

Cravath, Swaine & Moore Announces Seniority-Based Raises and Year-End Bonuses



In a recent firm-wide memo, Cravath, Swaine & Moore revealed that associates at the prestigious New York-based law firm will receive seniority-based raises ranging from \$10,000 to \$20,000. This move will elevate their base salaries to an impressive range of \$225,000 to \$420,000. The announcement, initially reported by the legal blog Above the Law, surpasses the raises disclosed by rival firm Milbank just three weeks prior.

Raises and Bonuses Details

Cravath's decision also extends to year-end bonuses, ranging from \$15,000 to \$105,000, tied to the associate class year. This aligns with the bonuses unveiled by Milbank, creating a competitive landscape in the legal sector. Despite requests for comments, a spokesperson for Cravath declined, while a response from Milbank is still pending.

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Industry Response

According to a spokesperson's statement on Tuesday, Paul Hastings, another prominent U.S. law firm, declared its intention to match both Cravath's salary and year-end bonus scales. The synchronicity in adjustments is not unusual, as significant law firms in the United States often align their compensation structures within days or weeks of each other to maintain competitiveness.

Unanticipated Expenses and Industry Insights

The timing of these salary increases has left some law firms unprepared for the financial implications. Owen Burman, a senior consultant at Wells Fargo's Legal Specialty Group, noted in an earlier interview with Reuters that this unexpected expense may pose challenges for some firms. While highly profitable law firms are expected to match these raises swiftly, others may face difficulties.

Year-End Performance

The year-end adjustments come as large U.S. law firms conclude a year marked by mid-single-digit revenue growth, as revealed by a Wells Fargo survey. This growth is attributed in part to heightened billing rates. The legal sector's anticipation was palpable after Thanksgiving passed without other major firms following Milbank's lead, underscoring the significance of these developments.

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Historical Context

This move by Cravath echoes a trend initiated by Milbank last year when it kickstarted a wave of associate pay increases. Cravath's subsequent leapfrogging move further solidifies the competitive landscape in the legal industry. As the year concludes, the implications of these salary and bonus adjustments will likely reverberate across the legal sector, shaping

expectations for the coming year.

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