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While Holdouts Remain in Associate Salary Battle, O'Melveny and Pillsbury Match

"It's a question of whether or not someone comes out and tries to better what Davis Polk did," said a New York recruiter.

By Andrew Maloney | June 15, 2021



A trickle of large and prominent firms continued to sign on to associate salary increases this week. Some of the latest include O'Melveny & Myers and Pillsbury Winthrop Shaw Pittman, while a Texas-based litigation boutique also adjusted starting pay.

Still, the legal industry has been waiting to see whether many of the most profitable firms would match the associate salary scale set by Davis Polk & Wardwell. Those moves are still expected, said Scott Yaccarino, a New York-based law firm consultant and recruiter and co-founder of Empire Search Group. But unlike with bonuses and special bonuses, a salary spike is a "game-changing" move that alters the fundamental economics (<https://www.law.com/americanlawyer/2021/06/15/latest-salary-increases-will-cost-firms-but-not-as-much-as-special-bonuses/>) of a firm.

"Because of that, the economic analyses that are happening at the firm management level—they're different. I think we all kind of know most of the firms at that top tier will obviously match. It's a question of whether or not someone comes out and tries to better what Davis Polk did," he said.

O'Melveny said Tuesday it would match the scale set by Davis Polk, with the most junior lawyers starting at \$202,500, and the most senior getting \$365,000 annually. "Business remains strong and we are well-positioned to meet the needs of our clients and our communities," the firm said in an announcement.

Pillsbury also confirmed Tuesday that it is matching that scale, with the added wrinkle that counsel, in particular, will be paid \$365,000 and special counsel will get an increase of 7.4% of their current base salary. The new pay scale was outlined in a memo first posted by Above The Law.

O'Melveny and Pillsbury are in the top 50 of the Am Law 100 in average profits per equity partner. O'Melveny's average PEP is ranked at No. 38, at \$2.456 million last year, and Pillsbury's at No. 48, at \$1.957 million in 2020.

The Tuesday announcements follow matching news Monday (<https://www.law.com/americanlawyer/2021/06/14/more-salary-dominoes-fall-at-am-law-200-firms-while-others-wait-and-see/>) at Vinson & Elkins, Boies Schiller Flexner and Gunderson Dettmer Stough Villeneuve Franklin & Hachigian.

Yaccarino noted that firms such as Pillsbury had especially good years financially in 2020, and those that haven't announced matches yet could still be waiting to see whether there's another avenue, such as a second special bonus, to stay competitive.

"There may be firms that are hoping to see whether there's another option available, other than just committing themselves in perpetuity to another salary increase," he said.

There's no doubt there will be firms that just can't pull the trigger on pay increases this time around, said Stephanie Biderman, managing director with Major, Lindsey & Africa's associate practice group. Even some well-off firms, she said, will conclude they just don't have the resources or profits to pull it off.

"We started to see it a little bit with the COVID bonuses," she said in an interview last week. "But I think it's very hard from a recruiting standpoint if your peer firms are doing it, and you're not. That makes it more challenging to retain current associates and attract new ones."

Even those outside the Am Law 200 have been influenced by the Davis Polk scale. Litigation firm Brewer, Attorneys & Counselors told lawyers this week that it would be increasing first-year associate salaries to \$205,000, and that "many other lawyers, consultants and other professionals will also receive salary increases, based on merit and tenure," according to an internal memo Monday by firm managing partner Bill Brewer.

The Dallas-based boutique cited its employees' hard work and sacrifices as the rationale for the pay bump, according to a copy of the missive obtained by The American Lawyer.

"Our environment is designed to be performance-based and progressive. Those who practice here welcome a future they define, versus being bound to a 'track' during the formative years of their career," said Brewer in a statement.

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