

## 'We Don't Follow the Herd': Manatt's Cross-Platform Approach Helped It Maintain 2021 Gains

Manatt's integrated legal and business platform helped it outperform despite a challenging demand environment, according to CEO Donna Wilson, seeing a 3.6% increase in revenue and net income and profits that nearly matched 2021 performance.

By **Jessie Yount**

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### What You Need to Know

- Manatt's revenue rose to \$382.1 million in 2022, while net income ticked down 1% to \$130 million and profits per equity partner fell 4% to \$2 million.
- Despite the dips in net income and profits per equity partner, the results were almost in line with 2021, in which the firm saw double-digit leaps in both categories.
- As clients look to break into adjacent industries, Manatt is uniquely positioned to offer legal and business advice, according to CEO Donna Wilson.

Manatt, Phelps & Phillips posted 3.6% revenue growth to \$382.1 million thanks to strong demand in its key industry sectors in 2022, as net income and profits slimmed down.

Net income fell 1% to \$130 million, down from \$131.3 million in 2021. Profits per equity partner declined 4% to \$2 million, a step down from \$2.08 million in 2021.

Revenue per lawyer, however, grew 3.2% to \$1.4 million as the firm increased its lawyer head count 0.4% to 271. The partnership tier grew 3.2% to 65, while the nonequity ranks surged 4.8% to about 99.

Manatt CEO and managing partner Donna Wilson said last year was about maintaining the incred-

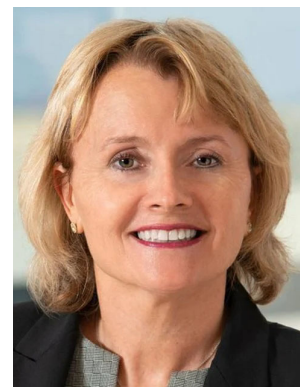
ible gains the firm saw in 2021, when revenue per lawyer rose above 20% and net income and profits per equity partner soared over 35%.

"It was another banner year by all measures," Wilson said. "Our integrated platform helped us navigate through macroeconomic challenges and outperform the countercyclical environment that the industry as a whole is experiencing."

In particular, Wilson said the firm's integrated legal and business consulting platform and positioning in key sectors have allowed it to ride a wave of demand at the intersection of multiple industries.

"We continued our trajectory thanks to demand for health care-related work, an upswing in litigation and notably, continued client demand in corporate and transactional areas," Wilson said. "We've been lucky to inherit a platform where the industries in which we focus are converging."

On the corporate side, a multiyear focus on mid- and small-cap market deal work fueled revenue, as well as some work in the distressed assets space, Wilson said, pointing to industry expertise in digital,



**Donna Wilson of Manatt.**

Courtesy photo

technology and media, financial services, health care and real estate, among others.

"Clients' needs cut across our industry expertise because of the convergence of industries, especially in corporate transactions," Wilson said. "A lot of our clients are moving into industries adjacent to theirs, but they don't have that industry expertise. That guidance pulls from what is in our DNA."

Wilson highlighted real estate as another growth area for the firm; it hired hospitality leader Lynn Cadwalader in Northern California last year and real estate dealmaker Ted Hunter in New York in 2021. Overall, it made nine partner hires in 2022.

The firm's cross-platform approach and creative business solutions has helped it attract and retain successful laterals, Wilson said. Creativity is just as central to the firm's pricing strategy, she said.

Manatt doesn't apply across-the-board rate increases and it often utilizes alternative fee arrangements. "Where it makes sense to do an alternative fee structure or a professional services fee model, we are heavy into that model," Wilson said.

"Frankly, my definition of success for the firm and the industry is when that is the model, in terms of moving away from an hourly framework and into an outcomes-based framework," she continued. "That change will take time, but it's part of our strategic vision for the future."

Talent is a big part of Manatt's future. In 2022, the firm had its largest incoming associate class of 13. In 2023, it announced its largest equity partner and senior managing director class. It also increased its associate compensation and paid out above-market bonuses thanks to careful planning and expense management, Wilson said.

At the earliest end of the talent spectrum, Manatt redefined its candidate criteria for its summer associates and analysts program, looking beyond school pedigree and GPA and placing a greater emphasis on extracurricular activities, prior work experience and community involvement.

As a result, Manatt's incoming summer class that identify as part of a historically underrepresented group increased from 10% in 2022 to 33% in 2023. Additionally, the firm recently added DEI billable credit and is pursuing the latest iteration of Mansfield Rule certification in 2023.

### **Client Work**

Last year, Manatt advised HartBeat on the formation of the company, the merger of Kevin Hart's Laugh Out Loud Productions and HartBeat Productions, and a \$100 million capital raise by private equity firm Abry Partners.

On the health care front, last year an interdisciplinary team of lawyers and consultants at Manatt worked with the United Hospital Fund, the Helmsley Charitable Trust and the Altman Foundation to provide assistance to New York State Department of Health in developing a medical respite program to be piloted at five medical respite sites.

The firm is also advising the California Department of Health Care Services on a multiyear initiative to improve quality of life and health outcomes for California's Medicaid population by implementing broad delivery system, program and payment reform.

In the environmental realm, it is working with Synergy Oil and Gas, the operator of a 150-acre oil field in Long Beach, California, to consolidate existing oil operations that occupy about 75 acres to two five-acre off-site areas and replace outdated operations with cleaner and smaller oil drilling and production equipment. Once the site has been remediated, the oil field will be restored as wetlands.

Wilson said despite the odd macroeconomic environment ahead, the firm is confident in its differentiated strategy.

"We're seeing demand for our services because clients recognize we offer something different in this new economy," Wilson said. "We view ourselves as a category of one. We are not following the herd in any respect. We're driven by what our clients need today and what they'll need tomorrow."