

## Focused on 'Delivering Efficiencies' With Hybrid Model, Manatt Saw Revenue, Profits Grow in 2020

"Even when courthouses were closed, we continued to operate at a very high level," managing partner Donna Wilson said.

By Justin Henry

Under new leadership for its first full year, Manatt, Phelps & Phillips increased its gross revenue despite an industrywide slowdown in litigation, as the firm continued to reorient its practice areas to diversified industry groups offering both legal and non-legal consulting services.

The Los Angeles-based law firm reported \$336.8 million in gross revenue for 2020, up 4.6% from 2019. With total lawyer head count at the firm growing by only three, 297 to 300, revenue per lawyer saw an increase of 3.6% to reach \$1.12 million.

"With gross revenue, a lot of times firms will focus on just buying books of business and trying to climb the Am Law revenue ladder, where we really try to focus on delivering efficiencies, not just for us but most importantly for our clients," said managing partner Donna Wilson, who took over for Bill Quicksilver in 2019.

Manatt reported an 18.5% rise in net income, from \$80.6 million to \$95.5 million, driven by



Donna Wilson, with Manatt, Phelps & Phillips.

significant reduction in operating costs that came with the firm's shift to remote operations. Even with an 8.8% increase in the number of equity partners to 62, firm leaders reported a nearly 9% increase in profits per equity partner, from \$1.41 million to \$1.54 million.

"We are used to seeing our clients and traveling to see them, and those kinds of expenses disappeared," Wilson said.

She said Manatt, which has offices in 10 cities on both coasts, grew its gross revenue and profits

at a pace it would have without the pandemic, aided by a work model that quickly adapted to the virtual setting. In her first full year as managing partner, Wilson said her goal for 2020 was not to be in a defensive posture but to be as proactive as the firm in any other year.

"I'm really pleased to say we really continued on our path last year," Wilson said. "I was really open with our firm that we were going to continue what we were doing, including investments with respect to technology, lateral recruiting and doing the things

that we needed to do to grow our business.”

The firm refrained from cutting timekeepers and only minimally reduced staff positions, mostly through normal attrition. Compensation was temporarily reduced before being restored by the year’s end. It saved on personnel costs through attrition in the nonequity tier that it did not refill, according to Wilson.

While the number of equity partners increased 8.8%, from 57 to 62, the number of nonequity partners went down 9.3%, from 118 to 107.

The firm cut back on its partner draws in the early months of the pandemic, according to Wilson, but she added that the firm returned those draws by the end of year, along with year-end bonuses.

Average compensation for all partners went from \$752,000 in 2019 to \$857,000 in 2020, a 14% increase. Meanwhile, nonequity partner compensation went slightly down 3.2%, from \$49.1 million to \$50.7 million.

Wilson, who said her mandate was to transform Manatt into “the professional services firm of the future,” said she and other leaders have worked to reorganize the firm into industry groups, stocked with litigators, legal counsel and non-lawyer professional consultants in business strategy and policy.

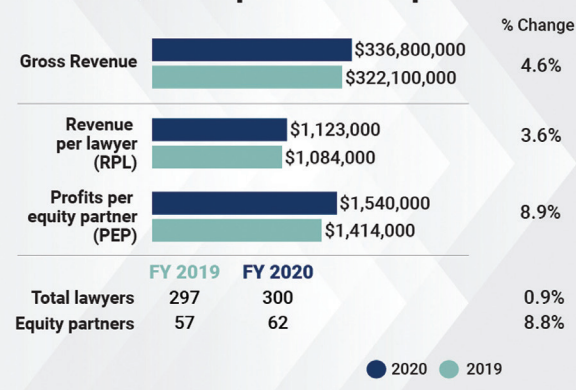
Wilson said that proved to be successful in identifying areas that would have strong growth

in the coming years and in a virtual working environment—for example, the digital and technology group and health care group, which she said had banner years in 2020.

In one instance, the firm announced in September of 2020 that Jan Lynn Owen, senior adviser in Manatt’s financial services group, advised San Francisco-based digital assets exchange Kraken in its approval of being the first digital asset company in U.S. history to receive a bank charter recognized under state law. Kraken will now be the first regulated U.S. bank to provide comprehensive deposit-taking, custody and fiduciary services for digital assets, according to the firm.

Earlier that month, Manatt announced it had advised fintech company Jiko in its acquisition of Mid-Central National Bank in September, the first time a U.S. fintech company completed an acquisition of a national bank. Brian Brooks, acting comptroller of currency for the U.S. Treasury Department, said in a statement released by Manatt that the move by Jiko represented an “important milestone in the maturity and evolution of fintech companies seeking to expand the reach of their financial products and services.”

## Manatt, Phelps & Phillips



Like many firms, Manatt’s litigation team had the most challenges in 2020 due to courthouse closures, Wilson said. However, she said, the firm was prepared to conduct trials remotely, including the first all-virtual patent trial in the country, Ironburg Inventions v. Valve.

The trial ended in February when intellectual property protection and enforcement partner Robert Becker and litigation partner Christopher Wanger secured a \$4 million judgment for Ironburg Inventions Ltd, the patent holding arm of Scuf Gaming, according to a statement released by the firm.

“Even when courthouses were closed, we continued to operate at a very high level,” Wilson said. “We really are a litigation powerhouse, and I think last year showed that.”

*Justin Henry covers business news and trends at law firms, with a particular focus on the Pennsylvania market. Reach him at [juhenry@alm.com](mailto:juhenry@alm.com) or on Twitter @jstnhenry87*