



*David Zalmanovitsh*

*Attorney at law, B.A, LL.B, M.B.A*

*Founder & CEO*

[www.glawbal.com](http://www.glawbal.com)

## **The legal profession in Israel**

### **Excerpt of data for 2012 and the first half of 2013**

The year 2012 and the first half of 2013 are a direct continuation of the last few years in which the legal profession in Israel and worldwide, has undergone dramatic upheavals in economic, regulatory and other contexts.

We have written about the transformations in the legal profession in Israel and worldwide in various articles which can be found in our website [www.glawbal.com](http://www.glawbal.com).

For the benefit of English speakers, in the following short summary, we will review few interesting topics at the end of the first half of 2013.

#### **A. Distribution of lawyers and gross income**

As of June 2013 there are over 54,000 lawyers in Israel are registered members of the Israel Bar Association.

This figure is a world record, equal to almost one lawyer for every 146 citizens nationwide and one lawyer for every 26 citizens in the Tel Aviv area.

The legal sector in Israel is also very young, demonstrated by the fact that more than two thirds of practicing lawyers are under the age of 40.

The following chart (in next page) shows an approximate distribution of practicing lawyers as of June 2013. We see that approx. 41,300 lawyers work in law firms, approx. 10,600 work in private or public legal consultancy and a further 2,800 are licensed but do not practice law, the majority of them being involved in management, business, politics etc.

Data regarding law firms also displays an expanding trend and there are now more than twelve firms with more than 100 lawyers and three firms with more than 200 lawyers.

Furthermore, there are more than a dozen firms with more than 30 partners, three of which have crossed the 50 partner mark.

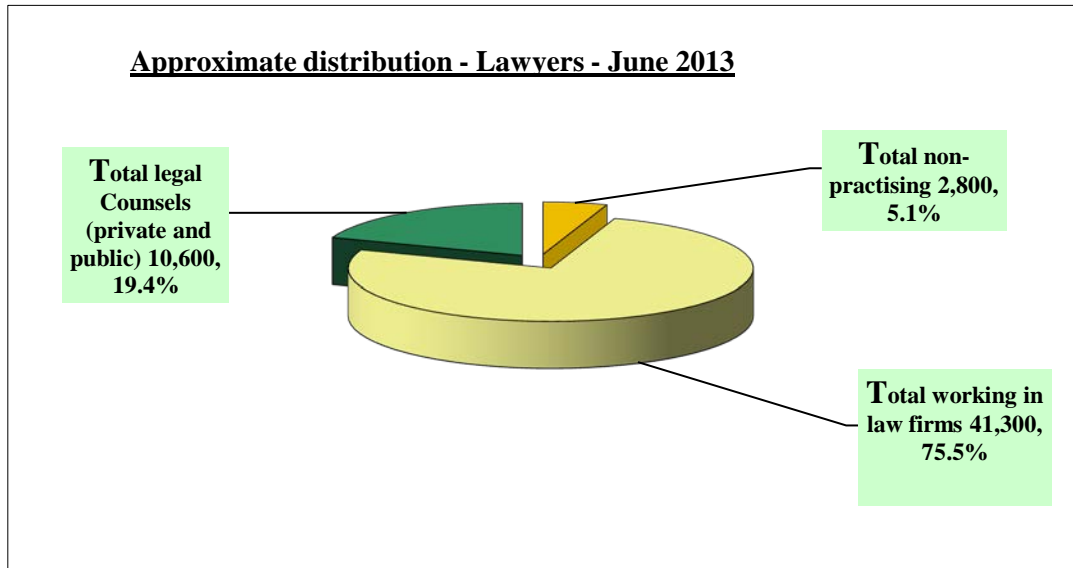


*David Zalmanovitsh*

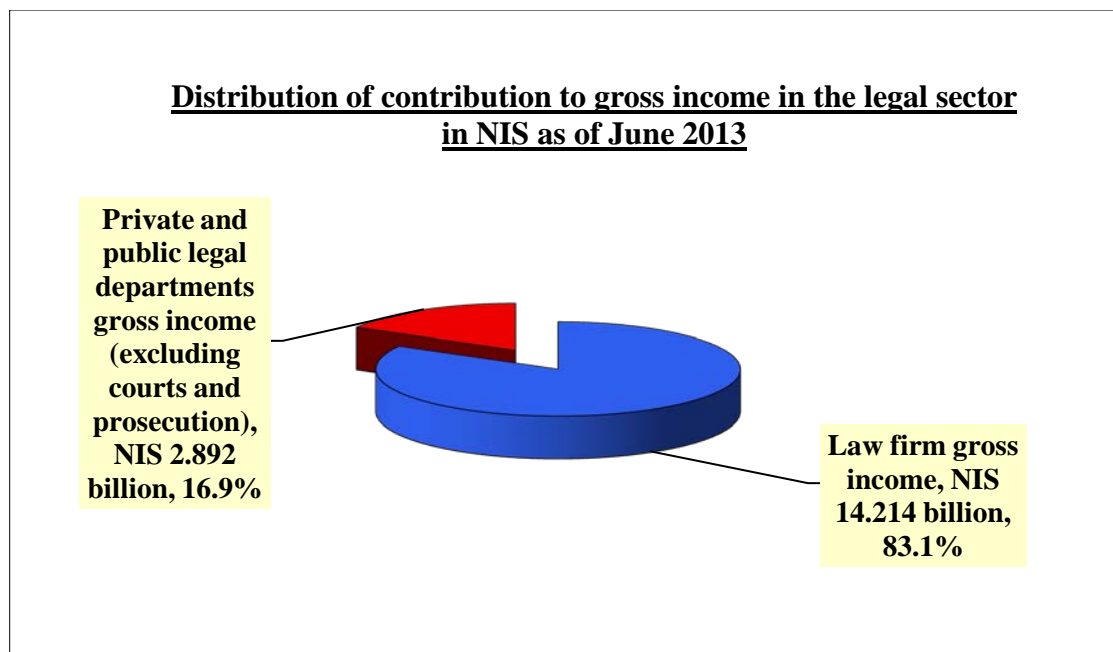
*Attorney at law, B.A, LL.B, M.B.A*

*Founder & CEO*

[www.glawbal.com](http://www.glawbal.com)



A breakdown of the annual gross income in the legal sector is presented in the graph below, from which we can see that the annual gross income generated by law firms in June 2012 – NIS 14.214 billion – is approx. 83% of the total annual gross income from legal work, whilst the annual income generated by private and public legal departments reaches NIS 2.892 billion. The US Dollar exchange rate is NIS 3.60 = US\$ 1.





*David Zalmanovitch*

*Attorney at law, B.A, LL.B, M.B.A*

*Founder & CEO*

[www.glawbal.com](http://www.glawbal.com)

**B. Distribution of areas of work**

Hereunder is a table displaying a distribution between areas of work out of the total activity in the legal industry in the year of activity, both in percentage terms as well as in hourly terms. The data relates to June 2013 and factors-in an efficiency level of 85%.

<b><u>Breakdown of practices in law firms in Israel – December 2012</u></b>		
	Annual effective hours	Percentage
Civil litigation	20,930,571	33.19%
Corporate	8,432,390	13.37%
General civil	7,447,207	11.81%
Securities & Public companies	2,142,500	3.40%
Real estate	3,857,295	6.12%
Private and collective employment law	2,776,924	4.40%
Intellectual property	2,453,726	3.89%
Bankruptcy, debt collection and writs of executions	4,039,163	6.41%
Mergers and acquisitions	1,889,684	3.00%
Taxation	2,021,540	3.21%
Criminal litigation – white collar	1,826,695	2.90%
Family law	2,332,876	3.70%
<u>Other</u>	<u>2,905,964</u>	<u>4.61%</u>
<b>Total (per 41,300 lawyers and efficiency factor of 85%)</b>	<b>63,056,536</b>	<b>100.0%</b>



*David Zalmanovitsh*

*Attorney at law, B.A, LL.B, M.B.A*

*Founder & CEO*

[www.glawbal.com](http://www.glawbal.com)

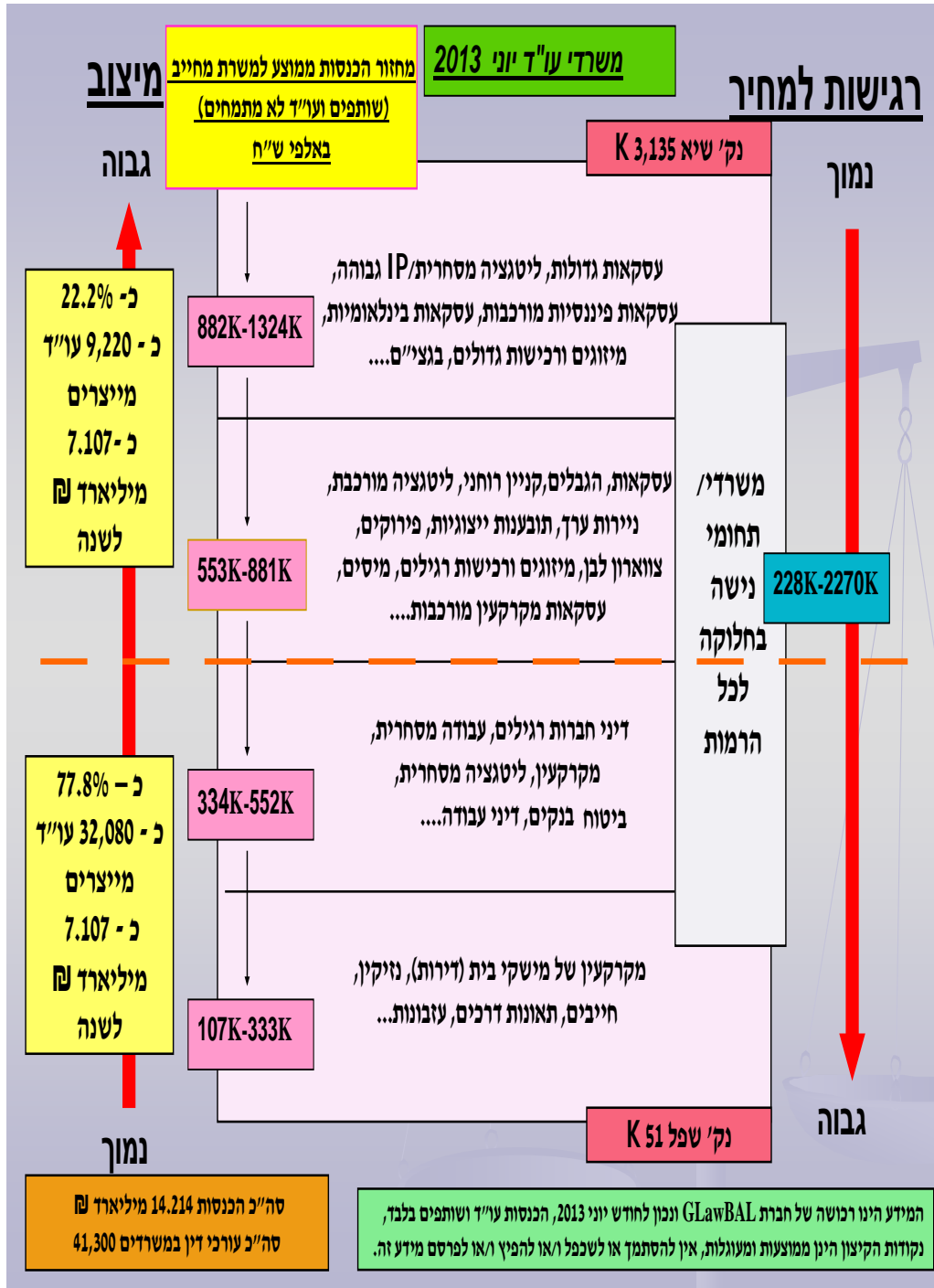
### **C. Income and its distribution**

The variability of distribution of income in law firms in Israel is significant as shown in the following table (in the next page). We see that approx. 9,200 lawyers (22.2% of the total number of lawyers in law firms) generate half of the total income (NIS 7.107 billion) whilst some 32,080 lawyers (77.8%) generate the remaining half.

The non-boutique firms can be divided into 4 levels of income per biller (an average of partner/associates) The US Dollar exchange rate is NIS 3.60 = US\$ 1:

1. The fourth and lowest level is comprised of the small firms, in the centre of the country and in the provinces which provide diverse services predominately to private individuals in areas such as simple litigation, personal injury, debtors, motoring offences, family law and the like. In this group the income levels are very low and the average biller bills between NIS 107,000 to NIS 333,000 per year.
2. on the third level are small to mid-sized firms, providing diverse services, both to private individuals as well as to small to medium commercial entities, in areas such as commercial litigation, commercial and civil law, employment law, insurance law, more complex personal injury issues etc. The annual income in this group ranges between NIS 334,000 – NIS 552,000 per biller.
3. In the second group are the majority of the midsize to big firms in Israel. The majority of their clients are corporations and they deal with corporate law, mergers and acquisitions, securities, complex litigation, tax law, bankruptcy and liquidations, class actions, complex real estate transactions etc. In this group the average biller bills between NIS 553,000 to NIS 881,000 per year.
4. The top group is comprised of a select few large and high-profile law firms dealing will all areas of service provided by the second group but at a more complex level including dealing with international aspects and/or international clients. The average biller in this group bills between NIS 882,000 – NIS 1,324,000 per year.

Boutique firms are a stand-alone category in which the annual amount billed per biller ranges from a very low level of NIS 228,000 in fields of motoring offenses, personal injury etc. up to very higher levels of NIS 2,270,000 per biller in the case of boutique firms specializing in areas such as intellectual property, white collar crime, taxation, international law, family asset management etc.





*David Zalmanovitch*

*Attorney at law, B.A, LL.B, M.B.A*

Founder & CEO

[www.glawbal.com](http://www.glawbal.com)

The following table provides a more in-depth distribution of the areas of work and the average amount billed per biller in small, midsize to big and boutique firms

The US Dollar exchange rate is NIS 3.60 = US\$ 1.

<b><u>Distribution of income between areas of work, in NIS thousands – June 2013</u></b>				
<b><u>(Source – GLawBAL)</u></b>				
	<b><u>Annual average billings per biller– small firm</u></b>		<b><u>Annual average billings per biller– medium / large and boutique firms</u></b>	
	<b><u>Low</u></b>	<b><u>High</u></b>	<b><u>Low</u></b>	<b><u>High</u></b>
<b>Civil litigation</b>	207	503	503	855
<b>Corporate</b>	371	539	539	968
<b>General civil law</b>	232	429	429	724
<b>Securities</b>	427	628	628	795
<b>Real estate</b>	203	703	703	1360
<b>Private and collective employment law</b>	255	429	429	969
<b>Intellectual property</b>	342	491	491	1396
<b>Bankruptcy, debt collection and writs of executions</b>	252	469	469	882
<b>Mergers and acquisitions</b>	418	591	591	1043
<b>Tax law</b>	397	628	628	1285
<b>Criminal litigation – white collar</b>	414	710	710	1340
<b>Family law</b>	247	480	480	1032



*David Zalmanovitch*

*Attorney at law, B.A, LL.B, M.B.A*

*Founder & CEO*

[www.glawbal.com](http://www.glawbal.com)

#### **D. Partner's compensation**

The compensation level of partners in Israeli law firms is divided into eight levels as detailed in the following table (in the next page), although there are only five levels in the lower rank firms. The US Dollar exchange rate is NIS 3.60 = US\$ 1.

**The first level** in the lower rank firms presents a monthly average compensation of NIS 13,750 – NIS 18,750 and is comprised predominately of junior and young partners whose partnership model is usually on an individual case basis. This level in the higher rank large / medium and boutique firms is comprised mainly of contract/salaried partners and their average monthly compensation is NIS 32,500 – NIS 46,500.

**In the second level**, in the lower rank firms are partners with an average monthly compensation of NIS 17,250 – NIS 27,750. In the higher rank large / medium and boutique firms positioned are partners with an average monthly compensation of NIS 38,750 – NIS 56,750.

**In the third level**, in the lower rank firms, are partners with an average monthly compensation of NIS 18,000 – NIS 34,000. In the higher rank large / medium and boutique firms we will see equity partners with an average monthly compensation of NIS 54,250 – NIS 82,250.

**In the fourth level**, in lower rank firms, the average monthly compensation is NIS 26,500 – NIS 45,250. In high rank large / medium or boutique firms the average monthly compensation level will be NIS 75,500 – NIS 103,500.

**The fifth level** is the top level of the lower rank firms. In this level there are owners of small specialized firms with an average monthly compensation of NIS 33,750 – NIS 59,500. In higher rank large / medium and boutique the average monthly compensation will be NIS 91,750 – NIS 152,500.

**In the sixth level** the number of partners decreases and the average compensation increases, standing at NIS 139,000 – NIS 248,000 per month.

**In the seventh level** there are an even smaller number of the most senior partners whose monthly compensation stands at an average of NIS 245,000.

**The eighth level** is somewhat exceptional and is compromise of the top echelon of partners who manage to achieve a monthly compensation of NIS 355,000 or even more.



David Zalmanovitch

Attorney at law, B.A, LL.B, M.B.A

Founder & CEO

[www.glawbal.com](http://www.glawbal.com)

<b><i>Partners in law firms, average monthly compensation in NIS (not gross salary)</i></b>				
<u>Level</u>	<u>Partner</u>	<u>Average seniority (years)</u>	<u>Average in small firms</u>	<u>Average in large and medium firms / prestigious boutique firms</u>
1	Contract partner	8-11	13,750 - 18,750	32,500 - 46,500
2	Junior partners / partners in small firms	14-11	17,250 - 27,750	38,750 - 56,750
3	Third rank partners / partners in boutique firms / partners and sole practitioners in small firms	17-13	18,000 - 34,000	54,250 - 82,250
4	Second rank partners / partners in boutique firms / sole practitioners in small firms	20-15	26,500 - 45,250	75,500 - 103,500
5	First rank partners / owners of boutique firms / owners of small firms and sole practitioners	Above 20	33,750 - 59,500	91,750 - 152,500
6	Senior partners / boutique owners	Above 20		139,000 - 245,000
7	Top senior partners / owners of high-profile boutique firms	Above 25		Above NIS 245,000
8	Founding partners / top senior partners / owners of the highest profile boutique firms	Above 25		Above NIS 355,000
<b><i>Based on a GLawBAL compensation survey, the figures are averages, normalized and correct as of June 2013. The US Dollar exchange rate is NIS 3.60 = US\$ 1</i></b>				





*David Zalmanovitch*

*Attorney at law, B.A, LL.B, M.B.A*

Founder & CEO

[www.glawbal.com](http://www.glawbal.com)

## **E. Fees**

In Israel there are numerous and varied billing formulas: Hourly, retainers, contingency, success fee, fixed fee etc.

Similar to the data relating to income in Israeli law firms, we have mapped-out hourly billing data into five groups which are displayed in clause C (The US Dollar exchange rate used for the calculation is NIS 3.75 = US\$ 1):

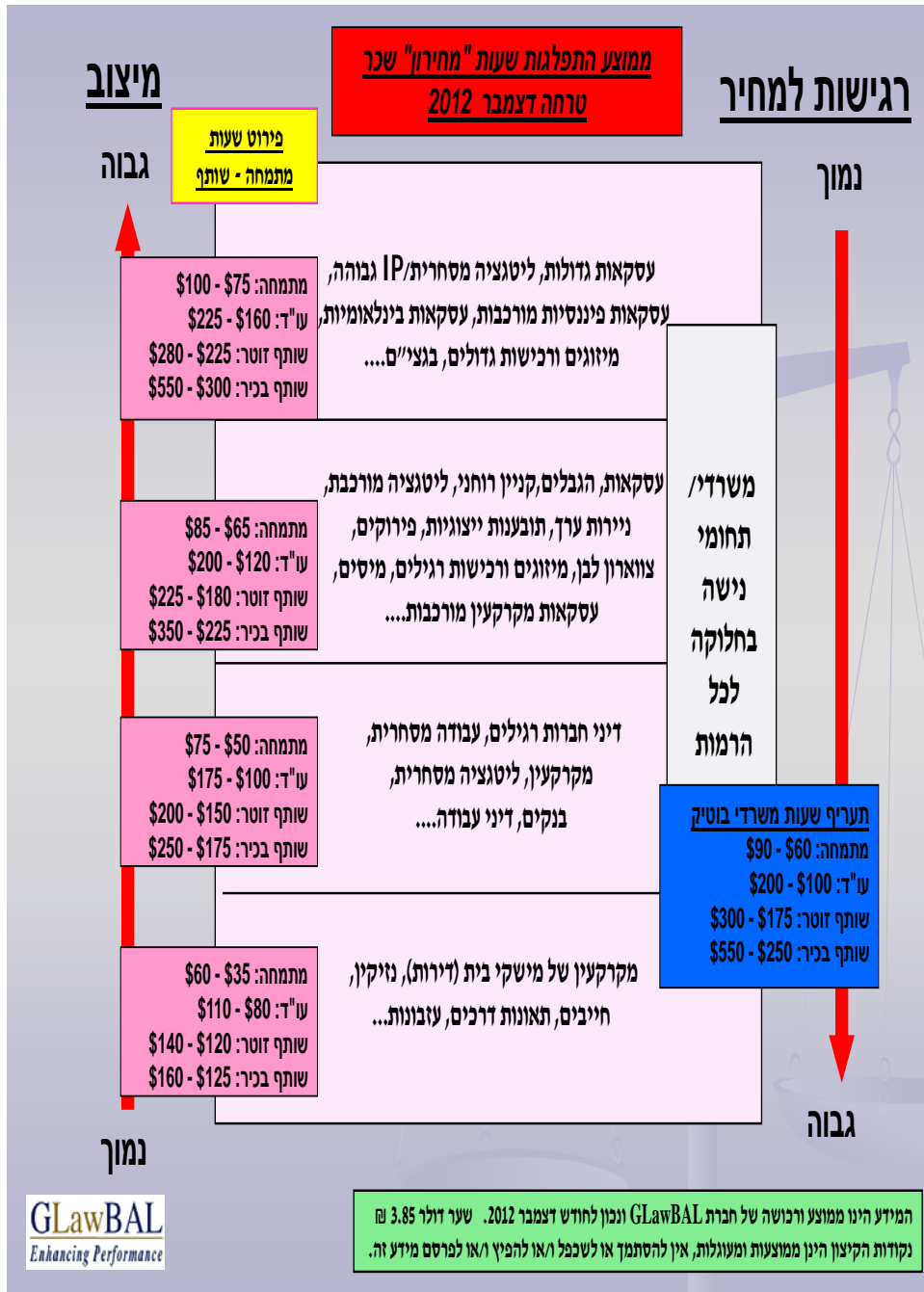
As shown in the table in the next page, in the fourth group, in firms that are involved predominately in household work, the formal hourly rate borders on an economically viable level.

We therefore see that these firms show a very low tariff of NIS 130 – NIS 225 per hour for an article clerk, approx. NIS 300 – NIS 410 per hour for a salaried lawyer, whilst partners charge an hourly fee of not more than NIS 450, and NIS 600 per hour for a senior partner.

In the third group, we see fee levels of NIS 190 – NIS 280 per hour for an article clerk, NIS 375 – NIS 750 per hour for a lawyer and NIS 550 – NIS 940 for a senior partner.

In the second group, the hourly tariff stands at NIS 240 – NIS 320 for an article clerk, NIS 450 – NIS 750 for a salaried lawyer and NIS 675 – NIS 1,300 for partners.

In the first group, as in high-profile boutique firms, we see levels of NIS 280 – NIS 375 per hour for an article clerk, NIS 600 – NIS 840 for lawyers, whilst partners charge NIS 850 upwards and in certain cases senior partners charge in excess of NIS 2,000 an hour.





*David Zalmanovitsh*

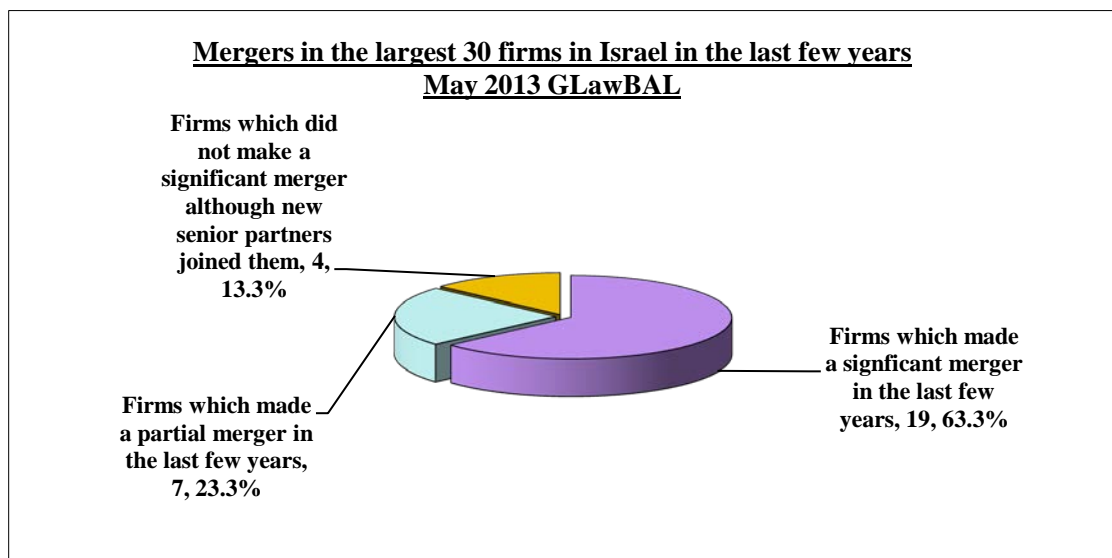
*Attorney at law, B.A, LL.B, M.B.A*

Founder & CEO

[www.glawbal.com](http://www.glawbal.com)

**F. Mergers**

The phenomenon of mergers has been gathering momentum in the last few years. In the last decade our firm has initiate and/or handled more than 500 mergers. The following graph shows the scope of mergers in the 30 largest firms in the last few years.



**Adv. David Zalmanovitsh is founder and the CEO of GLawBAL Enhancing performance Ltd.**

GLawBAL Enhancing performance Ltd. was established to provide law firms and other entities with strategic, financial and management consulting services.

Our client`s base includes over 1,000 law firms, legal departments and other professional service providers.

David Zalmanovitsh, the founder and general manager of the company and the other partners have inter-disciplinary academic background in social science, law, finance and accounting and years of experience both in Israel and abroad.

GLawBAL provides consulting services including business performance analysis, operation planning, organizational structure, risk analysis, budget management and control, strategy and marketing, personnel and work environment management,



**GLawBAL**  
*Enhancing Performance*

*David Zalmanovitch*

*Attorney at law, B.A, LL.B, M.B.A*

Founder & CEO

[www.glawbal.com](http://www.glawbal.com)

mergers, acquisition, partnership agreement, arbitrations, mediations, variety of opinions etc.

As with any business, law firms always seek to improve financial performance, broaden client base, improve work environment and staff management and to minimize risks.

To assist law firms achieve these goals GLawBAL applies methodology based on economics, human resources, marketing and business intelligence.

These methods have been tailored to suit clients working environment typical to each client.

GLawBAL helps law firm identify their problems, ask the correct questions and provide solutions in each and every case. In conjunction with each office we define necessary solutions and if requested, also assist in implementation.

To this effect we examine profit margins, professional and administrative organizational structure, work processes at both professional and supporting staff levels, long term annual strategy, sales and marketing, design of financial processes such as budget control, examination of focal points that might be at risk relating to employees, technological systems and knowledge management.

GLawBAL also deals with placement of associates, senior lawyers, partners, legal consultants and managers, and with M&A and has initiated and/or handled more than 500 mergers and acquisitions in the legal sector.

**Other articles and details of the services the company offers can be found at:**  
[www.glawbal.com](http://www.glawbal.com)