Junior lawyer burnout: M&A boom accelerates exit from elite firms

Heavy workloads and long hours have led a growing number of associates to quit, despite high salaries

Kate Beioley in London JANUARY 3 2022

"I was suffering from chronic insomnia, constantly repeating my day in my head thinking what else I could have done," says Charlène Gisèle, a 33-year-old former lawyer. "I thought the more work I produced the brighter I'd shine.

She says she suffered severe panic attacks where she could not stop shaking. "I just thought I needed to push harder because I wasn't operating at peak performance," she adds.

For Gisèle, the ordeal was something she accepted as normal in order to have a successful career at a high-powered US law firm. It was only when her insurance broker father suffered a heart attack and a stroke that she realised the danger she was putting herself in and reinvented herself as a mental health adviser to law firms and lawyers.

That was almost four years ago, and she has never been busier.

Junior lawyers at the world's top law firms last year reported rising rates of stress due to soaring workloads associated with a boom in dealmaking but also pandemic-induced anxiety and isolation.

Lawyers start their careers as trainees and after qualification become associates, who move up in seniority until they can aim for partnership — a role that generally includes taking a stake in the business.

Associates at elite firms have long viewed exhausting hours as part of a Faustian pact in which evenings, weekends and sleep are exchanged for eye-popping salaries. And few will shed any tears for twenty-something lawyers on six-figure salaries. But with the number of associates leaving increasing by almost 50 per cent year-on-year in 2021, according to Leopard Solutions, a legal business intelligence company, firms are having to ask whether such a relentless pace can, or should, be sustained.

Charlène Gisèle has reinvented herself as a mental health adviser to law firms and lawyers © Anna Gordon/FT

Amy, a disputes lawyer at one of the so-called “magic circle” firms that work on the City of London’s most valuable deals, was granted reduced hours a year and a half ago to grieve the death of her father, but no reduction in work. In the past 18 months, work to assist the firm’s busy corporate group has sent her already high workload through the roof and triggered “chronic insomnia”, as diagnosed by her GP.

“It was a backhanded compliment, that I was good enough to be able to do it all . . . But I’m sleeping two hours a night . . . I go to bed after midnight wide-awake with my heart racing,” says Amy, who asked not to use her real name. “I cling on to the hope that it will get better, but there’s only so long you can hold on to that.”

The pressures created by the pandemic have led to rising cases of burnout in a range of public and private sector jobs. And law firms experience relatively high levels of attrition in normal times due to an “up or out” promotion culture.

But in the first three quarters of 2021, 32,217 associates left law firms globally, according to Leopards, which collects data on 4,200 global law firms. “Attrition,” says the London managing partner of one international law firm, “is what [all managing partners] are talking about at the moment.”

A deals frenzy

The world's most prestigious law firms have advised on a torrent of M&A deals in the past 12 months as central bank crisis measures created access to cheap debt and a frenzy of activity. Deals worth more than $5.8tn were agreed worldwide in 2021, according to figures from Refinitiv, a 64 per cent year-on-year rise and the fastest pace of growth since the mid-1990s.

Some of that bounty flowed to law firms such as Kirkland & Ellis, which has surfed a private equity wave of takeover deals over the past decade to become the world's highest-grossing law firm. The Chicago-founded group turned over close to $5bn in 2020, and advised on 674 deals worth almost $400bn in the first three quarters of 2021 alone, according to Global Data. Private equity firms spend hundreds of millions of dollars a year on lawyers, and Wall Street's elite law firms have also forged close relationships with hedge funds and investment banks. Manhattan's Simpson Thacher & Bartlett, for example, advised on 198 deals worth $457.4bn over the same period.

International law firms in the City of London have benefited from the boom in M&A, as well as requests from companies seeking restructuring during the pandemic © Toby Melville/Reuters

"The very high-end firms are working harder because there is so much investable capital sloshing around, coming out of the Middle East, China, Greenwich and Connecticut [popular bases for US hedge funds]," says Bruce MacEwen, president of law firm consultancy Adam Smith, Esq. "Investors want it put to work."

International law firms in the City of London have also benefited from the boom in M&A, as well as requests from companies seeking restructuring during the pandemic. Magic circle firm Allen & Overy posted a 19 per cent increase in pre-tax profits in the year to April 2021 — handing its partners a record £1.9m each on average.

Law firms are strict hierarchies in which associates work in cohorts under partners who dole out their work and monitor their performance, based largely on “billable hours”. Associates at top-flight firms are generally expected to bill anything from 1,900 to 2,200 hours a year. But training, business development and other pressures add hundreds more, depending on the firm.

In October a survey by Legal Cheek found lawyers’ working days had grown longer over the previous year. Kirkland & Ellis associates said they were clocking off at 11.28pm on average, up from 9.14pm, and Ropes & Gray lawyers reported finishing at almost 11pm.

Kirkland said in December that during the pandemic it had brought in a psychologist and an addiction expert to help its lawyers. Kirkland, and Ropes & Gray, declined to comment for this article.

In a statement published in September, UK legal trade body the Law Society said it was urging “member firms and organisations to ensure they are providing regular catch-ups, training for managers, mental health and wellbeing education, mental health policies and signposting sources of support.”

Magic circle firm Allen & Overy posted a 19 per cent increase in pre-tax profits in the year to April 2021 — handing its partners a record £1.9m each on average © Graham Prentice/Alamy

James, not his real name, is a private equity lawyer in his twenties at Skadden Arps, Slate, Meagher & Flom — where partners took home an average $4.3m in 2020. Members of his team have billed 400 hours in a month recently and before speaking to the Financial Times he was fresh from “three back-to-back 3am finishes”.

He speaks rapidly: he cannot spare much time before his next call, he explains. “Every day this week I’ve woken up and I’m absolutely exhausted, but I know I’ve got to find a way of going again,” he says. “A late night for my non-lawyer friends is finishing at 7pm, but I don’t know if I’ll sleep tonight.”

That level of exhaustion is taking a toll. In a survey of over 1,700 lawyers published in September, LawCare — a mental health charity in the sector — found almost 70 per cent had experienced ill health, either clinically or self-diagnosed, in the 12 months to January 2021, including depression and anxiety. According to the study, those aged between 26 and 35 were displaying the highest burnout scores — in part because of a lack of autonomy over their working lives. A fifth of respondents said they felt unable to cope.

Lawyers are not the only workers to have been caught in a cycle of brutally long hours and anxiety in the past year. In March a group of first-year investment banking analysts at Goldman Sachs revealed their 95-hour working weeks with an average five hours of sleep a night, starting at 3am. Three quarters of the group that had taken part in the survey felt they had been victims of “workplace abuse”. In the vastly less well paid public sector, the pandemic threw frontline workers in the NHS and emergency services into a maelstrom of long hours and deteriorating mental health.

So, the plight of associates does not attract much sympathy inside or outside their sector. One City recruiter says: “I have pretty much no sympathy for lawyers earning over £100,000. They don’t have to do it.”

‘High pay does not stop burn out’

Law firms are, however, having to respond. And one way they are reacting is with cash — steep pay rises and supercharged bonuses — in an effort to hold on to young talented lawyers.

In a sign of the times, New York veteran M&A firm Cravath, Swaine & Moore kicked off bonus season for US law firms in November with year-end payouts of between $15,000 and $115,000. Wall Street’s top tier still pay associates along the so-called “Cravath scale”, meaning an eighth year associate — likely to be aged in their early 30s — is now taking home well over $500,000 annually in bonus and salary combined.

Natasha Harrison says her new firm will focus on moving away from a 'presenteeism towards a more flexible model' © Camera Press/Tom Stockill

A freshly-qualified lawyer at London-based Clifford Chance will now earn £107,500 after a pay rise in October, matching rivals at Linklaters.

The most in-demand associates have always been able to command six-figure payouts if they threaten to quit, in the form of so-called "golden handcuff" retention bonuses. At Kirkland, associates are being offered up to $250,000 to join the firm or stay. In November, New York firm Cadwalader, Wickersham & Taft told associates in a memo seen by the FT that lawyers billing 2,200 hours or more would be eligible for a year-end bonus of as much as $138,000.

But many in the sector feel pay is not a sustainable way to stave off the exits. Natasha Harrison, a managing partner at Boies Schiller, is leaving to set up a rival UK practice. She says her new firm will focus on moving away from a "presenteeism towards a more flexible model".

"Rates of pay are unsustainable," says Harrison. "High pay does not stop lawyers burning out. Associates are looking for more than money, they want firms to offer a better work-life balance."

That sentiment is borne out with studies showing a growing number of lawyers are rejecting partnership roles — the normal career path in a firm — for that reason. According to a 2021 survey of millennial lawyers by recruiter Major, Lindsey & Africa, 23 per cent said they wanted to make partner, down from 31 per cent two years earlier.

The tyranny of 'the billable hour'

To keep hold of lawyers and address mental health issues, firms have launched "wellness schemes" and hired "burnout advisers" such as Gisèle. She has tripled her client list since the pandemic, and is being hired increasingly by law firms rather than individual lawyers in crisis.

"Firms are putting a name on symptoms like chronic anxiety and insomnia now," she says. Lawyers can be very resistant to wellness because they think it's "too fluffy", she adds, "but if you talk about brain health and being a good leader, that [works]".

Some firms like Reed Smith in the US have introduced free counselling. Others have introduced wellness rooms and meditation courses, joining a proliferation of large companies throwing fitness memberships and therapy at staff.

But lawyers say such schemes target individuals and do nothing to tackle endemic, systemic and cultural issues dictated by the billable hour in which late nights are worn as a badge of honour.

Elizabeth Rimmer, chief executive of LawCare, says: "Schemes that focus on productivity hacks and wellness are focused on what the individual should do to cope — law firms would be better off spending their money on managing work allocation and training managers to pick up if someone is struggling."

And although she believes law firms are starting to wake up to the problem due in part to the threat of losing talent, a lot of the work going on around mental health and wellness in the sector is still a tick box operation, she says. "It comes down to the fact that in law nearly everything is measured by what people bill and earn, and those metrics create the wrong incentives."

The London managing partner says: "Since the summer we have stopped talking so much about chargeable hours because people said it was making them anxious . . . Ultimately if you've had a less productive day it's very evident. It is the main way we measure people."

Workers enter Goldman Sachs' headquarters in New York. In March a group of first-year investment banking analysts at the firm revealed their 95-hour working weeks with an average five hours of sleep a night, starting at 3am © Michael Nagle/Bloomberg

A female partner at Skadden says: "When a lawyer has done 2,500 billable hours in a year the law firm goes 'hurrah'." In many other businesses, she says, "management would be saying hang on, have we got a mental health issue here? Are we distributing the work poorly?

"As long as our profession charges clients and rewards success and gives bonus by reference to chargeable hours [nothing will change]," she adds.

Associates say better schemes of work allocation would help, to avoid partners turning informally to their favoured junior lawyers regardless of their workload. Firms have formal systems for doling out work and groups such as City law firm Ashurst have introduced blind work allocation in order to avoid those biases.

Yet, informal systems still dominate in many firms. Amy says: "We have a system of work allocation where you fill out a form in an email once a week to say how much time [your work] will take. There was a point last year where I was repeatedly ticking the box saying I was over capacity and needed help — my comments were getting increasingly desperate. Eventually I called HR and asked if anyone was reading it, and they said 'no'.

"When you tell partners you're overloaded," she adds, "they just say 'OK but can you do it anyway?'"

Letter in response to this article:

Sceptical partners are main barrier to change in UK legal firms / *From Charlie Geffen, Former Senior Partner, Ashurst, London SW17, UK*