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A View from the Other Side: My Life as an In-House Attorney

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Are you overworked? Tired of stressing about your billable requirements? Dissatisfied with the level of responsibility you are given or the quality of your deals? Miss having a life outside of the law firm? Not confident in the ability to make partner at your law firm? Been daydreaming lately about finding the perfect in-house position?



Well, before you make that jump, it is very important to fully understand the advantages and disadvantages of being an in-house attorney because the decision to go in-house is a very serious one that could greatly affect your long-term career. Once you make the jump, it can be very difficult to return to private practice primarily because law firms will question your commitment to returning on a long-term basis. Thus, every effort

should be made to ensure that your decision to go in-house is a well-informed one.

I practiced law for approximately 10 years, as both a law firm associate and an in-house attorney, and I wanted to share my experiences as an in-house attorney to help anyone thinking about going in-house understand the advantages and disadvantages of doing so before making that jump.

My Life as a Law Firm Associate

I was an associate in the Los Angeles office of an Am Law 50, New York-based law firm for approximately five years. My experience as a law firm associate was generally very positive for a variety of reasons: no minimum billable-hours requirement, top-of-the-market New York salary, significant responsibilities on sophisticated deals, and a collegial atmosphere. In addition, I was told I was on partnership track.

I had no interest in making a lateral move to another law firm. However, I knew for various reasons that I did not want to become a law firm partner. So, at the end of my fourth year, I decided that I should probably start seriously thinking about my long-term career plans.

Thus, I was pretty excited when one of the firm's clients approached the head of my practice group to see if I would be interested in joining their in-house legal department. This

client was a very reputable, well-respected private equity/ investment management company for whom I had worked on several matters. At the time I figured that this was a "dream job" come true. After all, wasn't the ultimate goal for all mid-level associates like myself to go in-house? How could I refuse a perfect in-house opportunity that basically fell into my lap? Thus, after meeting with the general counsel and doing some more due diligence on the company, I gladly accepted the offer to join the in-house legal department.

My Life as an In-House Associate

First of all, I want to stress that my experience as an in-house attorney was very positive on an overall basis. I was very fortunate in that I strongly believe my in-house position proved to be one of the best opportunities out there. However, I consider myself extremely lucky because I have heard too many horror stories from in-house attorneys desperate to go back to a law firm after nightmarish in-house experiences. Also, while my experience was generally very positive, there were definitely some aspects of the job that debunked the numerous myths about being an in-house attorney.

Myth No. 1: Going In-House Means Fewer Hours and a Better Lifestyle.

One of the main reasons attorneys go in-house is that they believe it will provide them with a better lifestyle and they will not have to work as many hours. This is not necessarily the case.

My hours and lifestyle were generally very reasonable, but it definitely was not the cushy, laid-back position that most associates seem to expect. For example, when I first started in my in-house position, there were only three attorneys, including myself and the general counsel, in the legal department. Thus, I found myself working 12- to 14-hour days, especially because my company was experiencing quite a bit of growth at the time. My hours eventually stabilized



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as we hired more attorneys, but even when our group had grown to six attorneys and two paralegals, I still found myself working approximately 10 hours each day.

Furthermore, each day was incredibly busy, and there never seemed to be any downtime or days where I could just relax and log in seven hours of “professional reading” as I did at the law firm between deals. This was due to the fact that instead of working on one or two big deals, I typically handled approximately 20 to 30 different matters at a time. I found myself working at an almost-frenetic level from the minute I sat down at my desk until the end of the day because each morning there were inevitably several “fires” that had to be addressed before I could work on the matters that I had planned on focusing on for the day.

Part of the reason for the craziness of the days was that there was no longer a buffer between me and my “clients” — i.e., the businesspeople within my company — who would often appear in my office if I did not respond immediately to their phone calls or emails. Because there was no hierarchy of associates similar to the law firm structure, each in-house attorney generally handled his or her matters on an independent basis without any assistance from junior associates or a team of paralegals.

In addition, as businesspeople began to trust my capabilities, they often would come directly to me for advice instead of going through the general counsel. Thus, there was no “department head” who controlled my work flow. Furthermore, we did not have a word processing department, fax department, team of paralegals, or other support staff to do the “nitty-gritty” work. This meant I could no longer leave a marked-up document overnight with word processing and have it miraculously appear completely revised on my desk the next morning.

As a result, while the hours were more predictable in that I generally left the office at a reasonable hour and typically did not work on weekends, it definitely was not the easier, laid-back, stress-free practice that associates envision to be the case for in-house lawyers.

Myth No. 2: After Going In-House I Can Always Return to Private Practice if It Does Not Work Out.

Another potential disadvantage of going in-house is the inability to return to private practice. Unless you are the general counsel of a reputable, prestigious company with significant contacts that can generate business, law firms generally will not be open to your candidacy for a variety of reasons.

First, law firms will question your commitment to staying at the firm for the long term. After all, you have already indicated that your commitment level to private practice is questionable by leaving in the first place. Firms will seriously question whether you are simply returning to earn some quick money before leaving again for the next available in-house opportunity.

Second, law firms will assume that your lawyering skills have deteriorated while you have been in-house since they will assume that you have relied on outside counsel to a large extent to handle any sophisticated matters. This may not necessarily be the case, but it will be a hard assumption to overcome.

For example, as an in-house attorney, I maintained a significant amount of “hands-on” responsibility for certain matters, such as having initial drafting responsibility for private placement memoranda and limited partnership agreements and negotiating side letter agreements with investors when we were raising a new investment fund. However, for litigation matters I was no longer researching case law, drafting motions and briefs, or arguing motions in court like I had as a law firm associate. After being in-house for over five years, my skills would have been very rusty in certain areas had I decided to go back to private practice.

Myth No. 3: The Work Will Be More Exciting and Sophisticated Since In-House Attorneys Are in the Middle of the Action.

Another potential disadvantage of going in-house is the matters you work on may not be as challenging or interesting as the deals you worked on in private practice. Companies often use outside counsel for the “sexy” or complicated deals and rely upon their in-house counsel to handle the more mundane compliance and human resources matters for which it is not cost-effective to use outside counsel. There is a great chance you may end up merely overseeing outside counsel on the interesting matters. On the other hand, you may have a lot of hands-on responsibility as I did on many matters.

The bottom line is that because the role of an in-house attorney depends greatly upon the general counsel’s views as to what should be the responsibilities of the in-house legal team, there is no guarantee that your work will be as exciting, challenging, or sophisticated as your work in private practice. Every company’s approach will be very different and may also differ with each change in upper management. This means potentially less stability in that there are no checks and



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balances in the management of an in-house legal team similar to a law firm's executive committee or managing board.

Myth No. 4: In-House Salaries Are Comparable to Law Firm Salaries.

With the recent salary increases, law firm associates are making more money than ever and are enjoying the highest base salaries in history. During the Internet boom associates were leaving law firms in droves in order to join a new, high-flying startup company in hopes of reaping the benefits of a quick IPO and becoming yet another Internet millionaire.

Those days, however, are long gone. The likelihood that an in-house opportunity will have the same guaranteed salary as your law firm salary is pretty small, unless you are working for a private equity company or investment bank or you are the general counsel. In addition, while public companies may provide appealing stock options, the likelihood of reaping significant benefits depends on many factors out of your control, such as market fluctuations. The compensation structure also varies greatly between companies and industries. There is no single standard similar to that of law firms. Thus, you may be faced with a situation where you are comparing apples to oranges.

When I was negotiating my offer to go in-house, the compensation structure was very different from what I was used to. At my old firm the bonuses were the same for the entire class year and were known up front. Now, I was faced with a situation where half of my total compensation would be comprised of a discretionary bonus. I initially tried to negotiate for a higher guaranteed base salary, but the general counsel advised me that doing so would be unwise. I luckily followed his advice and was fortunate in that my compensation generally mirrored market salaries for law firm associates. However, I know that my situation was the exception to the norm.

The bottom line is that you will most likely have to negotiate in unfamiliar territory, and there are very few in-house opportunities with salaries anywhere close to today's "Big Law" salaries. Most lawyers should expect a significant pay cut as a result of going in-house.

Myth No. 5: There Is Less Risk of Layoffs in an In-House Position.

With the downturn in the economy and predictions of a recession, there is great concern regarding layoffs at many

law firms. Companies are not insulated from the concerns regarding layoffs. In fact, in-house lawyers are perhaps more at risk of being laid off than law firm associates. This is primarily true because in-house lawyers do not generate revenue for the company. Instead, they are often considered expendable overhead costs that can be easily replaced with outside counsel. Thus, your job could quickly disappear if the company runs into financial difficulties and has to downsize or close down its operations.

If you are unfortunately laid off as an in-house attorney, the ability to transition to a new in-house position is somewhat difficult. This is primarily due to the fact that there are so few in-house opportunities to begin with since most companies have relatively small legal teams that are nowhere near the size of a law firm. In addition, each company generally looks for industry-specific experience.

Advantages of Going In-House

There are definitely many benefits of going in-house. One of the best benefits of going in-house is no longer having to worry about keeping track of your billable hours. In addition, there is no pressure to develop clients or to build a book of business since the companies typically do not have "up-or-out" policies. Being the "client" was also a very nice benefit; after all, who doesn't love being the beneficiary of extravagant lunches, dinners, concerts, tickets to Lakers games, box seats at the Hollywood Bowl or the Sweet 16, and invitations to numerous amazing events?

Conclusion

Again, I would like to reiterate that my overall experience as an in-house attorney was very positive. In fact, the only reason I left was that I grew tired of practicing law. Had I wanted to continue practicing law, I would have gladly done so at my old company, which was a wonderful environment.

My goal in writing this article, however, is to provide some insight into the life of an in-house attorney and debunk several of the myths that exist about going in-house. While my experience was generally very positive, I truly consider myself one of the few lucky ones.

So, before you make that jump to go in-house, examine the reasons that you want to do so because once you leave private practice, it may be extremely difficult to go back. Perhaps a change of scenery (i.e., a different law firm or a different practice area) might change your perspective on private practice. Once you decide to go in-house, make absolutely



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sure that you do not want to return to private practice and do your due diligence on the available opportunities that you often hear about from headhunters like myself. After

all, despite our desire to believe it's true, the grass is not necessarily greener.

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