduced hours, working off-site and flexible hours. Participants' plans could also include a lengthened path to partnership.

ALTERNATE ROUTES

The program an associate puts together with his or her practice group head and the firm's career guidance manager will determine how soon he or she makes partner while on the alternative schedule, said Joshua S. Levy, a Boston litigation partner at Ropes & Gray and co-chairman of the firm's Impact committee.

(continued on next page)

Career-Related Articles

More Firms Detail Part-Timers' Path to Partner

(continued from page 2)

"We had a concern that people may not be aware how flexible we could be and that it wasn't a cookie-cutter approach," Levy said.

Sometimes lawyers take other jobs or leave the work force without fully exploring their options, Levy said.

Morrison & Foerster revised a long-standing partnership policy this year and implemented its new policy in March to clarify what alternative work arrangements meant for compensation and partnership, said Anna Erickson White, a Palo Alto, Calif., partner and one of the firm's three managing partners for operations.

Although working part time may delay an associate's partnership promotion, the policy makes it clear that lawyers are "still going to be evaluated under the same criteria," White said.

"What's clearer is how much you have to work on a reduced schedule before your [partnership bid is] delayed for a year," White said.

Last November, Fish & Richardson instituted a written policy outlining reduced-hours options and partnership expectations after approving alternative arrangements on an ad hoc basis for years, said Nancy Stagg, a principal in the San Diego office who is also national chairwoman of the firm's diversity initiative.

The policy explains that working reduced hours, or up to 30 percent less than Fish & Richardson's annual 1,900 billable-hour requirement, won't affect promotion, but it may delay it if the reduced-hours arrangement is long term, Stagg said.

"We looked at it as a good retention tool," Stagg said.

The firm also assigns a principal to monitor the work assignments of each associate in the reduced program to ensure they're quality assignments, Stagg said.

"You won't retain people if they work less hours but don't have a good experience," Stagg said. "We want to make sure the situation is monitored."

Explicit policies are also key to getting everyone else in the firm to support the lawyers who are using the part-time or alternative schedules, said White.

"It's important that the firm is supportive of working parents for recruiting and retention needs," White said. "[We want] to make sure people are treated the same and the same questions don't keep coming up over and over."

Associate Pay Unlikely to Rise

Brian Katkin

Legal Times

October 01, 2008

Nearly a year ago, Williams & Connolly defied the economy's gravity and pushed first-year associate salaries to \$180,000 -- certainly, the highest starting pay for a big Washington, D.C., firm and above the rates paid by many New York players.

If recent history is any guide, an increase like that is, usually, the kind of thing that sends firms scrambling to catch up. But instead of triggering another salary boom -- one that might have pushed first-year associate pay through the \$200,000 barrier -- the Williams & Connolly increase appears to have ended a three-year salary streak for Biglaw associates.

Pay, top partners say, is going to hold steady for a while -- particularly, as firms grapple with fallout from the Wall Street

tumult.

"I don't anticipate any jumps this year. I just don't see it happening," says Richard Wiley, managing partner of Wiley Rein.

If anything, associates may have to work harder for their money. Legal consultants predict a sharp drop in profits for many firms over the next year, and with associate pay hikes adding costs to the bottom line, partners are going to be pushing harder for more hours.

At Ropes & Gray, for instance, partners just instituted a firmwide billable-hours goal for new associates: 1,900 hours. It's a first for the firm, though partner William Knowlton, a member of the firm's policy committee, says the number "is not unreasonable and sets an expectation." He maintains that the new goal has

nothing to do with the associate salary increases. Instead, he says, "this helps provide them with guidance."

Meanwhile, a few firms are moving away from lockstep associate pay. At McGuireWoods, the firm is phasing in a system of paying market rate for the first two years and then setting pay based on performance. "There's a difference between someone who is doing just OK and someone who is doing really great work, and that difference is not just a couple of thousand dollars," says Thomas Cabaniss, managing partner of McGuireWoods.

Howrey, too, is retooling its pay system. As The American Lawyer reported in August, the firm, beginning in January 2009, will create a model that will

(continued on next page)

Career-Related Articles

Associate Pay Unlikely to Rise

(continued from page 3)

attribute salary increases to performance. Robert Ruyak, Howrey's managing partner, said last week that associates at Howrey who do not meet performance and competency standards will be counseled by the firm. Then, he says, if performance doesn't improve, the firm's recruiters "will help them find another place that's a better fit."

A few, however, counsel caution. Top firms still need to recruit talented lawyers: If they fall too far behind the salary curve, they'll be in trouble when the current financial crisis subsides.

"When the economy rebounds, all firms will be back in the war for talent; the problem is the demographic reality," says James Jones, a vice president with Hildebrandt International. "If you look at the demands among large firms, there's a great mismatch -- a greater demand than supply for top young lawyers. It's a sellers' market in which prices go up. I don't see anything fundamentally that's going to change that demographic reality. It might be just held down during a downturn."

ASSOCIATE PAY UP, BUT SO IS BILLING

The increase in associate pay added \$1 billion to firm overhead in 2007, according to *The American Lawyer*. Still, the magazine reports, that was less than 1 percent of the overall gross of the Am Law 200. In fact, associates had been billing at a far healthier pace -- which helped the bottom line considerably. At firms like Covington & Burling and McKenna Long & Aldridge, associates added an average of 200 more hours per year from 2003 to 2007, and Shearman & Sterling associates put an average of 400 more hours on the books, according to *The American Lawyer's* annual survey of midlevel associates, published in August.

With those kinds of numbers, "the market is paying more for that talent," says Bobby Burchfield, the co-managing partner of McDermott Will & Emery's D.C. office. "Firms are buyers in a market where great talent is scarce."

But the new paradox for associates is that they're going to be under increasing pressure to bill more at a time when work is far more scarce.

That's not an attractive proposition to some. They are already struggling to find ways to balance the new billable-hour requirements and meet expectations, and firms acknowledge the hours aren't for everyone.

D.C.'s Sterne, Kessler, Goldstein & Fox increased billable hours from 1,850 to 1,900 in 2000. Cynthia Bouchez, a sixth-year associate with the firm, says Sterne Kessler started putting more pressure on associates to bill more hours at higher rates in recent years. "The increase forced associates to become more efficient and do more in less time," Bouchez says. "It really squeezed associates."

The firm introduced a program in 2005 to offer more work-life flexibility, which allows associates such as Bouchez to set a lower target for billable hours (Bouchez's is 1,700 hours). Associates in the program make proportionately less money, which Bouchez says is "a sacrifice, but it gives me a better balance of work and a life."

'GREATER DEMAND THAN SUPPLY'

Remaining flexible about issues like hours may give firms -- particularly, smaller shops like Sterne Kessler -- the ability to remain competitive for talent if salaries rise when the economy comes back. The problem for many firms is that they won't be able to match the next round of increases.

"They don't have the underlying law firm economics for that heavy expense. The next time it happens, probably a New York firm will be throwing down the gauntlet, saying, 'We dare you to match this,' and some D.C. firms will have to go along at the \$160,000 rate because they don't have the extremely premium practice-level work," says legal consultant Bruce MacEwen, who writes about law firm finance for his blog, Adam Smith, Esq.

But Jones of Hildebrandt International says firms can't afford to stop competing for talent. And Latham & Watkins D.C. managing partner Eric Bernthal says the downturn doesn't change his firm's long-term need to keep replenishing with qualified associates. "Anybody who makes these judgments on short-term analysis is being foolish," Bernthal says.

Clients, however, may have the biggest effect on how firms proceed on the pay front. Corporate Executive Board corporate counsel Pamela Auerbach, a former partner with Kirkland & Ellis, uses that firm and several others, including Arent Fox and Covington & Burling, as outside counsel. She says she requests that first- and second-years are not staffed to work on CEB matters -- usually, corporate governance issues, securities work, and employment. "These are all things where you have to actually know something to provide advice," Auerbach says. "Frankly, for my matters, first- and second-years just don't bring enough value to the table."

Career-Related Articles

Economic Tailspin Hasn't Slowed Law Firm Mergers in '08

Leigh Jones

The National Law Journal

October 2, 2008

An economic tailspin hasn't slowed law firm mergers so far in 2008.

Combinations in the first three quarters of the year kept pace with the number of mergers in the same period last year, according to Hildebrandt International's MergerWatch.

From Jan. 1 to Sept. 30, total completed mergers equaled 49, compared with 47 mergers in the first nine months of 2007. Thirteen of the 2008 mergers occurred in the third quarter.

The largest merger in the third quarter was between Orrick, Herrington & Sutcliffe and Holters & Elsing in Dusseldorf,

Germany. The second largest merger was between K&L Gates and Kennedy Covington Lobdell & Hickman in Charlotte, N.C.

The average size of the smaller firm in all of the third-quarter combinations was 45 attorneys, compared with 39 attorneys in the third quarter of 2007.

The southeastern region of the country was the top destination for domestic mergers in the third quarter, with one each in Atlanta; Memphis, Tenn.; Mobile, Ala.; Charlotte; and Greenville, S.C. The two Midwest mergers were in Cleveland and Chicago. The Orrick merger was the only

cross-border deal.

Merger totals by the end of the year likely will mirror last year's tallies, said Hildebrandt consultant Lisa Smith. Law firms will continue to look for ways to remain competitive through mergers, she said.

However, fewer mergers will arise from "white knight" situations in which law firms seek combinations as a last resort. Fewer firms will be willing to assume to rescuer role, she said.

Women Buzz About Bridging Pay Gap

Tresa Baldas

The National Law Journal

October 03, 2008

The gender pay gap has always been a sore subject bubbling near the surface of law firms across the nation.

Now it has boiled over the top.

A recent report by the U.S. Census Bureau shows that women lawyers still earn far less than their male counterparts. The statistic didn't surprise anyone, but that didn't stop it from triggering a fresh round of debate on scores of blogs and within women's legal circles.

Sentiment among women attorneys is as wide as the pay gap. While some assert the problem is as bad as ever, others believe there has been distinct progress in closing the gap. In fact, a similar census study from 2000 does show a narrowing of the pay gap.

The most recent census study found that in 2007 women attorneys earned about 78 percent of men's median salaries, or \$120,400 compared with \$93,600.

It goes downhill from there.

Women in all legal occupations, including judges, magistrates, law clerks and court reporters, earned only about 51

percent of men's median salaries in the field. Census Bureau researchers explained that lower salaries held by women in lower-ranking positions, such as clerks and researchers, dragged down the overall number.

But a 2000 U.S. Census Bureau report found that women attorneys earned 73 percent of what men did, compared with the 78 percent figure of today.

Also, a 2007 study by the National Association for Law Placement (NALP) shows that first-year female associates earned 89 percent of their male counterparts, or \$62,500 compared with \$70,000. The surveys' findings differ because they looked at different things. For example, the Census Bureau surveyed attorneys of all ages and ranks, including associates and partners. NALP looked at salaries of only first-year associates.

Attorneys offered a wide variety of reasons for the gap: Some say women are working less -- either out of choice or necessity -- due to family obligations. Some say women are still afraid to ask for more

or negotiate for more. Some say pure sexism still exists, where the "good-old-boy network" dominates and men are valued more than women.

But despite the existence of a pay gap -- regardless of its size -- many women attorneys are optimistic.

"Things don't change overnight, but in my 24 years of practice, I've seen improvement in the pay gap and in women being big players in the firms," said Elaine Koch, a partner in the Kansas City, Mo., office of Bryan Cave who recently edited a book for the American Bar Association on how to eliminate bias toward female lawyers. Koch, a litigator who heads the firm's labor and employment practice, said she was "distressed" to learn of the recent salary gap figures.

But why is it still a problem?

"I've read reports that say women are less likely to ask for more, to negotiate for more. I think women are recognizing that and are encouraging each other to ask for what they deserve," Koch said, later adding, "The numbers don't necessarily prove

(continued on next page)

Career-Related Articles

Women Buzz About Bridging Pay Gap

(continued from page 5)

that there's discrimination."

Koch believes law firms are also working to ensure women are treated equally in terms of pay.

"The good firms and the big firms -- they're really making an effort not to have a system that harms women because of any good-old-boy network," she said, noting that at her firm both sexes are among the top earners. "I know we have some women who earn quite a lot. You wouldn't look at our compensation and say: Here are the men at the top, and here are the women at the bottom."

But outside her firm, things are probably different, she noted.

"I expect there is still some discrimination out there," Koch said. "I just think that it is lessening with time."

Maybe so, but men still have it better, said Bernice Leber, a partner at the New York office of Washington's Arent Fox and president of the New York State Bar Association. "Things are changing for the better. But they certainly are still -- I would say -- weighted in favor of males," Leber said.

Leber said the salary gap will shrink when more women start making managing partner and more women start sitting on executive compensation committees -- two areas that are still largely dominated by men, she said. Women also need to make more inroads with the business community and bring more clients to the firm, to shrink the salary gap.

"A lot of corporations do entrust big matters to women, and it's getting to be more the norm than the exception compared to when I started practicing," Leber said.

Jill Goldsmith, managing partner of the Phoenix office of Bowman and Brooke, agreed.

"As the importance and value of diversity is becoming more apparent to businesses across the country, any existing salary gap within the industry will likely close," Goldsmith said. "Law firms that have not yet recognized this advantage must inevitably catch up in order to retain women trial attorneys and build a practice

that clients are looking for."

She noted that at her firm, one-third of the firm's offices are led by women, 40 percent of its lawyers are female and 19 percent of its partners are female -- more than double the national average.

But some women in the legal profession paint a different picture. While they concede that women have made great strides in the legal profession, it's still a man's world, they argue, and women and men alike know it.

"There's a lot of cowboy mentality here," said Ellen Messing of Boston's female-owned Messing, Rudavsky and Weliky, who represents women lawyers alleging employment bias. "The level of gender bias that I've seen in the law firm cases that we've handled tends to be quite stark and reflects a much more overt level of bias than in many professions."

Messing, whose 20-year-old law firm includes men, said unfair compensation is among the problems she hears from her female lawyer clients, although they fear suing over it. "The legal profession is pretty harsh against those who sue their own," she said.

Messing explained that discriminatory practices lead to lower paychecks for women. She said women are often overlooked for promotions, excluded from networking activities and kept off good cases that go to men -- which affects pay.

"The promotional path for women is much slower," Messing said. "The gap could be due to the fact that women are promoted slower. It doesn't excuse it. But it explains it to some degree."

While many women attorneys were willing to talk about compensation matters, several declined comment. Some said they weren't permitted by their firms to comment on the matter. Some spoke anyway, requesting anonymity.

"In some areas the good-old-boy network is still alive," said one female partner at a large firm, who believes women need to be more assertive in demanding more pay. "The problem is women are still not good at asking for what they deserve."

But men are, she added, noting that men who write self-evaluations are much more flattering about their accomplishments than women. She has read both.

"It's always telling to me to see the difference between the memos written by men and those written by women. Men are, 'Me, me, me.' And women are, 'The team, the team, the team.'" she said. "And it's been that way for years."

Male managing partners at more than two dozen law firms were contacted for this story, but few were willing to comment.

Among those who did comment was Tim Goodell, partner in the New York office of White & Case and head of the firm's women's initiative. "Clearly, there is a salary gap, given there are more men than women in the legal profession, but in my time at White & Case, I have seen the gap narrow because more women have stayed in the profession, and therefore there are more women at the top of the pay scale," Goodell said.

Thomas "Tad" Decker, chief executive officer and president of Cozen O'Connor, said he doesn't see a salary gap between men and women attorneys, at least not at the larger and medium-size firms. "I just don't see it," Decker said. "I think where you do see a gap, however, is in the number of [female] partners. And that's changing, and in the number of people in leadership positions, but that's changing radically, too, with the high percentage of women coming out of law school."

Corporate defense attorney Neil Goldberg, past president of the DRI -- The Voice of the Defense Bar, a group of more than 22,000 defense lawyers, called the salary gap between men and women attorneys a "pressing issue."

"I think that internal equity in law firms goes to the very essence of what professionalism should be in the community of lawyers across the country," said Goldberg of Buffalo, N.Y.-based Goldberg Segalla. "To say that we want to be