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Why Some Boutiques Doled Out Behemoth Year-End Bonuses

By **Aebra Coe**

Law360 (January 11, 2019, 3:47 PM EST) -- A select group of litigation boutiques not only met but exceeded BigLaw benchmarks when it came to year-end associate bonuses in 2018, upping the ante amid a fierce fight for talent and prestige.

A handful of boutiques — a number of which were founded in recent years — are positioning themselves as desirable places to be for associates by offering up year-end bonuses topping out, in some cases, above $200,000, a tool experts say allows them to compete with larger and more established law firms for up-and-coming legal stars and, ultimately, clients.

"These super high-end boutiques are going after the absolute creme-de-la-creme [associates]," said Michelle Fivel, a partner at recruiting firm Major Lindsey & Africa. "It's a marketing strategy to say to clients, 'We hired the top talent — these are associates who can work for any firm and they chose us.'"

Based on the information that has been made public — either through bonus figures confirmed by the firms or internal memos shared publicly by legal blog Above the Law — at least six law firms have exceeded the benchmark bonus scale set by Cravath Swaine & Moore LLP in November, which ranged from $15,000 for the newest attorneys to $100,000 for those with more seniority.

The law firms exceeding Cravath on bonuses include Kaplan Hecker & Fink LLP, Wilkinson Walsh & Eskovitz, Selendy & Gay PLLC, Wigdor LLP, Hueston Hennigan LLP and Susman Godfrey LLP. There have been reports of other law firms exceeding the scale, but those reports have not been confirmed, or specific figures were not made publicly available.

Kaplan Hecker offered its associates between $25,000 and $130,000 in year-end bonuses, Wilkinson Walsh handed out bonuses between $22,500 and $150,000, Selendy & Gay between $22,500 and $135,000, Wigdor between $70,000 and $160,000, and Susman Godfrey between $110,000 and $225,000. Hueston Hennigan's bonuses ranged from between 30 and 45 percent of an associate's salary.

Each of the six law firms is a litigation boutique, and four of the six were founded within the last four years.

According to Fivel, the boutiques "step it up a notch" on factors like compensation in order to compete with more established law firms like Cravath, or with the BigLaw behemoths, which provide young attorneys with a more traditional, seemingly "safe" career path.

And, she said, they tend to not only up the ante by sharing the wealth with younger talent when they have a banner year but also offer up more experience early on to hungry associates who want to gain valuable skills.

"They're not going to be carrying the briefcase of the person who's carrying a person's briefcase," she said.

BigLaw associates often find themselves with little litigation experience after years of practice, according to Wigdor founding partner Douglas Wigdor.

"These 'sacrifices' were often done for higher compensation and frequently to pay back student loans and the like," Wigdor said. "Lawyers are starting to realize that they can get incredible experience at litigation boutiques and also be rewarded handsomely for their efforts."

According to Wilkinson Walsh's Alexandra Walsh, her law firm has been able to pay associates bonuses 50 percent larger than BigLaw firms each of its first three years of existence.

Walsh says those above-market bonuses are actually influenced by the law firm's decision to incorporate associates into the teams of attorneys working on cases, giving them substantial roles.

"As a boutique that fields tight-knit teams for the most challenging and high-stakes trials across the country, we provide our younger lawyers with opportunities beyond what they would generally experience in BigLaw," she said. "The vast majority of our associates went to trial for our clients over the last year. ... Our associate bonuses reflect our strong conviction that great work in and outside of the courtroom should be rewarded."

Roberta Kaplan, a founding partner of Kaplan Hecker, said that while attracting and retaining the best talent is a perk of offering competitive compensation and bonuses, she too believes that at litigation boutiques like hers, associates are playing a bigger role in litigation earlier on in their careers, and hence contributing more to their law firms.

"Rewarding our colleagues and sharing our financial success with them is one of our core firm values," Kaplan said. "And it's worth it not only because we are putting our money where our mouth is in terms of our principles, but because we are getting tremendous value from our associates early in their careers and are able to pass that value on to our clients who understand and appreciate this."

Others echoed Kaplan's assertion that their law firm's values and culture demand a more egalitarian view of associates when it comes to work and compensation.

Susman Godfrey managing partner Neal Manne said his law firm treats its associates like future partners, something firm leaders hope they will become, involving them directly in the finances and business strategy of the firm.

The law firm involves associates in firm business "with almost complete transparency and with each associate having the same vote on all issues that I do as managing partner," Manne said. "Thus, it's not a big leap for us to pay them outsized salaries and bonuses that routinely lead the market."

Some pointed to low overhead and substantial contingency fees when explaining boutiques' ability to hand out large bonuses, but Selendy & Gay's Jennifer Selendy suggested that for some firms, it could just come down to motivation.

"The key is that we are willing to pay our associates more," she said. "Our partners are happy to pay our associates what they're worth because we know the success of our firm depends on strong trial lawyers at every level."

--Editing by Brian Baresch and Aaron Pelc.