



GRMSEARCH
SOUTH AFRICA

LEGAL EXECUTIVE SEARCH AGENCY

MARKET REVIEW & SALARY SURVEY 2014

INTRODUCTION

GRMSearch is pleased to present its first annual market review and salary survey for the 2014 financial year in South Africa.

We aim to provide our clients and candidates, through the use of this in-depth market review and salary survey, the necessary guidance and advice regarding compensation levels for both private practice and in-house, based on the trends we have seen in South Africa's legal recruitment market.

We will take you through the two sides of the picture, in-house and private practice, comparing the current situation with what we saw last year, and finish with our predictions for the coming year.

All information included in this survey has been fully researched through the help of our clients and candidates, and of course using our knowledge and understanding of the legal market in South Africa.

Please bear in mind that, as with all surveys, the results are based on averages rounded to the nearest R1,000 and may therefore differ in individual situations. This survey is to be used as a guide only. Please do not hesitate to contact us regarding individual cases.

THE VIEW FROM PRIVATE PRACTICE

WHAT WAS 2013 LIKE FOR JOBS IN THE LEGAL MARKET IN SOUTH AFRICA?

According to our research, growth was steady during 2013. The key change remains the interest by large international firms in the African market. There are many rumours in the market of future mergers together with almost monthly announcements of new mergers or working partnerships between South African firms and international heavyweights.

LOOKING AT THE NUMBER OF HIRES OVER 2013, WHAT DOES THIS SAY ABOUT THE LEGAL JOB MARKET IN SOUTH AFRICA?

Although GRMSearch had not yet launched in South Africa in 2013, from our market research there was quite a bit of cross firm movement. The major firms all appear to be growing steadily and larger offices have become a requirement. This, together with an expansion into Africa, indicates that the legal market is coming through the slump of 2010 to 2012 and is set for rapid expansion.

WHAT HAPPENED TO PRIVATE PRACTICE SALARIES IN SOUTH AFRICA IN 2013?

Most firms' salary increments met inflation with top performers having increases double, or even triple, that. However, such increases tended to be as a result of promotion rather than normal annual increase.

WHAT WERE BONUSES LIKE?

Most of the larger firms have now set in place transparent terms for achieving a bonus and the amount of the bonus is largely dependent on how the person performed according to those guidelines. That being said, and despite strong individual performances, bonuses are, in the main, still tied to the company's overall performance.

This can result in bonuses for members of one team differing starkly to that of another team, despite similar objective performances being achieved by the individuals.

IN REGARD TO HIRING, WHAT HAVE BEEN THE MOST ACTIVE PRACTICE AREAS ON THE PRIVATE PRACTICE SIDE IN THE LAST YEAR?

PE, project finance, oil & gas and even asset finance. Specialist areas such as funds, insolvency and employment also showed small growth.

WHAT ADVICE WOULD YOU GIVE SOMEONE IN-HOUSE LOOKING TO GET INTO PRIVATE PRACTICE?

You need to be able to show that you will bring something different to the firm. Apart from having the required technical skills, you need to illustrate how you can advance a particular team. This may be through a network you have developed outside of practice and which you can tap into for instructions. Ultimately you will need to show your willingness to put in the long hours to bring yourself up to speed with your peers in private practice. The big advantage though would be your external network and interpersonal skills.

It is hard, but it is also rewarding. You'll become a lot more commercial and as much of a businessman or woman as an attorney.

WHAT IS THE DRAW FOR INTERNATIONAL LAW FIRMS MOVING INTO JOHANNESBURG / SANDTON?

The talent pool in Johannesburg / Sandton is stronger than other cities on the African continent. South Africa has a predominantly Western culture so it makes merging businesses that much easier. Added to the fact that large parts of our laws are English law based and the predominant business language is English, South Africa a prime target for setting up offices as a launch pad into the massive potential that lies in Africa. Also, South Africa offers some of the best living conditions and weather in the world.

With the introduction of some of the international law firms into South Africa, we have seen upper equity salaries increase in an attempt to lure very senior partners away from established roles and take up new positions in what is essentially a start-up environment. The upper end of these salaries are in the US\$1.2 million bracket.

WHAT ARE THE PREDICTIONS FOR 2014 FOR THE PRIVATE PRACTICE JOB MARKET?

We specifically delayed the launch of GRMSearch into South Africa for 2014 because we see massive potential for growth in 2014 and moving forward. With mergers aplenty between small and large firms, not only is it predicted that there will be a huge growth in the legal market, but we also see a lot of inter firm movement with professionals electing to leave some firms to either be associated with an international firm or wishing not to be dictated to by the new international head office. 2014 is going to be very exciting!

WHAT WILL BE THE SPECIFIC GROWTH AREAS?

With the constant new findings throughout Africa of new reserves of resources, energy and project finance are going to be hot areas.

WILL SALARIES RISE?

My thoughts are that they will rise more than last year, but not by much. Unless the person (usually a partner) is a superstar that the firm just cannot lose, we will not see 30-40% hikes; more like 10-15%.

WHAT WILL BONUSES LOOK LIKE?

Bonuses are still very much dependent on overall firm performance, but if that is good I am told we will see the firms having a lot more flexibility to reward their best performers. If your firm is not performing at an adequate level, perhaps it might be time to move on?

WHERE SHOULD AN AMBITIOUS ATTORNEY BE LOOKING FOR THE BEST CHANCE TO GET PROMOTED?

With all of the movement and mergers taking place, the question is an open ended one. Large international firms may offer the opportunity to make a move to one of their international offices and hence give you international experience. In the same breath, the local firms have placed themselves well to exploit many of the untapped areas within Africa. So it really depends on what you are looking for.

WHAT ARE FIRMS LOOKING FOR IN THEIR ATTORNEYS?

Technical brilliance and the business development skills of a salesman. If you have a strong command of a language like Portuguese or French, or dual qualified to practice in South Africa and the UK, and have experience in the project or oil & gas space, then you are well placed in the African market.

IS 2014 A GOOD TIME TO MOVE JOBS IN PRIVATE PRACTICE?

Yes; but of course I would say that! I think we will see more confidence come back into the market leading to more hiring, thus leading to better packages.

THE VIEW FROM IN-HOUSE

WHAT WAS 2013 LIKE FOR JOBS IN THE IN-HOUSE LEGAL MARKET IN SOUTH AFRICA?

The in-house legal teams across the majority of industries were not in growth mode in 2013, with many staying flat, or not replacing attorneys who left. There have also been some strategic cuts from these teams in the past year. The manufacturing industry was still under pressure as a result of a tumultuous few years prior to and including 2013, and not many new positions were created. Similarly, the mining industry is also under pressure as a result of quite widespread industrial action.

ARE THERE ANY AREAS THAT HAVE BEEN ACTIVE OVER THE PAST YEAR?

We have seen some growth in the legal teams in some of the investment banks, particularly in the energy and project space. The insurance industry has seen some steady growth in the size of legal and compliance teams and replacement headcount is common.

WHAT WERE BONUSES LIKE IN THE IN-HOUSE MARKET IN 2013?

Bonuses this year in the banks have ranged from zero to around 50% of base salary, depending on performance and team. This can lead to a situation where an attorney from one team can end up receiving a very different overall package to an attorney from another team, despite both being from the same company. This is also true for pay increases, though on the whole these have been minimal, or non-existent.

WHY DO PEOPLE TEND TO MOVE IN-HOUSE?

Junior attorneys are lured by the initial larger salary, benefits and supposed better work life balance. More senior attorneys, when moving in-house, traditionally take a pay cut on their base salaries in recompense for the better lifestyle. However, the overall package, including bonus, at the banks was at least the same and often considerably more for the mid-level attorney up to junior partner level. However, now that bonuses are much lower and sometimes non-existent, few candidates are willing to take the risk of a cut in base salary to make the move.

WHAT CAN PEOPLE EXPECT IN TERMS OF SALARY WHEN MOVING IN-HOUSE?

Outside of the financial sector, moving from associate level one can probably expect an increase of around 10-20%. However, more senior attorneys can expect a larger pay cut when moving in-house. Typically a cut of around 10-20% can be common when moving in-house as the roles tend to offer a better lifestyle.

WHAT ADVICE WOULD YOU GIVE SOMEONE IN PRIVATE PRACTICE LOOKING TO MOVE IN-HOUSE?

The simple answer is, speak to us! You need to look around for the position that will best suit you and makes sense as the right career move. So, unless you are monitoring the job market on a day-to-day basis, you are likely to miss out on an opportunity that becomes available. There may also be other roles that are never advertised in the market that you won't know about.

WHAT ARE THE PREDICTIONS FOR 2014?

As mentioned, salary increases and bonuses in 2014 have not been a great deal more than 2013. The mining and manufacturing industries are still under pressure, though local manufacturing is now benefiting from the stronger Rand. As a result of ongoing industrial action, the economy has already lost in excess of R10 billion and this will certainly have an effect on other supposedly unrelated industries. That being said, there is huge interest and developments in the oil & gas, project and energy sector. Much of this interest is not located in South Africa, but the skills required are.

WRITTEN BY DALE VERSTER, DIRECTOR AT GRMSEARCH

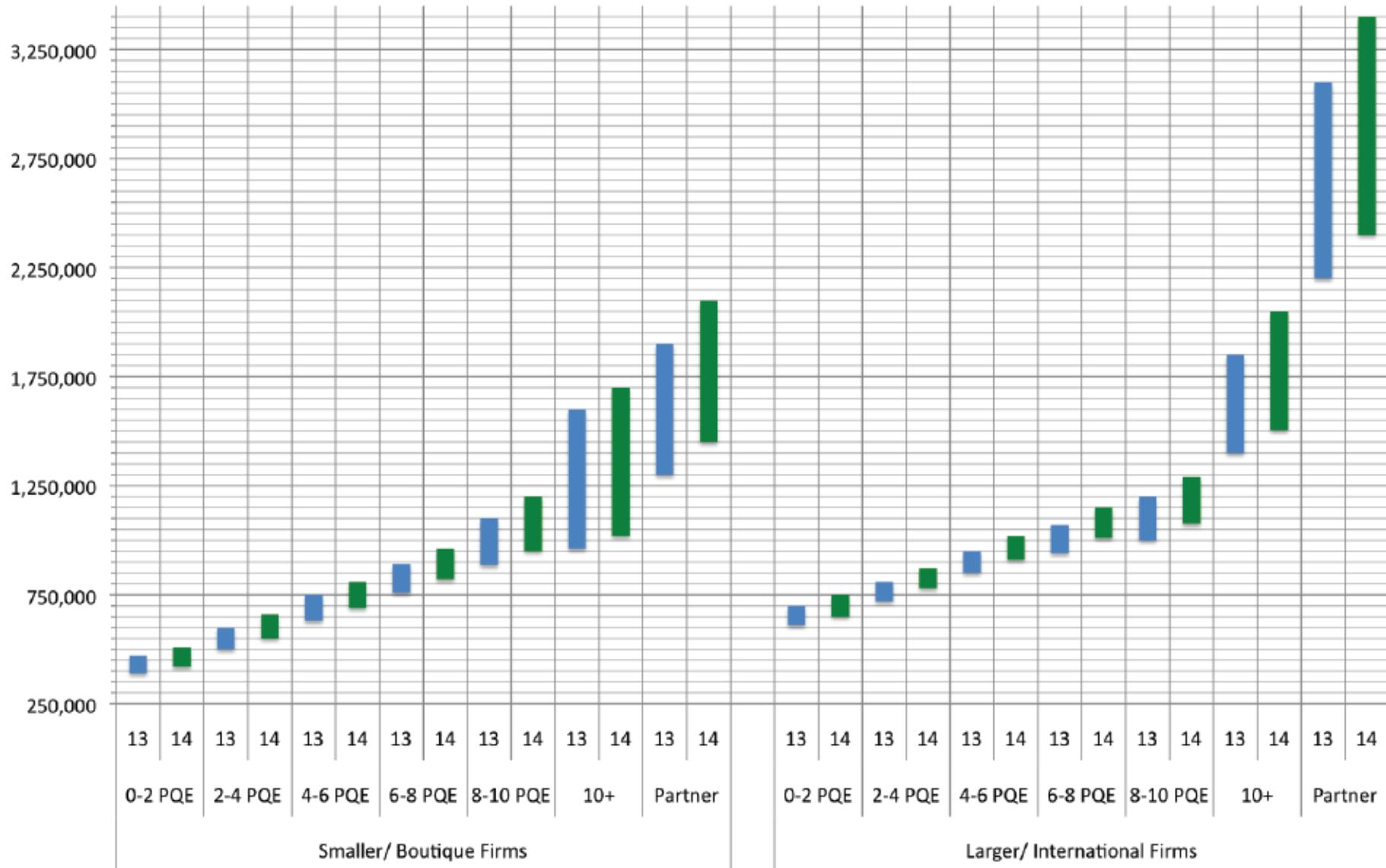
Heading up GRMSearch South Africa is Dale Verster, a qualified patent attorney who worked as an associate at Bowman Gilfillan in Sandton and trained as a candidate attorney at Adams & Adams in Pretoria. Dale has a range of working experience including recruitment in the financial services industry as well as managing a start-up company in the manufacturing industry. With his wide ranging work experience he is uniquely placed to understand the needs from an employer's as well as a career seeking attorney's point of view.



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PRIVATE PRACTICE SALARY GRAPH

A graphical representation of the salary range for each level of qualification for 2013 and 2014.



IN-HOUSE SALARY GRAPH

A graphical representation of the salary range for each level of qualification for 2013 and 2014.

