

the newlawyer

www.thenewlawyer.com.au

Strategies to respond to the Fair Work Act in the Economic Crisis
[Click Here](#)



EDITOR: KATE.GIBBS@REEDBUSINESS.COM.AU | ADVERTISING: AMY.VIVIAN@REEDBUSINESS.COM.AU

18 MAY 2009

DLA imposes pay cuts, may overhaul lockstep

IN what appears to be a major overhaul of its business, DLA Piper has joined the growing number of firms that are reducing associate salaries, while also hinting at eliminating its lockstep structure.

The US firm has started to impose salary cuts on senior associates and moving away from a traditional payment scheme, in which all attorneys who graduated from law school in the same year get the same salary, reports ABAJournal.

Under the changes, the starting salary for first-years will be reduced to \$145,000 (AUD\$195,00) in "major markets" and reduced to US\$130,000 (AUD\$170,000) in areas where it is already US\$145,000 (AUD\$195,00), a memo to staff, and obtained by Above The Law, a legal blog, stated. The firm has more than 20 offices in key US markets and another 45 offices in 27 countries.

Additionally, the memo stated that "adjustments to all associate salaries at other class levels will be determined and communicated on a case-by-case basis based on class year and performance levels."

In case this language is not understood as a potential death knell for lockstep compensation, the memo clarifies the point: "We intend to accelerate our consideration of potential alternative structures for associate advancement and compensation beyond basing them primarily on time out of law school."

DLA Piper's associate pay cuts follow partner cuts and capital calls, first announced late last year.

The associate pay cuts allow the firm to reward top performers while at the same time meet client expectations of value and extraordinary service, the memo stated.

In November last year the firm invited 275 non-equity income partners to make capital contributions, in exchange for them becoming full partners. The potential security in a tumultuous economic environment and job market apparently appealed to those partners. Nearly all non-equity partners signed up.

By raising funds from a new crop of equity partners and compensating them with a share of the profits, DLA Piper would eliminate income partner salaries and trim payroll costs and borrowing needs.

However it would also likely put more pressure on the new equity partners to bring in business, and put associates into an "up or out" model that requires them to generate clients or find another job as they become seasoned attorneys.

Meanwhile, one New York analyst claimed that the East Coast firms are less willing than their West Coast counterparts to drop salaries in the global financial crisis.

Legal industry's strategists Peter Zeughauer said California-based law firms are more willing to reduce associate salaries than New York firms, while in Washington D.C. firms are focusing on cutting the salaries of low billers, reports the *National Law Journal*.

[>> COMMENT HERE](#)

>> local news

Firm's tattoo survey a 'dumb idea'

A Melbourne law firm's decision to discover the most tattooed brand this month was Nick Weston's, principal at law firm Nicholas Weston, "dumb idea", he told *The New Lawyer* today. The firm conducted a survey of 20 tattoo businesses in the suburbs of Melbourne using a telephone questionnaire, and found that Harley Davidson was the most popular brand to have tattooed, followed by Nike, AFL (Australian Rules) club logos, Vegemite, VB beer, and then various Disney characters. Joking that "I come up with a couple of dumb ideas from time to time", Weston said he decided to do the survey when his blog was running dry. "The blog is a hungry creature. It was a bit quiet in the courts that week". When asked what inspired the survey, Weston said: "It was just a dumb idea. I come up with a couple of dumb ideas from time to time." Pressed as to what other "dumb ideas" he has in the pipeline, Weston replied: "That would be telling".

Mid-tier law firm bids for funding via celebrity doodles

Parramatta law firm Coleman & Greig is hosting a networking evening for the local business community to help raise funds for an adult recreation program. And it's not just hampers of miscellaneous sauces up for action, but something much more spicy - celebrity doodles. David Stratham's doodle of 'Margaret' is bound to do quite well. See more on the law firm's doodle auction [here](#).

[>> READ MORE](#)

the newlawyer
 WE WANT YOUR WORDS
[>> CLICK HERE](#)



The moment you get too comfortable in your job you lose your edge.

The Melbourne Law Masters: The professional edge

MELBOURNE LAW SCHOOL
 Australia's first, Australia's global

CRICOS: 00116K

the newlawyer

TO ADVERTISE HERE CONTACT
 AMY ON
 02 9422 2970

the newlawyer

Advertise to over 15,000 legal professionals

CLICK HERE TO LEARN MORE

Tresscox confirms redundancies

By Hayden Guthrie

TRESSCOX Lawyers has confirmed rumours circulating in the legal industry about staff cut-backs in a statement sent to *The New Lawyer*.

Recent law blog and anonymous source reports have suggested that at least a dozen staff have been made redundant by the firm.

TressCox would not detail the exact numbers involved but managing partner, Peter Smith, confirmed the firm is adjusting its staffing requirements in line with tough financial times.

"We confirm that in response to the global financial crisis, we are realigning and refocusing our practice to ensure we are in the best possible position to service our clients both in the immediate and longer term," he said.

"As a result we have made a limited number of redundancies, each of which has been very regrettable."

But Smith's admission was scant on details, saying that the firm is focusing on its future: "As you can imagine this is a challenging time for the firm and for our people (as it is for the community as a whole) so apart from this statement we will not be making



Staff have started packing up their desks at Tresscox

any further comments."

The details of TressCox's troubles emerge following a number of other high profile firm sackings.

Last week Minter Ellison made 35 employees redundant, including 11 lawyers and 24 support staff from its Adelaide, Sydney, Melbourne and Brisbane offices.

Thomson Playford Cutlers laid off 25 staff in December, while Blake Dawson cut 89 staff this year. Corrs Chambers Westgarth cut fewer than 50 staff, Deacons has cut about 45, and DLA Phillips Fox has laid off 20.

>> COMMENT [HERE](#)

>> international news

Cleary Gottlieb staff not allowed 'out of office'

UK law firm Cleary Gottlieb has told its lawyers that a typical "out of office" email response to a client is unacceptable. In an email to London-based lawyers, partner Raj Panasar said lawyers should be able to get to emails even when they are out of the office, or at least get a colleague to deal with them. Failing that, on the rare occasion that a lawyer is on a long flight, the secretaries are caught up, and the lawyer is in a different time zone, then lawyers may have an excuse to delay getting to emails. In that case, they were told, a revised email template for "out of office" should specify time zones, give numbers to reception and secretaries, and promise to deal with the email shortly. As RollOnFriday notes, the old fashioned notion of a lawyer being on holiday doesn't get a look in.

Teflon case fails to stick

A judge has dismissed a lawsuit against DuPont Co. that claims its nonstick Teflon cookware coating could pose a health risk to users. US District Court Judge Ronald Longstaff dismissed the lawsuit, which included 22 cases from about 15 US states and has been in the courts for four years. The court did not rule on the issue of whether the cookware is safe.

INTERNATIONAL LEGAL NEWS OR VIEWS?

>> [CLICK HERE](#)

Clayton Utz confusion over salary freeze

The New Lawyer can clear up confusions over top-tier firm Clayton Utz's salary freeze. It comes after what appeared to be mixed messages around pay freezes, and what management was telling staff.

Clayton Utz staff were last week informed that a pay-freeze had been implemented across the firm just ahead of a *The Australian Financial Review* report in which the firm's chief executive partner Stuart Clark said he had "not made a final decision yet" about legal salaries.

In the article, Clark said: "I've been around to each office and I have updated the staff ... with a frank assessment of where we're at, what is happening, what the prospects were for salary increases."

But Firm Spy, a law firm gossip site, pointed to mixed messages

from leaks about a pay freeze, and what Clark told the press.

Very little investigation by *The New Lawyer* has found that the *AFR* interview was done days before the announcement to staff was made. A time lag in publishing at the *AFR* meant that by the time things went to press, the state of things at the firm had changed.

So staff were indeed told of the pay freeze just before the *AFR* quoted Clark saying he had "not made a final decision". But that had nothing to do with Clark's honesty, a lot to do with the problem of a publishing lag time, and maybe a little to do with the fact that Fairfax is running drastically low in sub-editors (who might normally check such things before print), at the moment.

>> COMMENT [HERE](#)

the newlawyer

TO ADVERTISE
HERE CONTACT
AMY ON
02 9422 2970