



THE CANADIAN  
BAR ASSOCIATION

Women Lawyers Forum

# PARTNER COMPENSATION SURVEY REPORT

Funded by the  
Law For the Future Fund  
of the CBA

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# Women Lawyers Forum Partner Compensation Survey Report

## Background

In April 2018, the Canadian Bar Association Women Lawyers Forum (WLF) applied for funding from the Law for the Future Fund (LFFF) to retain an independent third party research firm to undertake a survey (similar to ones undertaken in the United Kingdom and the United States) of compensation statistics of partners in Canadian law firms. Data from the legal profession in those jurisdictions established a gap in compensation based on gender. The WLF wanted to ascertain if there was a similar differentiation in compensation in Canada.

At the time, there were no existing Canadian studies of law firm partner compensation by gender; although previous research conducted amongst Canadian corporate counsel identified a gender pay disparity<sup>1</sup>. The WLF's proposed survey sought to address this lack of data.

The WLF proposal contemplated seeking partner compensation information in English and French from law firms in Canada with 50 plus lawyers. The WLF Partner Compensation Survey Committee identified approximately 35 firms in Canada with over 100 lawyers and another 45-50 with more than 50 lawyers.

Sensitive to the possibility that firms might be reluctant to share actual dollar compensation figures, the WLF proposed using an independent research firm to seek information from participating firms. In lieu of requesting specific dollar compensation figures, the proposed survey asked for the percentage of each individual partner's income in comparison to the total income (100%) of all partners in the firm, identifying the gender identity of each partner. The survey also sought information about specific factors that might affect how an individual partner's income was determined<sup>2</sup>.

The WLF anticipated that this initiative would:

1. Contribute to the intelligence gathered in other studies particularly those conducted by the CBA's Canadian Corporate Counsel Association; and
2. Be a first step towards understanding and addressing the issues that may underlie the anticipated differentiation.

## Methodology

This initiative was led by the WLF Partner Compensation Survey Committee (the Committee). Draft questions and a survey methodology were developed in 2018 by the Committee in conjunction with the research firm, Bramm Research Inc. Several CBA Partner Firms were identified to test the online questionnaire as part of a survey pilot.

In its original design, the survey consisted of two sections. The first was devoted to a firm's overall compensation practices, the second sought to collect detailed information on each individual partner in a firm, including comprehensive income percentage information.

A pilot was undertaken in October 2018. Ten firms were invited to participate in the survey. Although some declined to participate, the majority of firms completed the first section, but struggled to complete the full survey. The majority of firms were reluctant to disclose actual compensation amounts, even if expressed as percentages of total income of all partners.

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1 In-House Counsel Compensation & Career Survey Report 2018 – Canadian Corporate Counsel Association and The Counsel Network.

2 The survey asked respondents to report information based on an assumption of binary gender. Gender is not binary, so this inaccurate assumption is a limitation in the data collected and our analysis of it. We hope this report becomes part of a larger exploration of gender inequities in the legal profession.

In response to the feedback obtained through the pilot, the Committee decided to proceed with a Phase One survey which focused on the first section of the pilot survey questions. The revised survey shortened the questions and did not seek individual compensation information.

To better engage target firms, Committee members personally contacted each of the remaining targeted firms by phone (to the managing partner) advising them of the survey and seeking their support by indicating their willingness to receive the survey. In total, Bramm Research received permission to send the Phase One survey to 65 firms.

After Committee members made initial telephone contact to introduce the survey, email invitations were sent from Bramm Research. These invitations made reference to the Committee member call and reiterated the purpose of the study. The invitation also linked to the online survey platform. The response subsequent to the Committee members' calls was significantly more positive than the response from the pilot firms.

As noted, due to concerns raised by the pilot and based on input from our independent survey firm, the survey was truncated and questions addressing individual partner compensation percentages were removed. The time frame for the firms to respond to the revised survey was slightly extended. In addition, after the survey was concluded, for the purposes of context, Bramm Research reached out to each firm that completed the survey and asked these firms to identify how many of its partners were male and how many were female.

The survey was in field from late October to January 2019. During this time email reminders and calls from Bramm Research were made to the firms that had been identified. In total, completed responses were received from 27 firms, representing a 42% response rate.

## Summary of Results

Typically, compensation committees at these firms consist of between four to six partners. The average compensation committee is comprised of six partners.

On average, one in four (26%) of the partners sitting on the compensation committee is a woman. However, we see a considerable variation around this average, ranging from 0% to 50%.

On average, management committees are made up of five partners. Like the compensation committees, there is a large variation in the percentage of women sitting on management committees – from none to 60%. On average, one in four (25%) of the partners on the management committee is a woman.

On average, the firms that we surveyed had 49 partners, 30% of whom were women. The compensation and management committees were made up of 26% and 25% women respectively. Thus we observe that the composition of these committees was 4% and 5% less than the average percentage of female partners.

Both the compensation and management committees are typically selected by a vote of the partners of the firm. This method of selection is more often the case for the management committee. Appointment by the management team is an alternate method of selection of the compensation committee but happens much less often.

Production of work receives approximately 50% of the weight when it comes to financial factors affecting compensation. Other factors, in descending order of importance include origination of the client, management of the client and delegation. In terms of non-financial factors affecting compensation, committee participation and mentoring of younger lawyers are most frequently noted as key factors.

Slightly more than half (54%) of the participating firms indicated that non-financial factors are not delineated and prescribed. In the majority of cases (83%) there is not a specific fixed percentage for these non-financial factors. Two-thirds (67%) of firms surveyed have a bonus pool.

Participating firms were asked about the percentage of female lawyers in the firm. On average, females make up

38% of all lawyers in the firm. As previously noted, on average, women make up 30% of the partners. We can't be sure what influences correlate to this 8% discrepancy but note that it is higher than the 4%-5% differential between the compensation and management committees.

Recommendations:

1. Research into how Canadian law firms can be influenced to include their gender equity statistics in reporting as seen in other jurisdictions, most specifically the UK.
2. Undertake more inquiry into current actual compensation gender differences using as-yet undeveloped methodologies.
3. Actively query gender equity policies at the provincial and national level of law organizations.

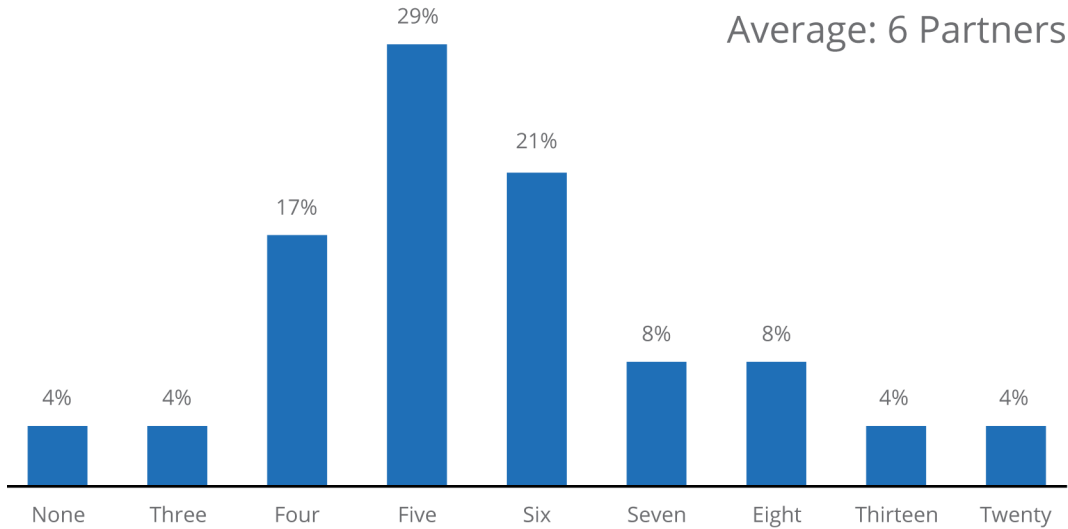
# Appendix 1: Survey Responses

## Compensation Committee

### Compensation Committee - Number of Partners

#### Q. What is the make-up or constitution of your compensation committee? (Number of Partners)

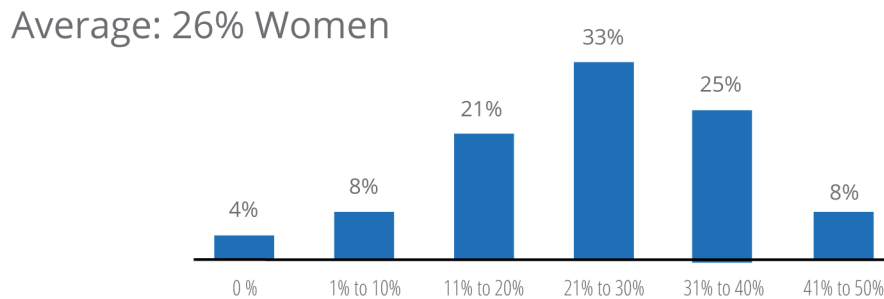
Amongst this sample of firms, compensation committees vary in number of participating partners from “none” (because there is no compensation committee) to twenty. Typically, the committee consists of four to six partners. The average number is six partners.



## Percentage of Female Partners on the Compensation Committee

#### Q. What is the make-up or constitution of your compensation committee? (Percentage of partners that are women)

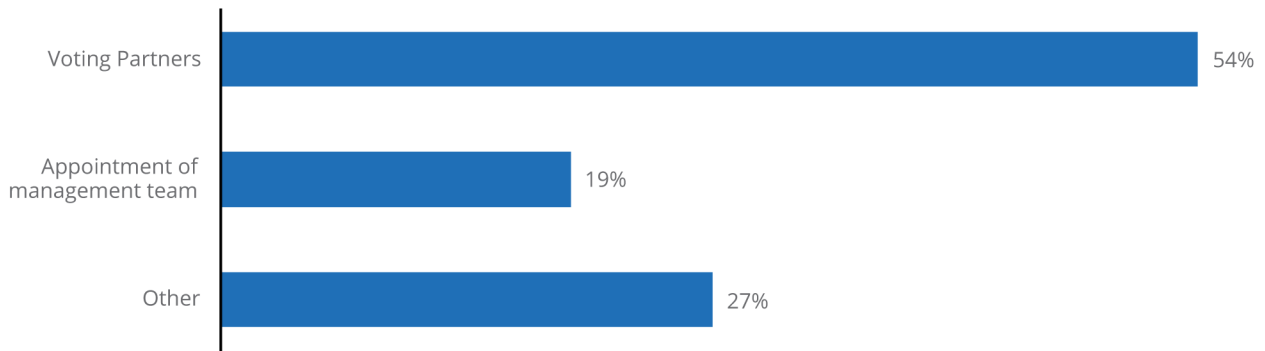
There is a large range of female partners on compensation committees – from 0% to 50%. On average, 26% of the partners on the committee are women.



## Selection of the Compensation Committee

### Q. How is the compensation committee selected, e.g. voting of partners versus appointment by the management team?

Over half (54%) of respondents say their compensation committee is selected by voting partners. 27% responded with "other".



## Other Responses

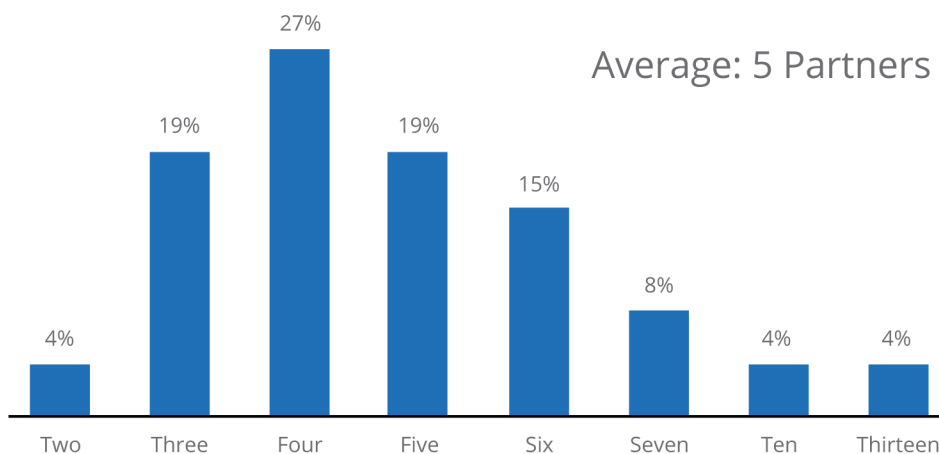
Managing Partner + 1 associate appointed by the Board of Directors + 2 associates elected by the partners.
Consent of all partners.
Four rotate off and 4 on every year - Management nominates a slate and the partners vote on this.
Managing Partner; elected executive committee appoints 2 of its members to comp committee; partners elect 2 more partners to comp committee.
We do not have a compensation committee.

## Management Committee

### Management Committee - Number of Partners

#### Q. What is the make-up or constitution of your management committee?

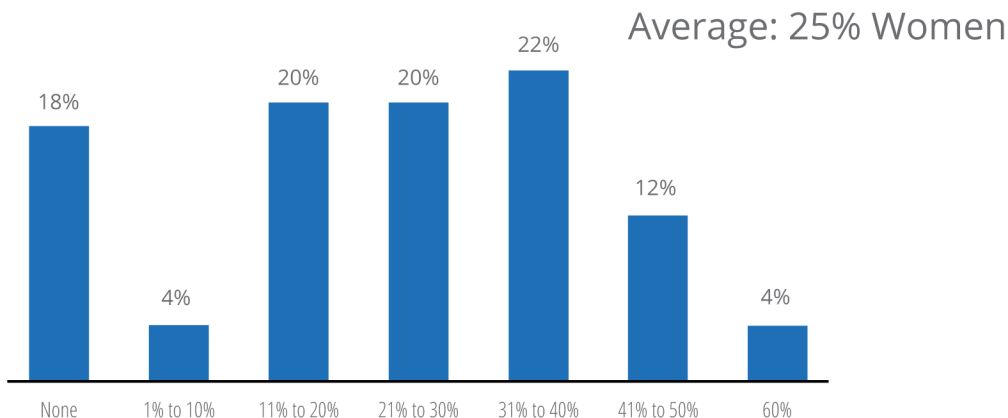
The size of management committees ranges from two to 13 partners. The majority range in size from three to six partners. The average number is five partners.



## Percentage of Female Partners on the Management Committee

### Q. What is the make-up or constitution of your management committee? Percentage of partners that are women?

Similar to the compensation committee, there is a large range of female partners on management committees – from none to 60%. On average, 25% of the committees' members are women.



## Other Members of the Management Committee

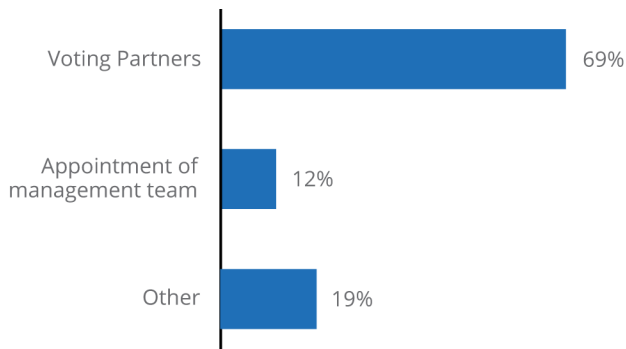
### Q. Please describe any other members that are on the committee.

2 others that are women...CHRO and COO
Again, 3 are men
CFO/COO
Chief Admin Officer
Chief Operating Officer
COO - female
COO - Non partner
General Manager
Managing Partner and Chief Operating Officer

## Selection of the Management Committee

### Q. How is the management committee selected e.g. voting of partners versus appointment by others?

Selection of the management committee is typically achieved by voting of the partners (69%)





## Other Responses

2018 was first year for management committee. We are in transition from appointment by managing partner for the initial year to voting by partners.

Appointed by Managing Partner.

Consent of all partners.

Managing partner voted and balance selected.

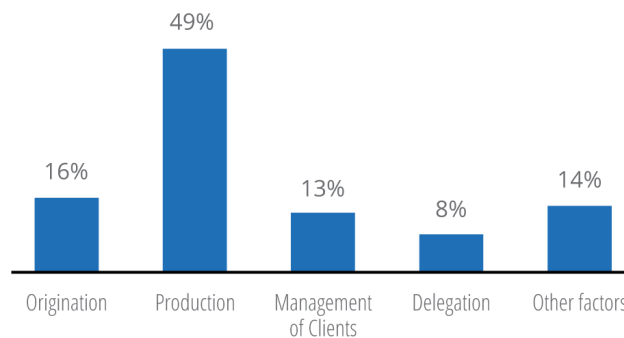
Selected by Managing Partner.

## Factors that Affect Compensation

### Financial Factors

**Q. What financial factors affect compensation? (Please express each factor as the percentage by which it affects compensation)**

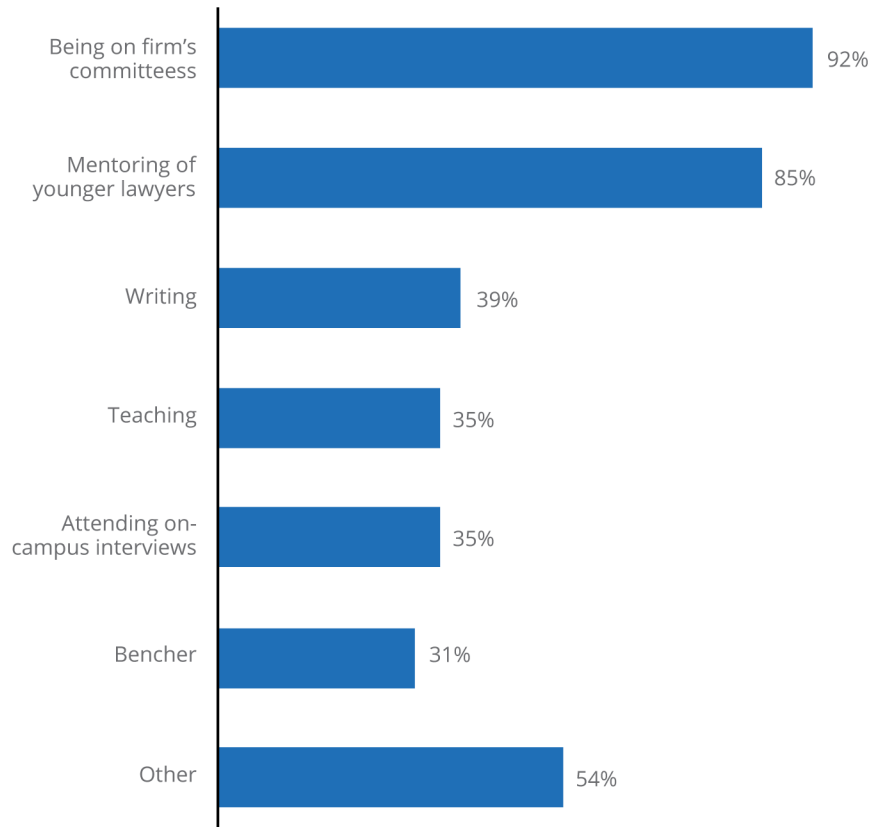
Responses indicate that production is the most important factor and outweighs other considerations by a considerable margin.



## Non-Financial Factors

### Q. What, if any, non-financial factors affect compensation?

Being on firm's committees and mentoring of younger lawyers are most frequently noted as factors affecting compensation.



## Other Responses

All activities are included. Community involvement (charities and associations) are also considered.
Assisting management committee on firm projects.
Big emphasis on creating opportunities for others – esp. those in other offices.
Business development, profile, leadership.
Community Involvement.
Community service.
Conferences given.
Contributions to management and admin of the firm and firm best practices.
Firm mindedness.
Lawyers are paid for committee work.
Management.
Management committee
Matters such as being a bencher is taken into account in the same manner as community participation at meaningful levels.
Practice Group Leadership, Innovation.

## Non-Financial Factors – Are They Delineated and Prescribed?

### Q. Are any of these non-financial factors delineated and prescribed?

Respondents were divided on whether these non-financial factors are delineated and prescribed. A slim majority (54%) said “no”.

### Fixed Percentage for Non-Financial Factors

#### Q. Is there a fixed percentage for any of these non-financial factors?

The majority (83%) said that there was not a fixed percentage for any of these non-financial factors.

### Existence of a Bonus Pool

#### Q. Does your firm have a bonus pool?

Two-thirds of respondents (67%) said their firm had a bonus pool.

### Determinants of the Bonus Pool

#### Q. How is that pool determined and who are the recipients of that pool?

“How the pool is determined and the recipients of the pool” was asked as an open-ended question. Responses to this question are shown on the table on the below.

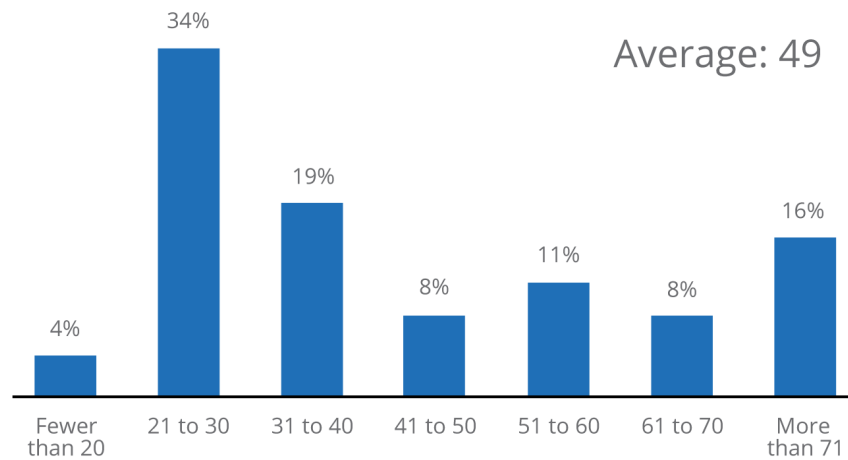
% of profits distributed by compensation committee based on goodwill and management and administration contributions.
A fixed percentage of profits - partners whose financial performances exceeded their point level or who contributed significantly to the internal life of the firm.
Comp Committee decides payout. Any partner may qualify for a bonus.
Compensation committee determines and partners vote on recommendation, based on extraordinary performance.
It is calculated on the basis of a three year rolling average and paid out of profit to the partners whose production and client origination over that 3 year rolling average exceed the median average for all partners.
It is very small only two or three partners per year get a bonus.
Partners have bonus pool based on a percent of distributable earnings in excess of budget. Associate bonus pool based heavily on individual performance rather than firm.
Percentage of firm revenue. Extraordinary contribution to overhead.
Percentage of profits, partners.
Performance based and discretionary.
Pool is a percentage of billings, recipients chosen by committee.
Pool is based on firm profit and recipients are all eligible partners.
Based on individual performance of the partners.
The pool is set aside in the budget at the beginning of the fiscal year. The recipients of bonuses are those whose overall performance in the prior year is at a level where their compensation based on participation points alone is not sufficient to reward them adequately.
The size of pool is determined by the compensation committee on an annual basis, and varies with firm performance, and the potential number of participants. Only those equity partners who have outperformed for the year participate in the pool. Outperformance may be financial or non-financial contributions.
Very complicated.
We have a guideline of 10% - 12% of net income that is used for the bonus pool.

## Demographic Information

### Number of Partners

#### Q. How many partners, in Canada, does your firm have?

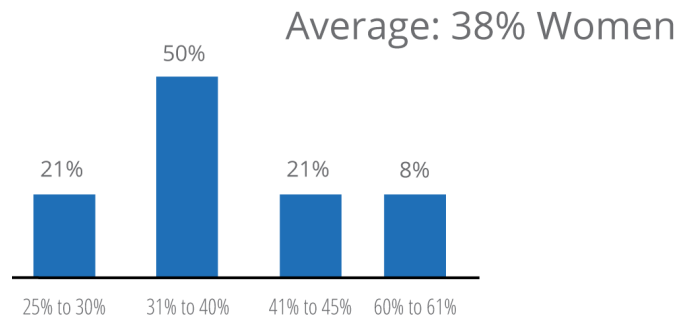
In our sample, the number of partners varied from 19 to 181. The average was 49.



### Percentage of Female Lawyers

#### Q. What percentage of all lawyers in your firm identify as female?

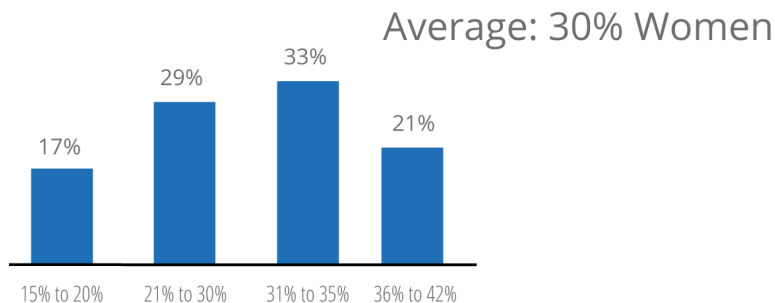
Amongst those responding, the average percentage of female lawyers in the firm is 38%.



### Percentage of Female Partners

#### Q. What percentage of the partners in your firm identify as female?

In terms of female partners, the average reported percentage is 30%.



## Recommendations

In March and April 2019 a number of UK law firms released some of their gender pay gap statistics for 2018. Since 2017, employers with over 250 employees in the UK are required to report gender pay gap figures. For some firms these reports have included separate partner pay gaps. In addition, some have reported on bonuses. In general, the data released for the large firms shows that: (a) male equity partners earn on average between 24.5 to 35 per cent more than their female counterparts; (b) more males were awarded bonuses than their female counterparts; and (c) when calculated, the bonuses for men were significantly higher. Reporting this information is currently not required in Canada.

Since many law firms responded to our shortened survey and will likely be pleased to review the information from it, the WLF hopes that Canadian law firms and their partners will participate in a second survey to delve into more detail on the gender pay gap in law firms. It is not clear whether this second survey would be best initiated by the CBA and directed to partners in law firms or whether it should be undertaken by the firms themselves (as is currently the case in the UK). However the data are collected and the survey undertaken, the WLF would strongly support a further survey and is willing to provide whatever assistance the CBA may require.

Recommendations:

1. Research into how Canadian law firms can be influenced to include their gender equity statistics in reporting, as seen in other jurisdictions, most specifically the UK.
2. Undertake more inquiry into current actual compensation gender differences using as-yet undeveloped methodologies.
3. Actively query gender equity policies at the provincial and national level of law organizations.

Respectfully submitted with grateful thanks to the Law for the Future Foundation Fund, the CBA, the WLF Partner Compensation Survey Committee (Kathryn Sainty QC, Gabriella Battiste, Jennie Pick, Tanya Keller, Sara Gottlieb, Archana Medhekar) and 2018-2019 CBA President Ray Adlington for his support.

M. Sandra Appel

Chair, WLF Partner Compensation Survey Committee