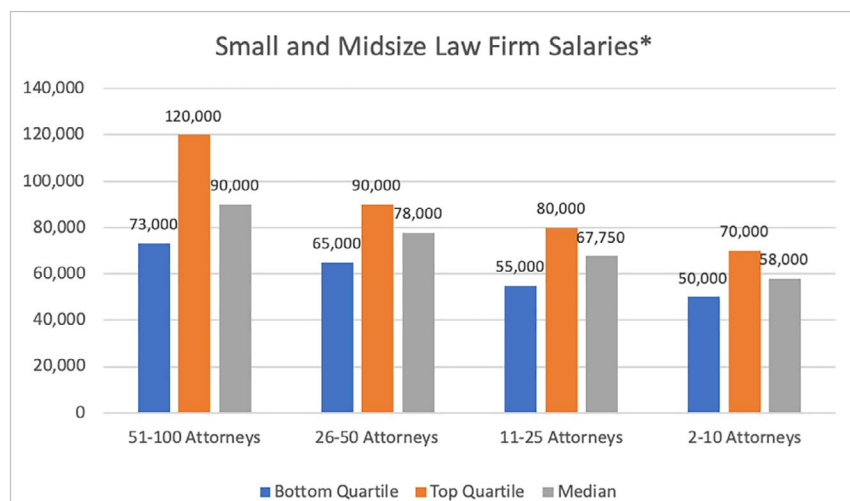


Salary Data Offers Insights for Smaller Firms

When it comes to attracting talent from law schools, small firms can feel like underdogs. They may lack the glamour of larger firms, and their offices probably don't have cafeterias, gyms and dazzling artwork. And, let's face it, most firms—but not all—with 100 or fewer lawyers can't pay big firm salaries.

With starting pay for freshly minted lawyers now pegged at \$190,000 at some national firms, their smaller counterparts may feel priced out of the market for promising graduates. But don't despair. There are steps that smaller firms can take to attract and keep good talent.

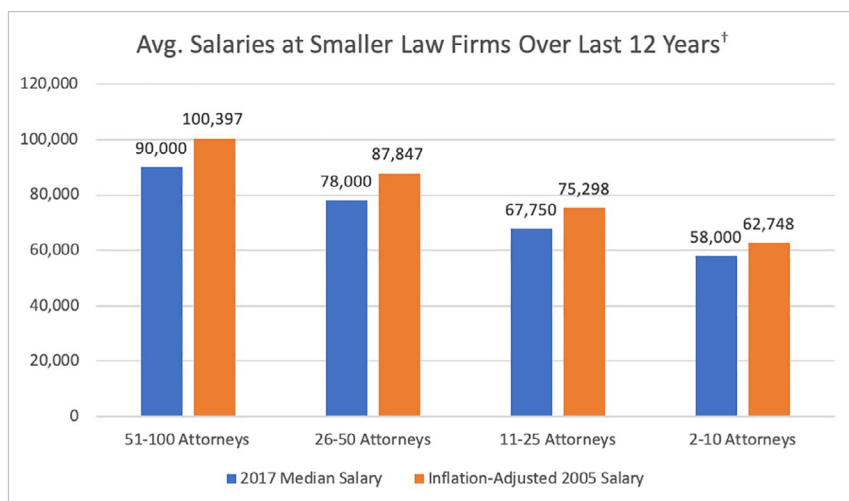
First, to attract strong candidates, smaller firms need to take an honest look at whether their salaries are competitive within their market. Luckily, there's a wealth of good data out there to help figure this out. The [National Association of Law Placement](#) surveyed associates from the class of 2017 (the most recent data available), including more than 9,600 who worked at firms with 100 or fewer lawyers.



*Data from 2017 National Association of Law Placement Survey

This data shows a significant spread in starting pay at similarly sized smaller firms, especially among firms with 51-100 lawyers. This chart identifies the median salary paid by firms of various sizes, as well as average salaries paid by firms in the bottom and top quartile of those groupings. For firms that have been setting their salaries based on gut feel and anecdotal reports of what's happening in the market, this will give them a better idea of where they stand relative to their peers.

The data also offers some (unwelcome) insight into how small firm salaries have fared over time. The website [Law School Transparency](#) compared the median 2017 salary to an inflation-adjusted median salary from 2005. It found that over the last 12 years, average associate salaries at smaller firms have not been keeping pace with inflation. This is what they found:



†Data from [2017 Law School Transparency Study](#)

There's a pretty sizeable gap between the 2017 median salaries and the inflation-adjusted numbers. If you're wondering how the big firms fared in this comparison, they're beating inflation. Their \$180,000 starting salary from 2017 is 15% higher than the inflation-adjusted starting salary from 2005.

At the same time, keep in mind that many students now carry enormous student debt, which will influence their job decisions. Tuition increases have far exceeded inflation, and those in the class of 2018 who borrowed to attend law school graduated with an average debt of \$115,481, [according to Law Firm Transparency](#).

So, yes, those financial pressures may be pushing law graduates toward larger firms. At the same time, we know that not all desirable law school graduates chase the biggest salaries. Many young lawyers now prioritize lifestyle choices, including jobs that don't demand punishing hours. Or they may not want to live in big cities with the exorbitant rents and painful commutes that can come with them. They may prefer a smaller city or town where life is more affordable and relaxing.

If you want these candidates, you may need to buff up your policies and perks for associates. As a good start, convene a meeting of your associates to gather feedback about how well your firm pays attention to quality of life. You're not running a resort, but you will likely discover some new ways to keep associates happier, including improved parental leave policies, gym memberships, reasonable hourly billing requirements and attractive pro bono policies. These new perks may even pay for themselves if your associate retention rate improves and you don't have to invest as much in finding and training new lawyers.

Regardless of the decisions a firm ultimately makes with regard to compensation, it's best to start with a clear strategy and good information. Effective strategies for talent retention can be as varied as firms themselves, from targeting law grads with the best grades to identifying the hustlers who worked their way through school with bartending gigs that gave them invaluable people skills. Whatever they are, those strategies should be backed by information about the competitiveness of the firm's salary offerings, and thanks to organizations like NALP and Law Firm Transparency, we now have it. Firm leaders would be wise to dive into their data before finalizing their recruiting strategies.

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