

SEPTEMBER 2024



# General Counsel Pay Trends

An Equilar Publication

Featuring Commentary From



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# Executive Summary

General Counsel play a pivotal role in the corporate world, particularly in the context of a rapidly changing regulatory environment and the influence of emerging technologies such as artificial intelligence (AI). As corporate boards and executives face increasing scrutiny, they are turning to their top legal officers not only for guidance on legal matters but also for strategic counsel on business decisions, risk management and, of course, corporate governance matters.

Today's General Counsel are tasked with far more than legal oversight—they are key players in corporate strategy, responsible for ensuring compliance with evolving data privacy laws, cybersecurity standards, and environmental, social and governance (ESG) regulations. Consequently, recruiting and retaining General Counsel has become quite competitive, with pay packages for top legal talent rising steadily over the years.

With these trends in mind, the 2024 edition of *General Counsel Pay Trends*, featuring commentary from BarkerGilmore, examines the various components and structure of General Counsel compensation packages at companies with varying revenue levels. Over the course of the study period—from 2019 to 2023—median compensation for Equilar 500 General Counsel increased by 24.8% to \$3.3 million. Across most revenue segments in 2023, median compensation for General Counsel increased, demonstrating the rising value companies place on their legal leaders.

## Key Compensation Trends

The communications services sector continued to stand out, offering the highest pay packages for General Counsel for the third consecutive year. In 2023, the median compensation for General Counsel in the sector reached a study-high of \$5.8 million, highlighting the high demand for legal experts who have the ability to navigate the intense regulatory environment often seen at communication services companies.

In terms of representation, women have climbed the ranks to General Counsel positions. From 2019 to 2023, the percentage of women holding Equilar 500 General Counsel positions rose by 12.1%, increasing from 33.1% to 37.1%. Conversely, the percentage of male General Counsel decreased by 6% during the same period. During the study period, General Counsel compensation for both men and women fluctuated greatly. However, compensation disparities have narrowed, with women earning a median compensation package of \$3.4 million in 2023, surpassing their male counterparts' median pay of \$3.3 million by 2.6%.

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Additionally, General Counsel pay is rising at a higher rate than CEO compensation. During the study period, the CEO-to-GC pay ratio declined from 4.2 in 2019 to 4.0 in 2023. However, CFOs earned 1.4x General Counsel compensation in 2023, up from 1.3x in 2019, signaling that CFO compensation growth is outpacing General Counsel pay growth.

#### **Most General Counsel Have Served for 10 Years or Fewer**

As is the case with any position—particularly those at the C-level—tenure often plays a role in determining compensation levels for General Counsel. The largest share of Equilar 500 General Counsel (40.4%) have been in their current roles for zero to five years. In fact, more than 73% of Equilar 500 General Counsel served for 10 years or fewer. On the flip side, General Counsel with tenures of 20+ years were the least common in the study at 2.6% prevalence.

The study also shows that General Counsel with tenures between six to 10 years command the highest median compensation, earning \$3.7 million in 2023. Interestingly, General Counsel with over 20 years of experience earn significantly less, with median compensation packages of \$2.7 million. The trend may reflect the fact that since General Counsel are so high in demand, newer candidates may require a premium when they are hired by their companies. Meanwhile, longer tenured General Counsel may be more settled in their long-term roles, requiring less of a premium.

Nonetheless, the 2024 *General Counsel Pay Trends* publication sheds light on the growing significance of the General Counsel role in today's corporate environment. As regulatory demands increase and reshape the legal landscape across sectors, the rising compensation levels across most sectors and company sizes reflect the important role that General Counsel play in navigating new challenges and advancements.



### **General Counsel Pay Strategies: Attracting and Retaining Top Legal Talent**

Join Equilar, BarkerGillmore and Meridian Compensation Partners to explore how compensation packages for General Counsel are adapting to heightened responsibilities, the impact of market dynamics and what this means for legal leaders in 2024 and beyond.

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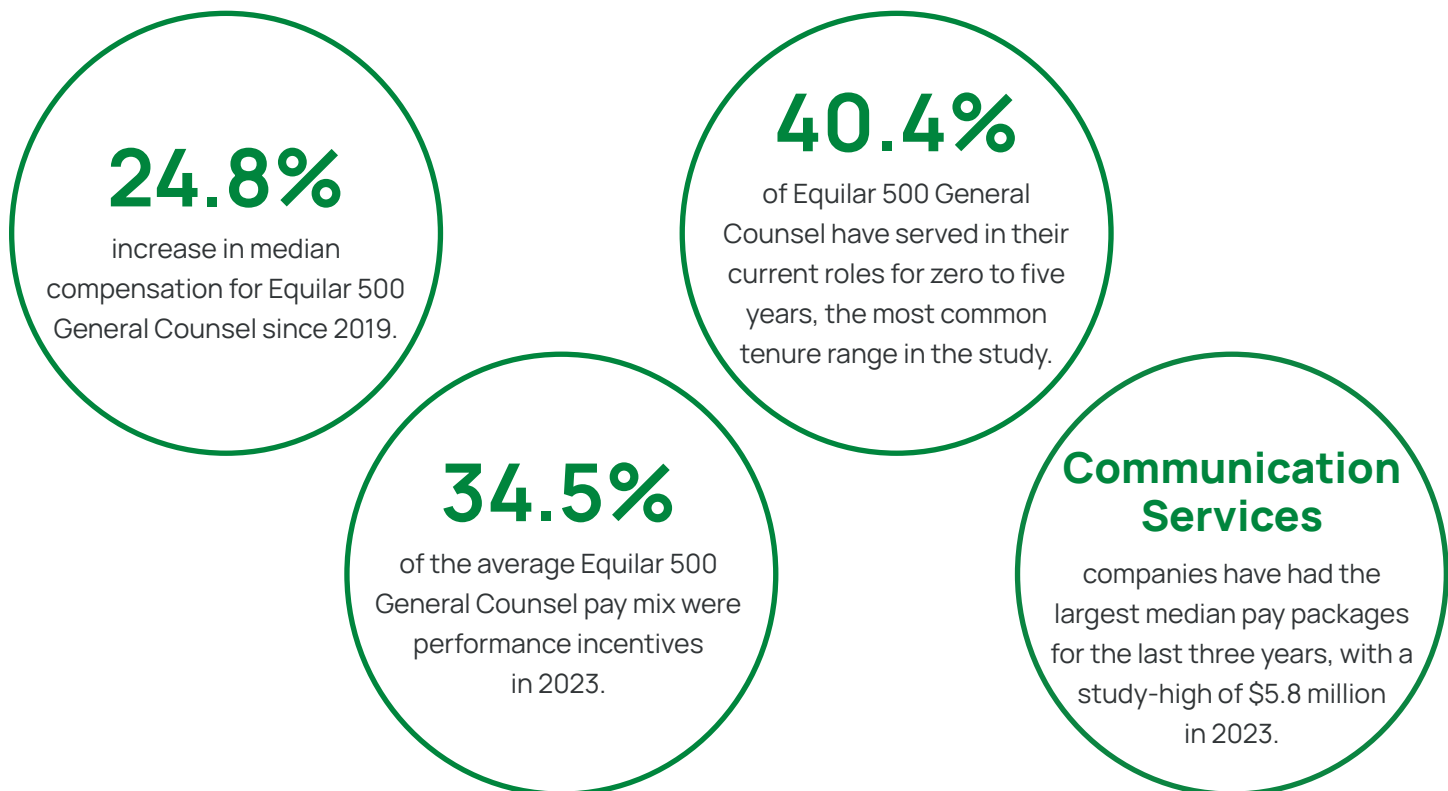
# Methodology

*General Counsel Pay Trends*, an Equilar publication, analyzes the compensation of General Counsel (GC) disclosed in the SEC filings by 159 Equilar 500 companies for the last five fiscal years. The Equilar 500 comprises the 500 largest U.S.-headquartered companies, by reported revenue, that trade on one of the three major U.S. stock exchanges (Nasdaq, NYSE or NYSE American). For figure 1, the segments reflecting reported revenue above \$4.1 billion represent the Equilar 500. Companies outside of the Equilar 500 were used to generate the segments associated with reported revenues of less than \$800 million and revenues between \$800 million and \$4.1 billion to provide additional comparison.

Fiscal year 2023 was defined by companies with a fiscal year ending from March 1, 2023 to February 28, 2024, and earlier years were defined similarly. Total compensation is defined as the total sum of salary, bonus, non-equity incentive plan compensation, stock awards, option awards and all other compensation as reported in the summary compensation table (SCT). As a way to eliminate actuarial value changes, nonqualified deferred compensation and changes in pension value were excluded from the summation of total compensation. The term “options” includes both options and stock appreciation rights (SARs). Similarly, “stock” refers to all full-value shares, including restricted stock units and restricted stock awards. For the purposes of this publication, both stock and options are time-based. Performance awards are defined in the report as all incentive compensation vehicles that are linked to a performance metric in some way. Industry sectors for companies in the Equilar 500 are based on the Yahoo! Finance classifications.

The data points and figures in the report highlight trends in the compensation of General Counsel, how companies structure compensation, and the breakdown of the role by tenure and gender. BarkerGilmore has provided an independent analysis and offers an inside look at the General Counsel role and what factors go into the process of attracting and compensating top legal talent.

## Key Findings



# Beyond the Numbers



## Commentary from John Gilmore, Co-Founder and Managing Partner at BarkerGilmore

To offer further insights into the trends highlighted in *General Counsel Pay Trends*, Equilar spoke with John Gilmore, Co-Founder and Managing Partner at BarkerGilmore. Mr. Gilmore explored the evolving role of General Counsel and the key qualities that define a successful candidate. A more in-depth look at our discussion with Mr. Gilmore is available at the conclusion of this publication.

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**Equilar:** What key skills and expertise do General Counsel bring to the table that drive their value up?

**John Gilmore:** Across the Equilar 500, General Counsel compensation has continued to steadily rise year over year, with many companies willing to pay a premium for top legal talent. It's worth examining the key skills, experience and personal attributes that have the greatest impact on how companies value and compensate their General Counsel.

The key criteria related to a General Counsel's value are not based solely on previous experience or academic credentials. Instead, it's largely based on their ability to present themselves as an executive who understands the business, knows the numbers, appreciates the challenges involved, has a history of hiring, mentoring and motivating top talent, and can share stories to demonstrate how they helped to overcome adversity, or leveraged opportunities, to achieve success for their company.

A strong resume consisting of a prestigious law school, top law firm training and record of accomplishment of in-house leadership may get a candidate to the interview table, but what gets a CEO excited and ultimately determines value are the relevant and compelling stories told by the candidate. Whether the examples involve past commercial successes, litigation wins or regulatory victories, General Counsel candidates must be prepared to explain how their influence on a business enabled its goals to be achieved. That's the individual who companies

are willing to bet on and pay top dollar for.

If a General Counsel candidate is not a good storyteller, if their presentation is inarticulate or boring, or if there is a perceived misfit in chemistry and cultural fit, a person's candidacy is short-lived. BarkerGilmore is currently working with a CEO who begins every interview with "walk me through your resume." The candidates who can clearly and concisely describe their careers, supported with relevant, compelling stories in six or seven minutes, are almost always invited back for additional rounds of interviews. Meanwhile, long-winded attorneys who ramble for 20 minutes or longer and who fail to deliver a compelling message are immediately written off.

In short, General Counsel candidates must come to an interview well-prepared, have a professional presence, demonstrate the ability to influence others and provide a track record of effective business decisions. You need to impress decision makers in a confident yet humble manner. That's how the talent premium is earned.

**Equilar:** The AI renaissance has made its way through Corporate America, and almost every company is looking for ways to incorporate AI into their processes. What role does the General Counsel play in this era, and how crucial is it to have a legal expert on board?

**Gilmore:** It's interesting that Gartner's 2024 Hype Cycle for Artificial Intelligence shows that the technology has recently passed its "Peak of Inflated Expectations," and is now heading into its "Trough of Disillusionment" phase.



We are seeing that downward trend reflected in stock prices of AI companies as well. While there is no denying the potential impact of AI on all aspects of business, most companies are taking a measured approach with respect to its adoption, which is a prudent strategy.

Over time, however, General Counsel will play a significant role in developing and enforcing AI governance frameworks. This includes setting policies for ethical AI use, ensuring compliance with applicable legal and ethical standards, and managing risks related to privacy, security, and bias.

As AI regulations evolve, General Counsel will be the primary point of contact with regulators, to ensure that the company is proactive in its compliance efforts and prepared to adapt to new regulatory requirements. General Counsel will also lead efforts to educate the organization about the legal implications of AI, which includes training employees on data privacy, Intellectual Property (IP) issues and ethical AI practices.

With respect to AI's impact on recruitment of in-house legal professionals, the technology allows for the identification of those who may have the skillset necessary, but technology will never be able to turn a high-performing, well-compensated lawyer who is not actively seeking a new position into a viable General Counsel candidate. Those are the individuals who can tackle the most complex and sophisticated matters, and they are the candidates our clients want to hire. AI will never be able to gain their attention. AI will never be able to understand a good prospect's personal situation, personality, and interests, or to understand what really motivates them, and bring them to the table and close on a new opportunity. Getting to the finish line with the desired outcome will always require a human touch and a lot of finesse gained through years of experience.

Fig. 01

# Median Total Compensation by Revenue

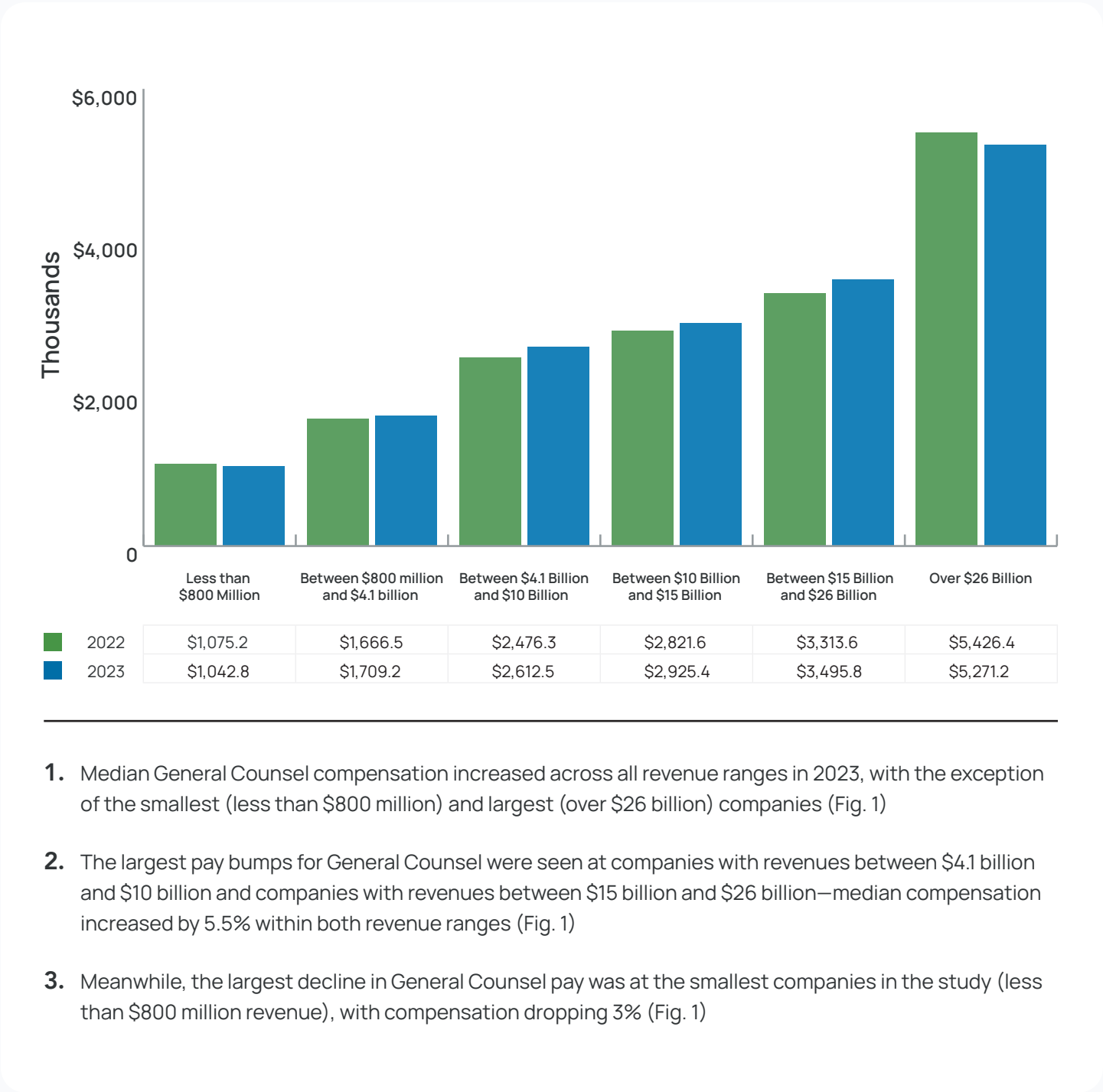
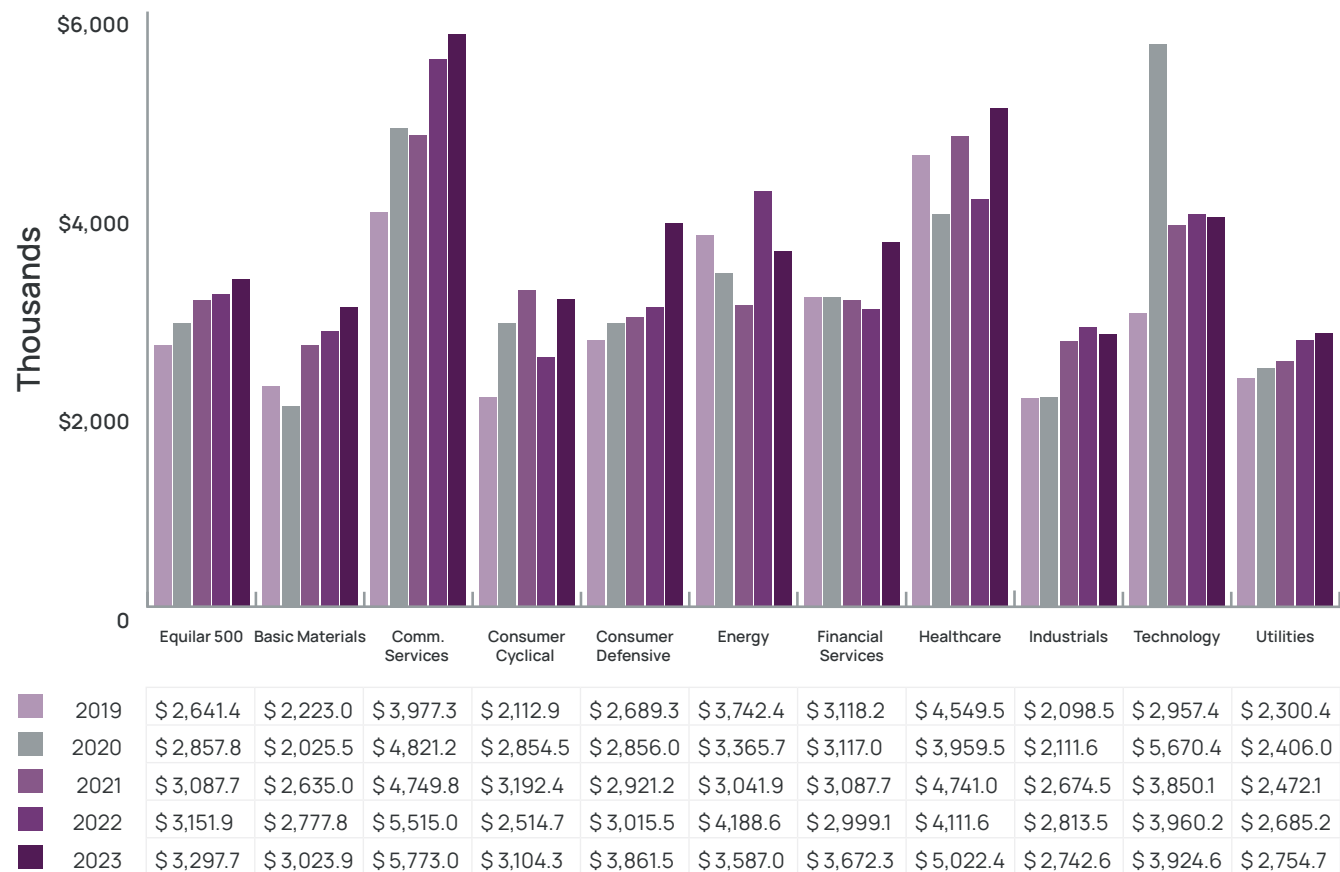




Fig. 02

## Equilar 500 Median Total Compensation by Sector



1. Median compensation for Equilar 500 General Counsel increased from \$2.6 million in 2019 to \$3.3 million in 2023, marking a 24.8% spike during the study period (Fig. 2)
2. In total, six sectors saw an increase in General Counsel pay in 2023, while three sectors experienced declines (energy, industrials and technology) (Fig. 2)
3. For the last three years, General Counsel in the communication services have had the largest median pay packages, with a study-high of \$5.8 million in 2023 (Fig. 2)
4. In 2020, technology companies had the second-highest median General Counsel compensation across all sectors in the study period at \$5.7 million—however, compensation declined sharply by 32.1% in 2021 and remained around that level (Fig. 2)

Fig. 03

# Equilar 500 Median General Counsel Pay Components by Year

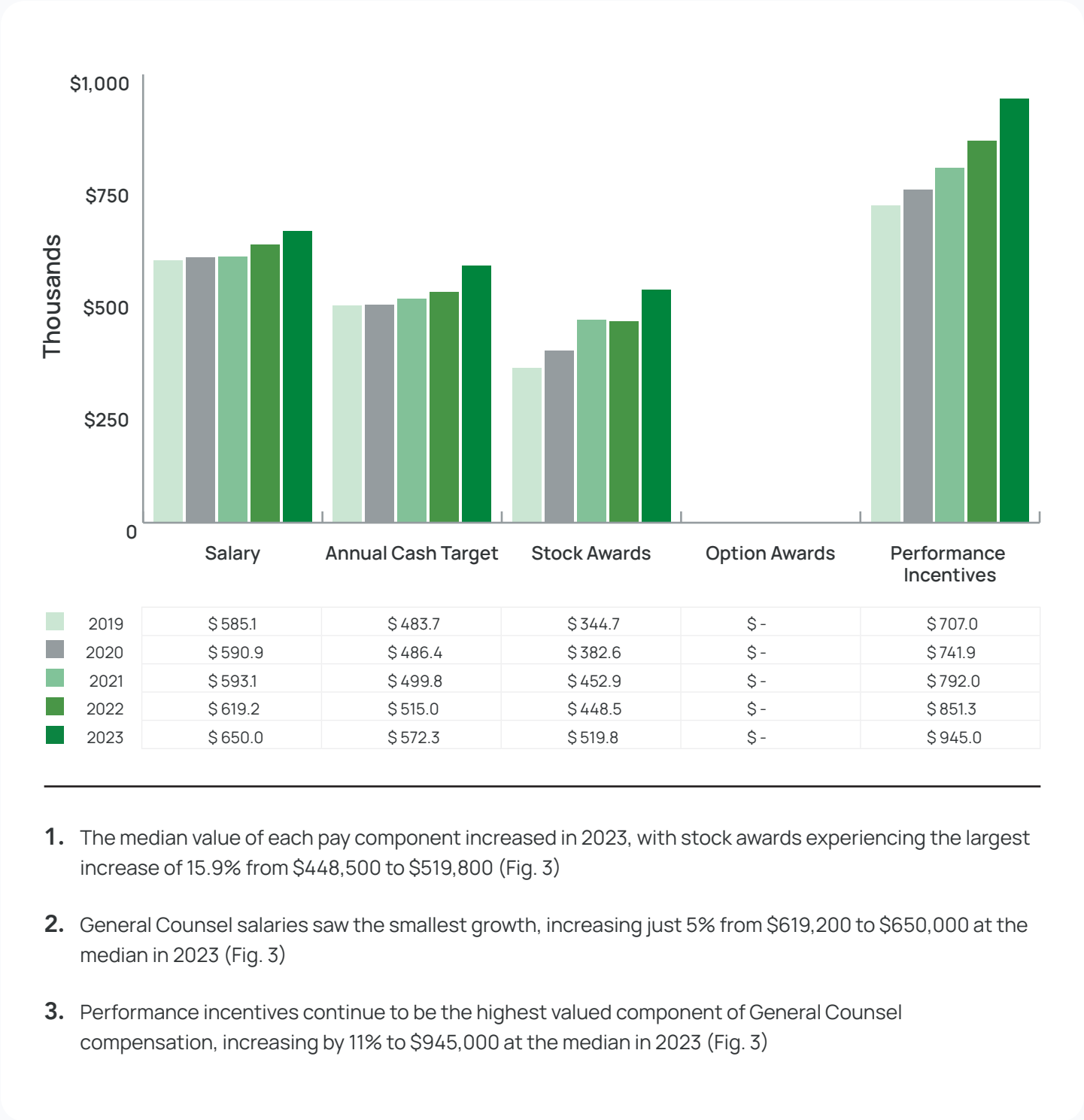
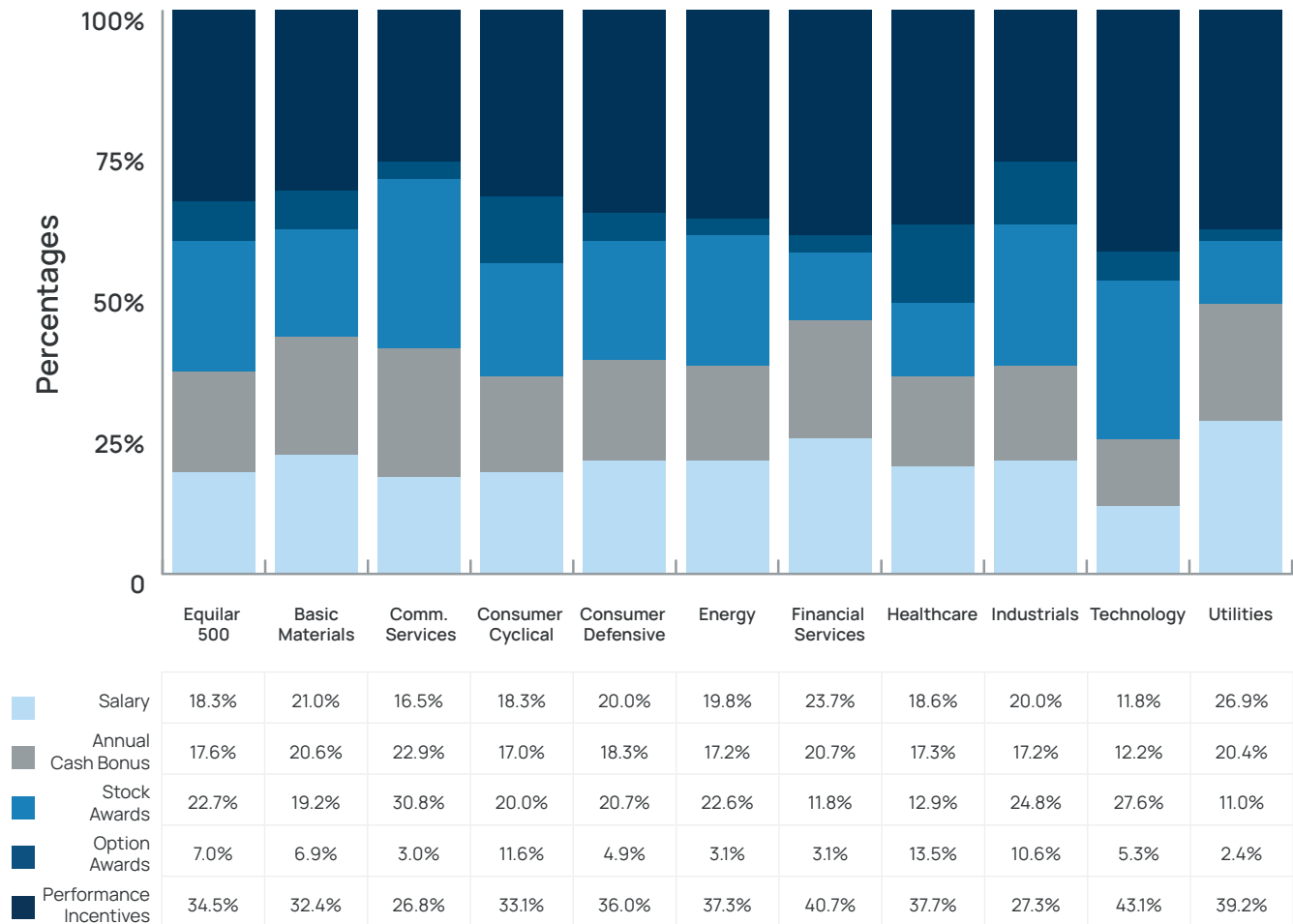


Fig. 04

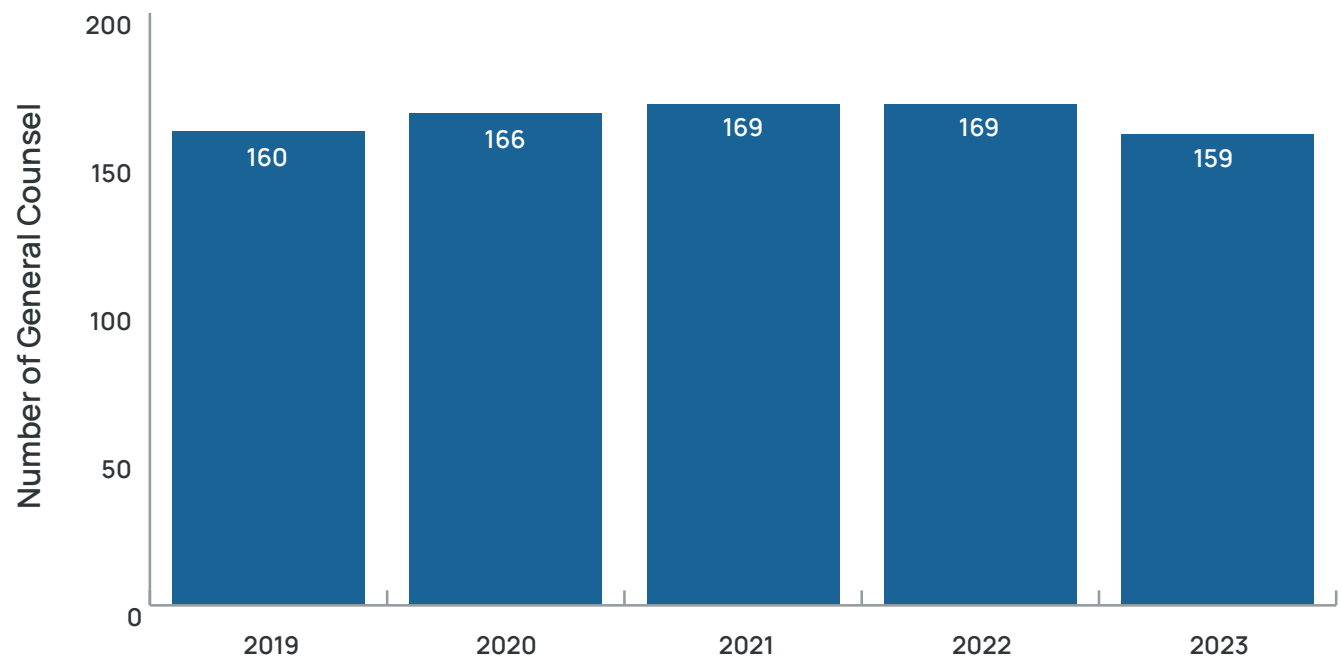
## Equilar 500 Average Pay Mix by Sector



1. Performance incentives made up the largest portion (34.5%) of the average Equilar 500 General Counsel compensation package in 2023; performance incentives were also the largest pay component across all but one sector (communication services) (Fig. 4)
2. Stock awards were the largest portion of the General Counsel pay mix at communication services companies at 30.8% in 2023 (Fig. 4)
3. Communication services companies also featured the largest portion of an annual cash bonus target in their pay mix (22.9%), while salary had its largest value at utilities companies (26.9%) (Fig. 4)

Fig. 05a

# Equilar 500 General Counsel Count

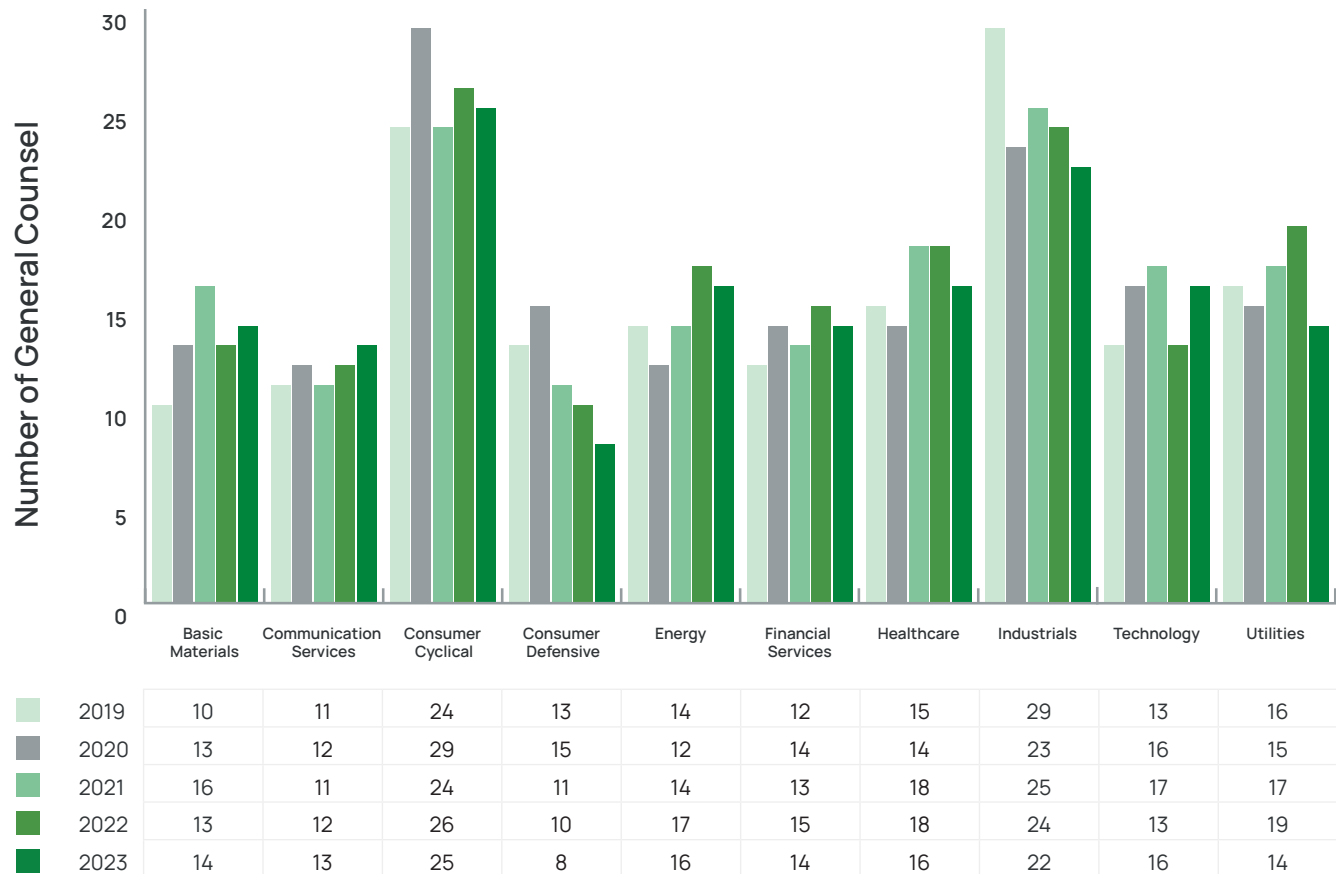


1. After remaining steady at 169 from 2021 to 2022, the prevalence of Equilar 500 General Counsel disclosed among their companies' named executive officers declined by 5.9% to 159 in 2023—this marked the first decline in the study period (Fig. 5a)
2. The largest increase in the number of disclosed General Counsel occurred in 2020, when the count rose by 3.8% from 160 to 166 (Fig. 5a)
3. During the course of the study period, the count of disclosed General Counsel declined slightly by less than 1% from 160 to 159 (Fig. 5a)

*\*Due to the fact that not all Equilar 500 companies disclose their General Counsel among their named executive officers, the count for each year does not equal 500.*

Fig. 05b

## Equilar 500 General Counsel Count by Sector

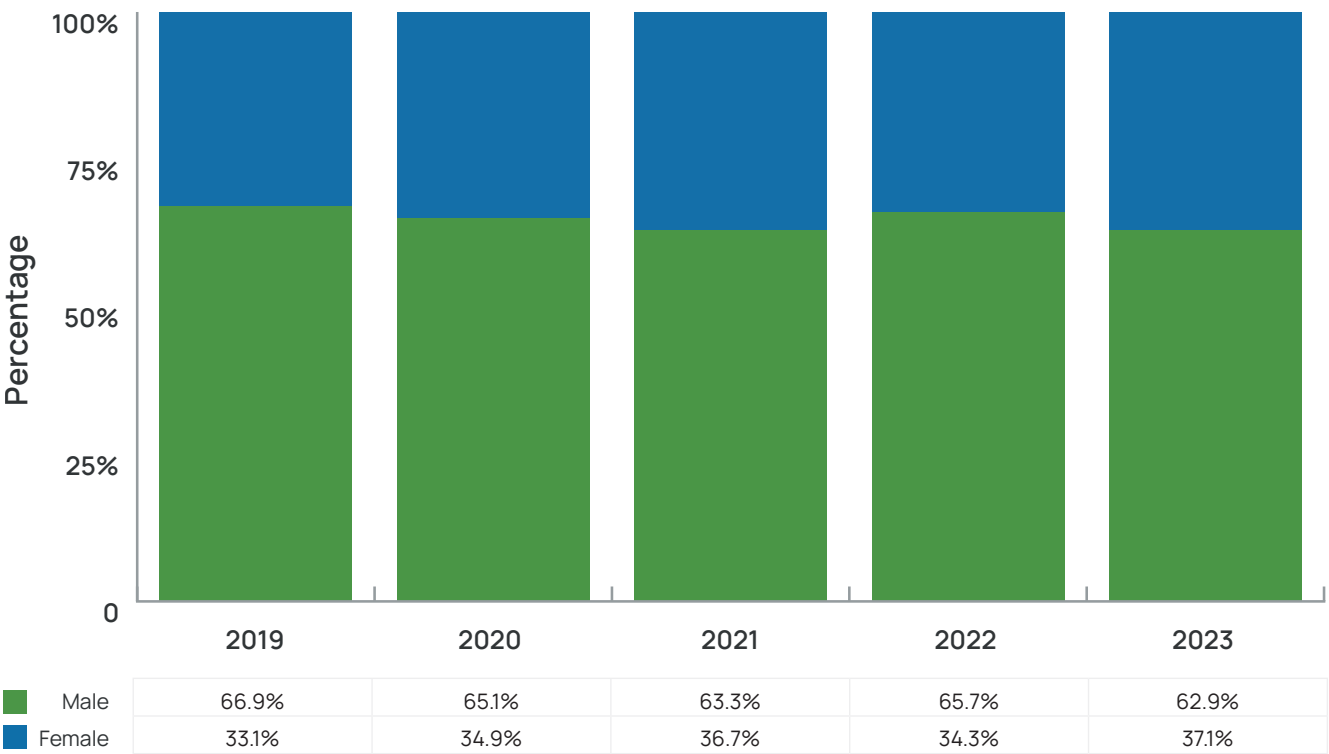


1. The largest increase in the number of disclosed Equilar 500 General Counsel occurred at technology companies, as the sector saw a 23.1% bump from 13 to 16 in 2023 (Fig. 5b)
2. Meanwhile, the utilities sector saw a 26.3% decline in the number of disclosed General Counsel in 2023—the largest drop across all sectors (Fig. 5b)
3. Over the course of the study period, just three sectors saw a decline in the number of disclosed General Counsel—consumer defensive (38.5%), industrials (24.1%) and utilities (12.5%) (Fig. 5b)

*\*The real estate sector was excluded from this figure due to low sample size.*

Fig. 05c

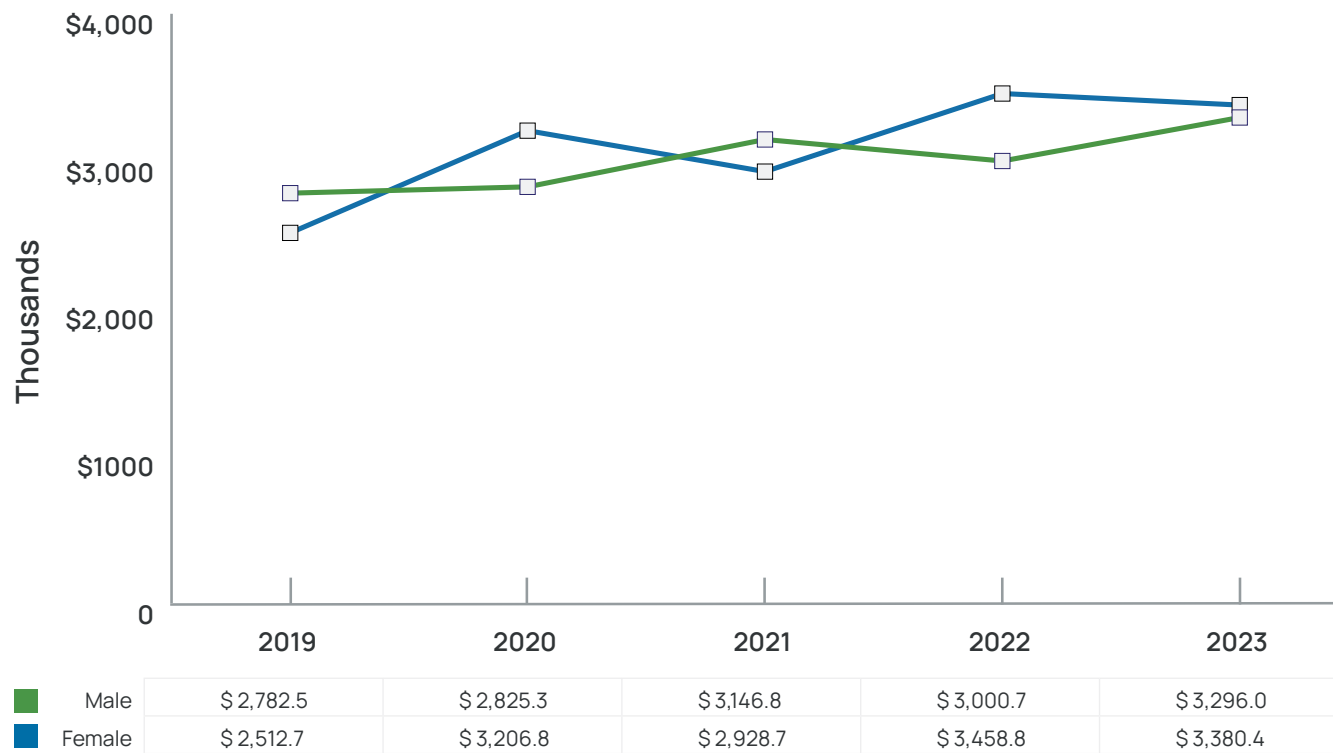
## Equilar 500 General Counsel Prevalence by Gender



1. From 2019 to 2023, the percentage of Equilar 500 General Counsel who are women increased by 12.1% from 33.1% to 37.1% (Fig. 5c)
2. On the flip side, the percentage of Equilar 500 General Counsel who are men declined by 6% from 66.9% to 62.9% (Fig. 5c)

Fig. 06

## Equilar 500 Median Total Compensation by Gender



1. Over the course of the study period, compensation for both male and female General Counsel fluctuated greatly, with women earning a median compensation package of \$3.4 million in 2023—2.6% more than their male counterparts' pay package of \$3.3 million (Fig. 6)
2. The largest pay gap occurred in 2022 when women earned \$3.5 million at the median, while men were awarded \$3 million (Fig. 6)



Fig. 07

## Equilar 500 Median General Counsel Pay Components by Gender

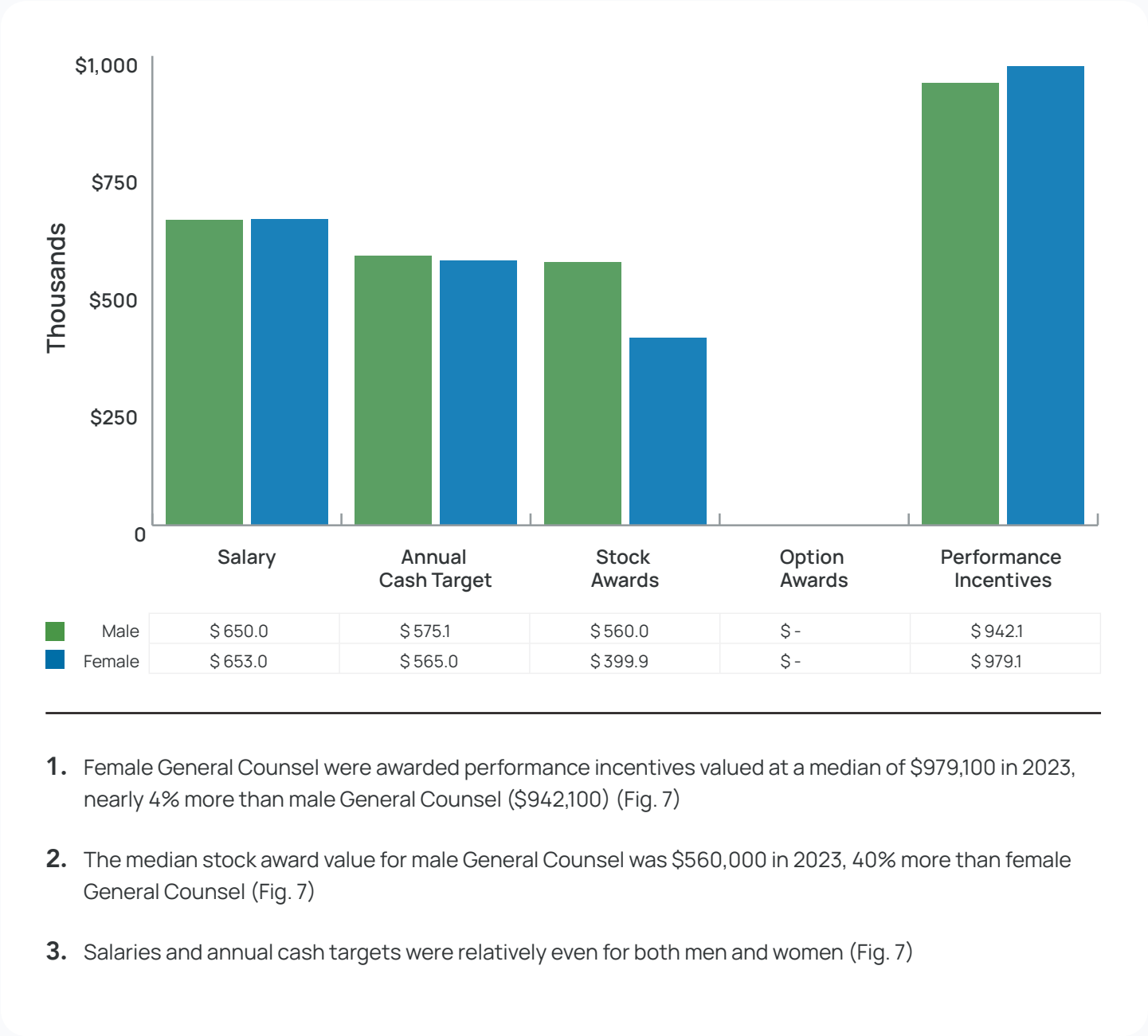


Fig. 08a

# Equilar 500 CEO-to-General Counsel Pay Ratio

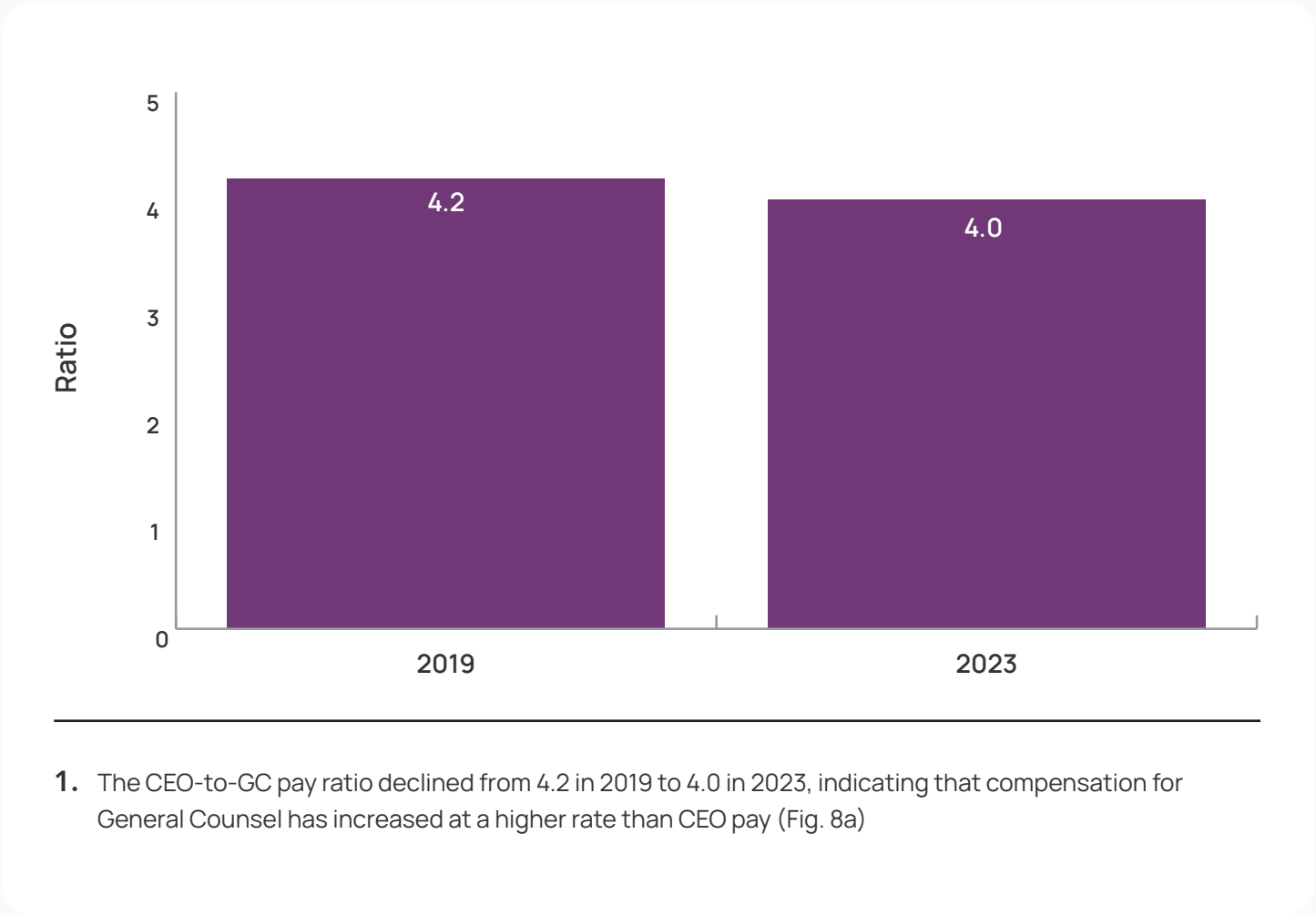


Fig. 08b

# Equilar 500 CFO-to-General Counsel Pay Ratio

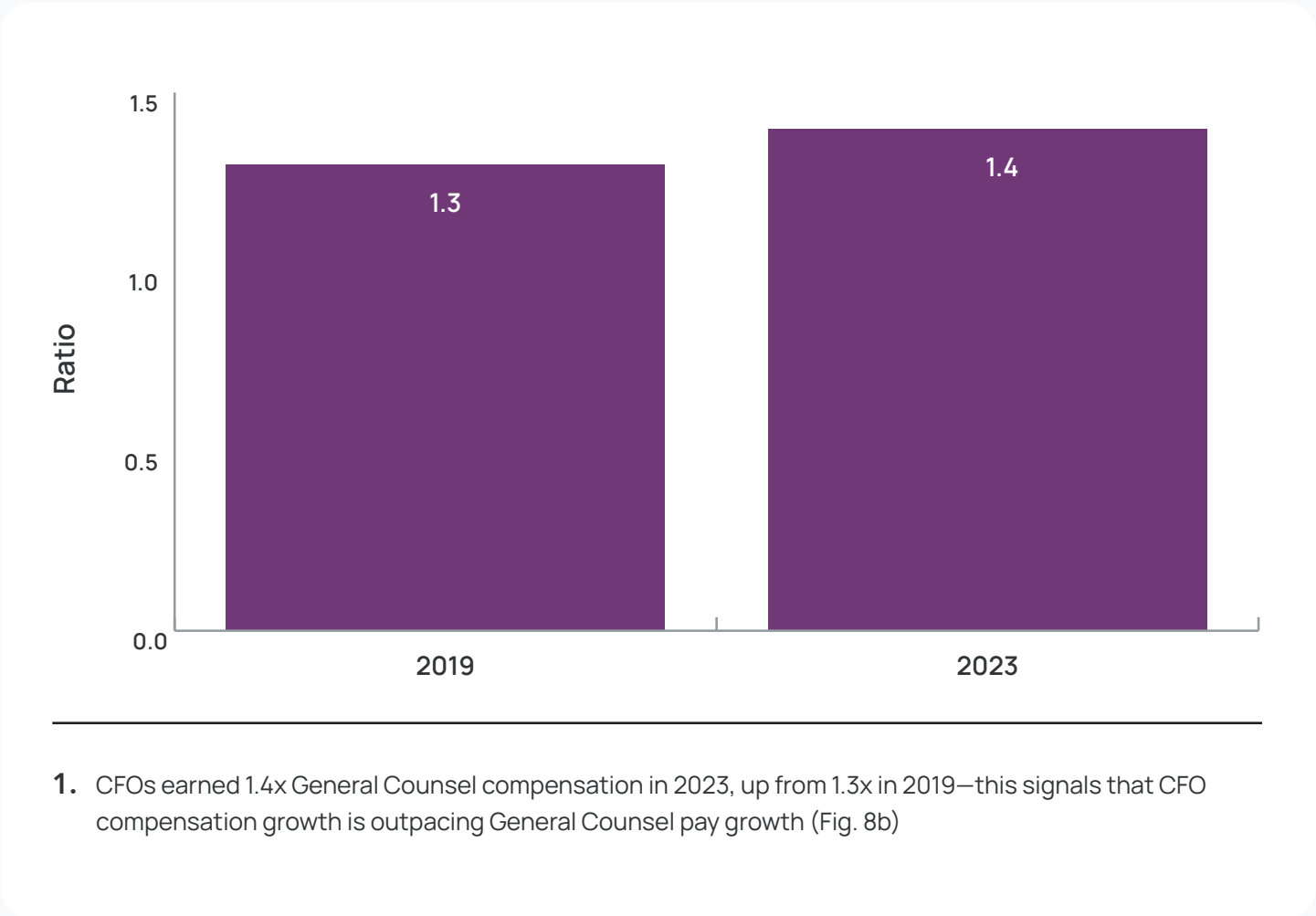


Fig. 09a

# Equilar 500 Median General Counsel Prevalence by Tenure in Current Position

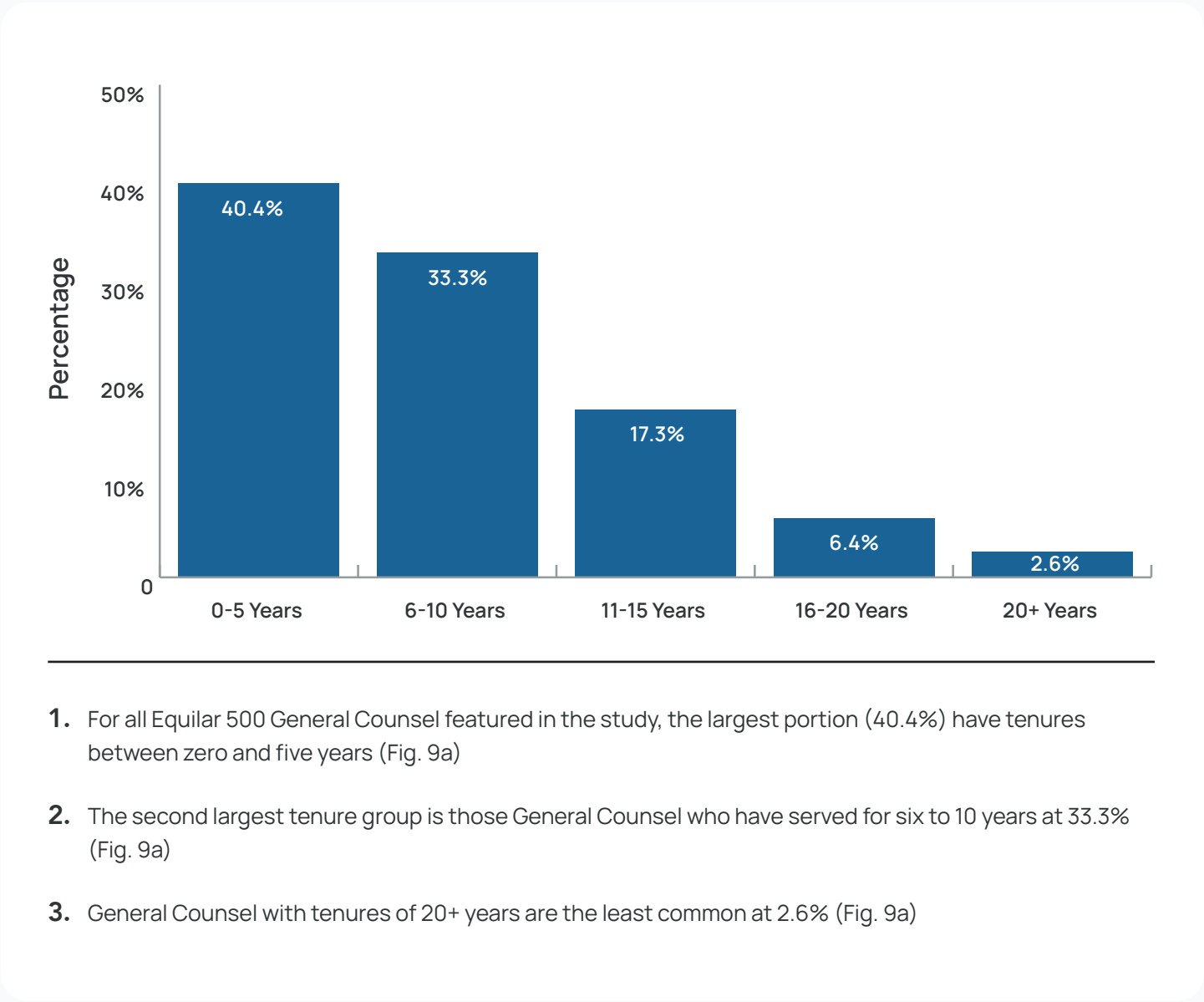


Fig. 09b

# Equilar 500 Median General Counsel Pay by Tenure in Current Position

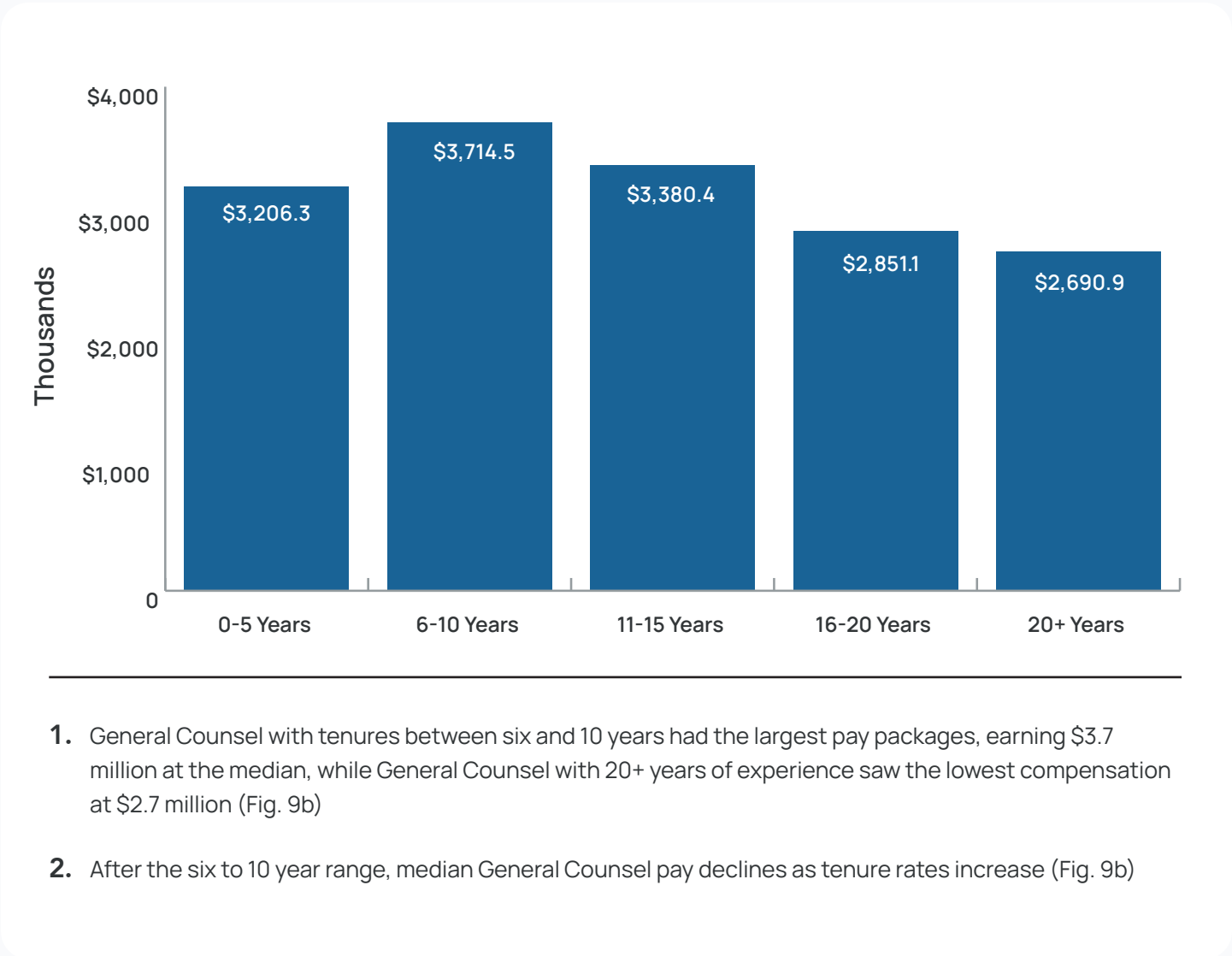
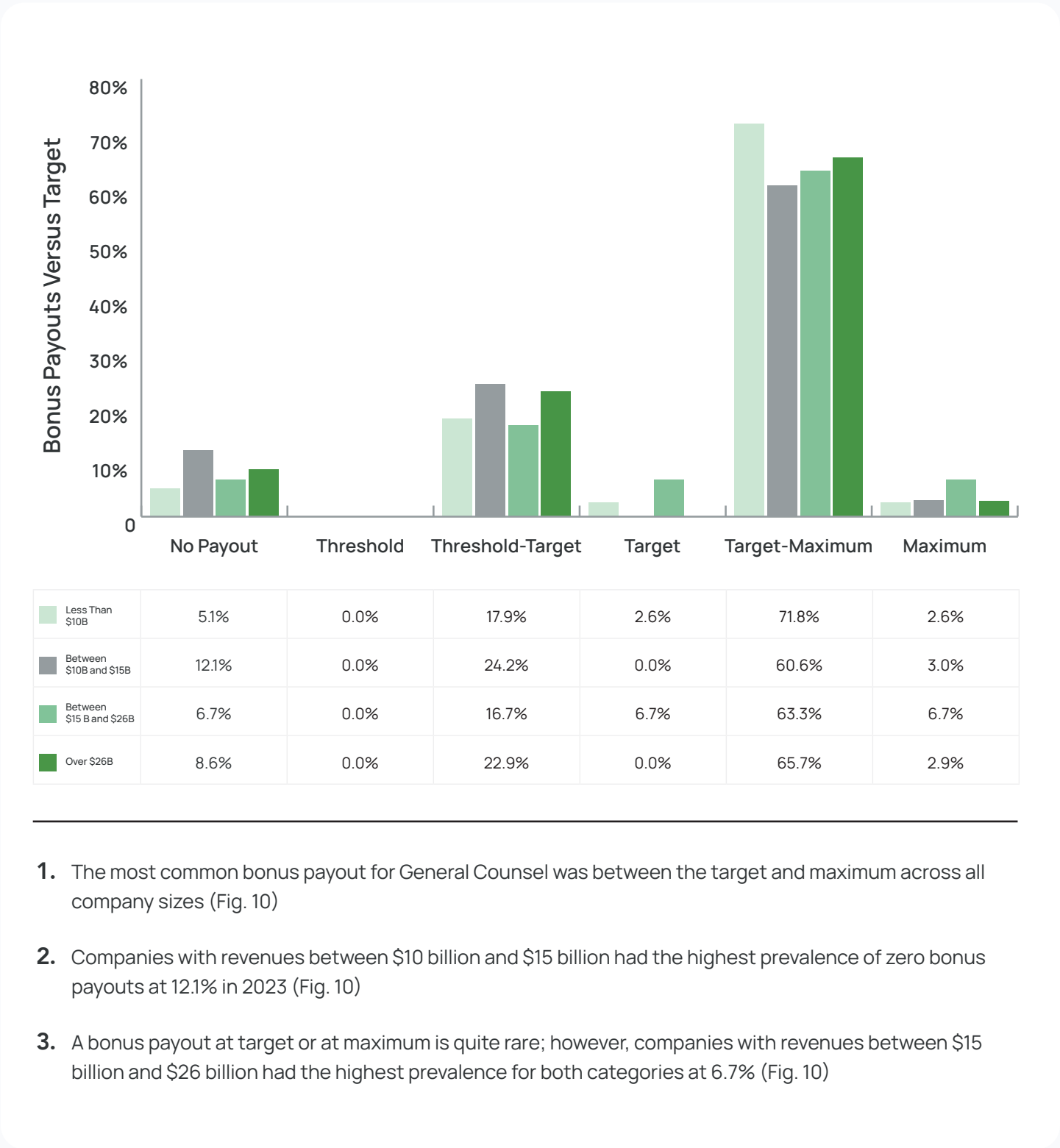


Fig. 10

# Equilar 500 Bonus Payouts as a Percentage of Target by Revenue (2023)



## An Inside Look at General Counsel Pay and Tenure Commentary from John Gilmore, Co-Founder and Managing Partner

Looking across the Top 20 highest-paid named executive officers (NEOs) serving as General Counsel in 2023, the total annual compensation ranges from \$7 million to \$27 million. Fifty percent of the Top 20 list is predominantly represented by the technology and communication services sectors, and the market caps vary from a low of \$120 billion to more than \$3 trillion at Apple. Keep in mind that for these top corporate executives, 80% to 90% of their earnings is deferred income in various forms of equity awards. This sizable component of the overall compensation is not realized unless the business achieves success, and when RSUs (restricted stock units) vest, options are exercised, and/or performance parameters are met, typically over a three-to-five-year horizon. Talk about golden handcuffs!

More broadly, the fact that General Counsel pay is increasing at a higher rate than CEO pay strongly suggests that CEOs are increasingly dependent on their General Counsel and are recognizing the business value that General Counsel bring to their organizations. Most CEOs consider their General Counsel as a consigliere and meet daily to discuss whatever is top of mind.

With respect to General Counsel changing organizations, the factors which most often motivate someone to consider a new opportunity include company growth, equity potential, dynamic leadership or influential board members, company reputation and/or mission, a chance to leverage current industry knowledge, or the opportunity to fix, build, or optimize a law department.

As for tenure in any position, when a General Counsel masters a business, earns trust from the enterprise as a strategic partner, and continues being challenged by new responsibilities, they tend to be content and remain committed to the long-term success of the company. While unvested equity plays a role encouraging longevity, companies are prepared to even the playing field and make an individual whole financially when luring them

away. Lack of challenge, new leadership, change of company control, misaligned values or lost vision for the future can easily motivate a General Counsel to consider something new. On a personal level, family situations and other obligations can also prevent a General Counsel from considering new opportunities, but once lifted (most often after becoming empty nesters) there are many new options to be considered. Timing is everything.

There tends to be greater flexibility for the requirement of having specific industry experience within technology, consumer products, entertainment, transportation, industrial products and services, and manufacturing. CEOs of highly regulated industries such as financial services, energy and healthcare often require the General Counsel to have first-hand experience with the specific regulatory concerns, but there are always exceptions. For example, IBM recently hired Anne Robinson as CLO after a successful career with Vanguard. Then Vanguard backfilled Anne's position by leveraging Tonya Robinson's policy and regulatory experience coming from KPMG.

While stress, lack of work-life balance and the vast contribution to the business warrant the high compensation received, it is difficult to find a General Counsel who does not love what they do. Most General Counsel thoroughly enjoy the continuous learning, problem-solving challenges and leadership responsibility of the position. Even those walking away from a successful General Counsel career with a considerable amount of money will reach out to me after a short break, seeking a new professional challenge. A seasoned General Counsel in this state of transition is considered a high-value candidate by most companies.

### Impact of Public Company Risks and Talent Availability on Recruiting Practices

As the regulatory, geopolitical and economic risks increase, CEOs are less willing to take a chance on a step-up General Counsel, whether through an internal



promotion or external hire. Most CEOs are seeking an experienced General Counsel who has “sat in that seat,” with a proven record of accomplishment internally with the executive leadership team and the board, and externally with financial analysts, shareholders, regulators, employees, customers, and vendors.

Recruiting General Counsel today can be a challenge if any of the parameters of the position are out of line with the market for talent, which can include compensation, reporting structure, law department resources, role as a strategic advisor or company reputation. Relocation can be difficult, particularly in the General Counsel world, where spouses often have high-level careers of their own. Increasingly, General Counsel are looking at opportunities through the lens of their family needs, rather than just considering the opportunity itself.

As executive search consultants, we work on behalf of our clients to understand what truly makes an opportunity attractive, to relate their company story well and get the best candidates excited to consider an opportunity. Since the most attractive candidates are least likely to be actively looking for something new, it's our job to identify and focus on the specific conditions

that appeal to them. The story around the opportunity must be more compelling than compensation.

Diversity remains a priority since many companies continue to target the General Counsel position to diversify their executive leadership team. Women continue to gain traction every year, and in 2023 held 39 of the top 100 highest-paid positions.

Seeing the pay disparity between men and women change direction does not surprise me. Over the past several years, I predicted this gap would close as more women advanced into the position. The demand for diversity in the General Counsel/CLO position has remained strong, and the cost of hiring new talent has risen.

In most cases, the compensation required to hire a charismatic, business-minded lawyer will outpace that of the outgoing General Counsel whose salary increases flattened out years ago. We have witnessed an increased number of women being internally promoted or externally recruited to serve as General Counsel over the past ten years. With increased attention to succession planning, the talent pool is outstanding.

# About the Contributor



BarkerGilmore is a boutique firm recognized by CEOs, boards and executives as best-in-class legal and compliance executive search professionals and leadership consultants. With a team of advisors and recruiters spanning the United States, the firm's client roster includes leading consumer, energy, financial, healthcare & life science, industrial, non-profit, private equity, and technology companies.

BarkerGilmore's niche concentration results in unparalleled access to a specialized network of talent. Established relationships allow identification of, and engagement with, top legal and compliance professionals for any assignment. The firm boasts industry-leading metrics over the past three years, including a: 93% retention rate, 68% women and diverse placement rate, and 4.8/5.0 client satisfaction rating.

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John Gilmore is Co-Founder and Managing Partner of BarkerGilmore. With more than three decades of experience in executive search, John has skillfully navigated BarkerGilmore on its path to becoming the highest quality boutique in-house legal, compliance officer, and leadership advisory firm in the country. Dedicated to the advancement of others and functioning seamlessly across industries, John is a key advisor to many of the world's most successful companies. Internally at the firm, John oversees the large and sophisticated recruiting function by heading up a team of high-performing executive search consultants. He is well known for his uncanny capacity to mentor and bring out the best in others.

John's discretion and ability to move both quickly and effectively through the lifecycle of an executive search make him one of the most trusted and sought-after senior recruiting consultants in the industry. While leading Chief Legal Officer, General Counsel, and Chief Compliance Officer search assignments, often on a confidential basis, John partners closely with CEOs, CHROs, and Board Members of major organizations, including those of Fortune 1000, emerging growth, PE-owned, VC-backed, non-profit, and government entities.

John's unparalleled reputation in executive search and assessment led him to develop the next-generation CustomFit<sup>SM</sup> process, which is employed in every BarkerGilmore engagement. This innovative tool provides a powerful recruiting solution yielding rates of candidate placement, diversity, and retention that are consistently far above industry average. John's assessment process reveals the soft skills critical to candidate selection. Being Hogan Certified and having a wealth of experience, John's reliance on key candidate indicators such as emotional intelligence and the ability to serve as a strategic advisor continues to be integral to his success.

John holds bachelor's and master's degrees from the State University of New York at Buffalo. Considered an authority on succession planning, compensation, and employment trends for legal and compliance, his monthly articles are read by thousands of the top law firm and in-house lawyers in the country. He is often quoted in the press, and his insights have appeared in numerous publications, including The Wall Street Journal, USA Today, and Corporate Board Member Magazine.

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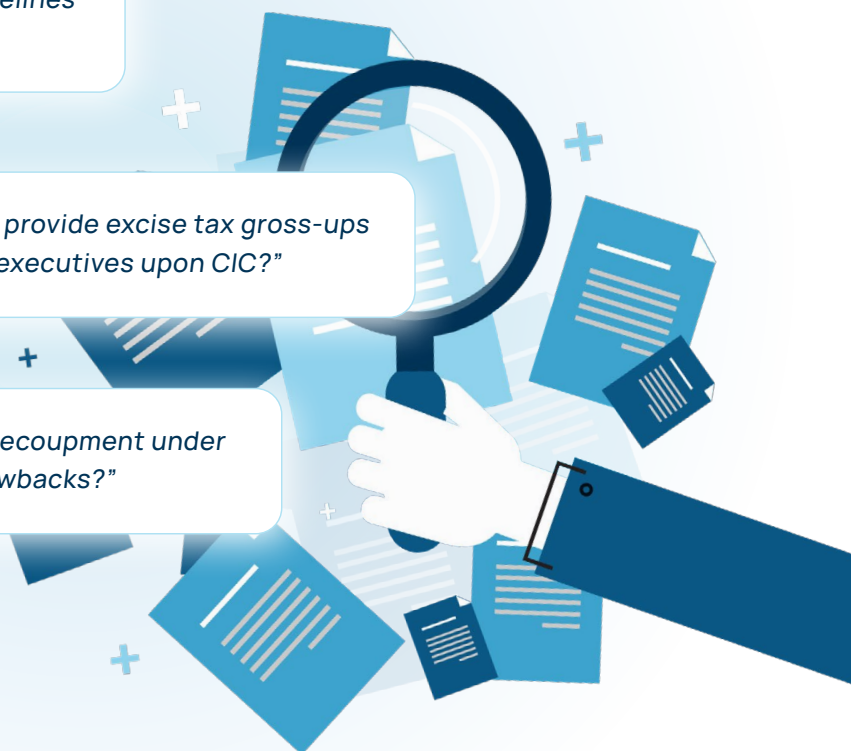
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