

# All's Too Quiet on Bonus Front

The Recorder

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November 30, 2007

LOS ANGELES — Want to kill a conversation with a California law firm leader?

Talk about bonuses.

Weeks after top New York firms started announcing lavish special bonuses on top of the usual year-end handouts, California's firms have made no moves. This week, leaders at eight of 10 leading West Coast firms declined multiple requests to talk bonuses.

One firm that did talk was Quinn Emanuel Urquhart Oliver & Hedges. William Urquhart said the litigation powerhouse is keeping up with the New York bonuses, just as it [matched New York increases](#) to associate salaries this year.

"We've taken a position: equal pay for equal work," he said. In fact, the firm is promising to top the New York special bonuses by \$5,000, though half the "special" sum won't be paid until June.

Other West Coasters may be balancing bragging rights against the bottom line.

"I think there will be significant pressure on California firms to declare bonuses for associates, perhaps not at the level of New York, but I think they're going to have to come close," said William Brennan, a consultant with legal management consultancy Altman Weil. "I believe the cost of matching bonuses is not as significant as the loss in perception and image."

"I would imagine that some of the larger California-based firms are trying to see what the ultimate New York shakeup is with the additional year-end bonuses," said Peter Ocko, a recruiter with Major, Lindsey & Africa in Los Angeles. "They don't want to speak too soon."

What California honchos aren't speaking about is the special bonus, on top of the usual year-end award, that Cravath, Swaine & Moore announced this month. Firms such as Debevoise & Plimpton and Simpson Thacher & Bartlett also joined in, promising year-end bonuses ranging from \$35,000 for first-years to \$65,000 for senior associates, as well as a special bonus ranging from \$10,000 to \$50,000.

## NOTHING TO SEE HERE?

Most California firms have traditionally announced bonuses later after calculating the year-end financial results. Recruiter Madeline Seltzer with L.A.'s Seltzer Fontaine Beckwith says the hesitation is business as usual, and the bonuses will be, too.

### [Associate Salary Wars](#)



The New York firms fired the first shot at the tail end of January, hiking starting rates to \$160K. Most California firms held the line in-state at \$145K ... until Orrick made its surprise move in May. Follow every twist of the saga in our Hot Topic roundup.

"In the past, bonuses in California have been less, and that's probably what we're going to see on average," she said.

Consultant Peter Zeughauser agreed that the timing is typical, saying recent economic woes won't make firms tighten their fists. "They're not going to feel [the effects of the credit crisis] until next year, and they're going to pay bonuses based on this year. You will see top California firms giving some healthy bonuses."

Zeughauser said New York firms like Cravath probably planned before the subprime market crash to raise base salaries to a \$200,000 scale. But, when they saw clients such as big investment banks and hedge funds freezing salaries and cutting bonuses, it didn't seem an appropriate move.

"So they paid it in the bonus instead — it looked a little better than to raise the base," he said.

## **BACK TO FRONT**

Robert Hubble, the managing partner of Heller Ehrman, said the timing lag in bonus distribution relates to the differences in the bonus structure between California and New York-based firms.

In New York, bonuses are back-ended, relating to the firm's prior-year performance, something that's contingent and variable. Firms like Heller, based outside New York, spell out in the beginning of the year what the range will be, based on individual performance and a discretionary element, he said.

"It's like comparing an apple to a wagon," he said. "How do you compare that system, that's back-end loaded versus one that's prospective?"

Under Heller's system, bonuses are made by Jan. 31, he said, adding, "So, we have the year's close, and an entire year's performance." Hubble said it's too soon to tell whether they'll be raising their yearly bonuses, something they evaluate after the new year.

L.A. recruiter Delia Swan predicts that some premiere firms in California are likely to offer a one-time special bonus, but it might not completely match New York's since "it's a different market."

And that, she acknowledged, could cause friction if a firm matches New York for its lawyers based in the Big Apple but offers less to other offices. It harkens back to the salary wars of the past couple of years, where firms initially tried to distinguish among offices, but many eventually opted for a one-scale approach.

"But then you run the risk of alienating New York associates," she pointed out.

On the other hand, by next year, associates may look back fondly on worrying only about getting as high a bonus as everyone else. Brennan said they'd do well to enjoy the sweetened pot this year, before the effects of the credit crisis really kick in, possibly freezing salaries or even bringing layoffs.

"The impact," he said. "will be realized next year."

