

Manatt Fuels 35% Hike in Net Income, PEP With Reallocation of Spending

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By Jessie Yount

What You Need to Know

- Manatt, Phelps & Phillips saw its net income and PEP growth exceed 35% in 2021.
- Gross revenue climbed 9.5%, from \$336.8 million to \$368.8 million.
- The firm's overall head count declined nearly 10% to 270 lawyers.

Editor's note: This is part of a series of articles detailing how law firms fared financially in 2021, leading up to the Am Law 100 report on April 26 and the Am Law 200 report on May 24. The full collection is available [here](#).

Manatt, Phelps & Phillips, an integrated professional services and law firm, saw its investments continue to pay dividends in 2021, resulting in net income and profit growth in excess of 35%.

"Our financial performance is part of our upward trajectory we've experienced over the past three years. The hustle and power

of our integrated teams and platform have put the whole firm on rocket fuel," Donna Wilson, CEO and managing partner of Manatt since July of 2019, said in an interview.

She continued, "We are laser-focused on the concept of high-quality net income growth, as opposed to growing gross revenue. We want to be efficient and disciplined, and we're focused on growing our teams in such a way."

Last year, net income soared 37.5%, from \$95.5 million to \$131.3 million. Profits per equity partner jumped 35.3%, from \$1.54 million to \$2.08 million, crossing the \$2 million threshold for the first time.

Gross revenue climbed 9.5%, from \$336.8 million to \$368.8 million. Revenue per lawyer increased 21.5% to \$1.37 million, as the firm's overall lawyer head count declined 9.9% to about 270 lawyers.



(Courtesy photo)

Donna Wilson of Manatt

Wilson said the firm's performance is reflective of steps its team started taking prior to the pandemic. For instance, the firm began transitioning to a hybrid workplace, reducing its physical footprint from 436,291 square feet in 2019 to 346,550 in 2021, according to ALM Intelligence data.

Manatt also established "Zoom rooms" in its offices prior to the pandemic, which allowed the firm's litigators to conduct virtual hearings and maintain a 90% trial win record despite the challenges presented by COVID-19, according to Wilson.

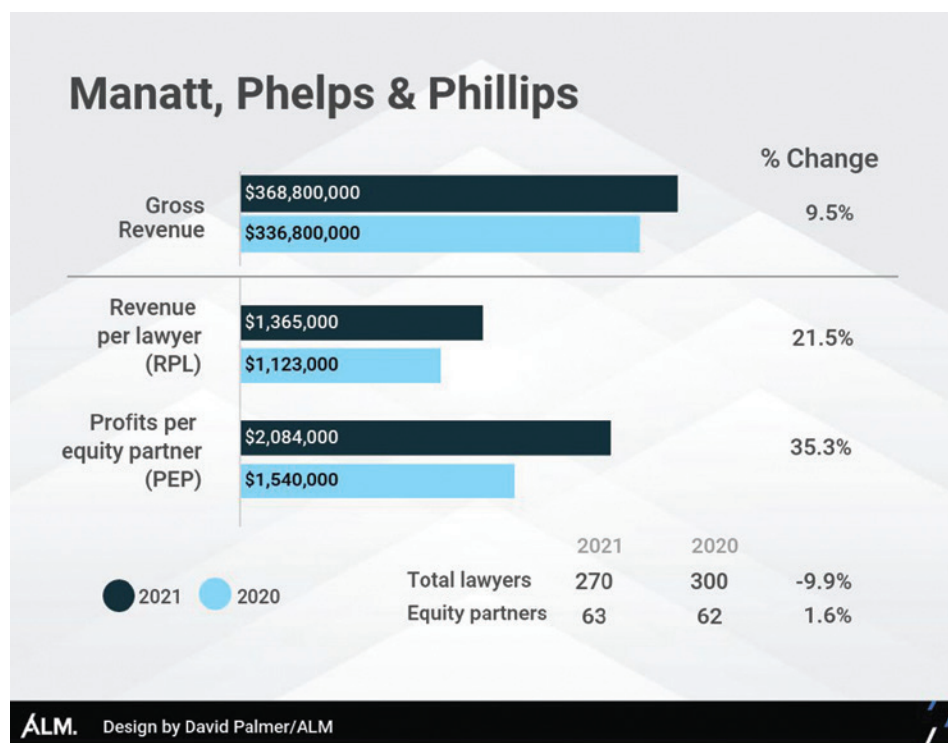
Other cost savings were realized through the reallocation of spending, with a focus on expenses that contribute to the delivery of legal and consulting services to clients.

“We will continue this approach in line with the market and the needs of our clients to ensure ROI is the leading factor in determining the investments we make,” Wilson explained, emphasizing the firm is not in cost-cutting mode.

For instance, the firm continues to invest in technology and cybersecurity. Last year, the firm launched Manatt on Health: Insights You Trust, which Wilson described as a subscription service with robust health care insights on legal, policy and market-based developments.

Demand was strong last year across the firm’s digital and tech, real estate, corporate, health care, entertainment and fintech sectors, according to Wilson, noting the firm is uniquely positioned to tackle the convergence of sectors such as entertainment and fintech.

Last year, the firm represented Metaverse development studio Melon Inc. in the creation of NFL Tycoon, a Roblox experience that allows for themed gameplay and a virtual hangout destination for fans, among other transactions. For its fintech work, Manatt



Manatt, Phelps & Phillips YOY financial chart

received the Top Service Provider award at the fifth annual LendIt Fintech Industry Awards in 2022.

Wilson added that the firm continued to successfully hire and retain talent, despite a 9.9% dip in overall head count, including an 11.9% reduction in the firm’s nonequity tier to 94. In the equity tier, the firm saw a 1.6% increase to 63.

“The successful integration of our lateral partners and managing directors, and our coaching and growth of our organic pipeline, have reaped dividends, financial and non-financial,” Wilson said, noting that many lateral partners see a 2x to 5x increase in their book of business after joining the firm.

Last year, Manatt added a slew of professionals on the East Coast from Kirkland & Ellis and Akin Gump Strauss Hauer & Feld, among others, and continued to grow its tech expertise in California with laterals from DLA Piper and Crowell & Moring.

The firm also added a second full-time pro bono attorney to assist with immigration and asylum cases, and strengthened its DEI initiatives with the appointment of Michelle Cooke, a partner and chief diversity and inclusion officer at Manatt.

Wilson added, “We are the platform and culture of the future. We believe the future is bright, and we believe our trajectory will continue.”