

New Jersey Law Journal

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NJ Top 40: What Does Law Firms' 2019 Momentum Mean for 2020 Performance?

Nearly three-quarters of firms listed in this year's Top 40 are charted with year-over-year increases in firmwide gross revenue for fiscal 2019.

By David Gialanella | October 12, 2020



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While the picture for 2020 is still developing, the Law Journal's annual survey of law firm earnings shows that fiscal 2019 was indeed a good year for revenue growth.

Nearly three-quarters of firms listed in this year's Top 40 are charted with year-over-year increases in firmwide gross revenue for fiscal 2019—heralded as a good year by law firm leaders before and since the calendar turned to 2020.

It was, of course, before the onset of the COVID-19 pandemic, which had many of those leaders bracing for the worst in the spring, and exhaling, at least to some extent, over the summer and into the fall.

Giantomasi, asked how the firm has gotten on that track, said, “because of our business approach ... we really were conservative in the way we moved forward” from 2019 to 2020. The firm has strengthened its business functions over the years, has some “countercyclical” practices such as its surety group, and obtained a PPP loan this year (as many other firms in New Jersey and beyond did), which allowed the firm to avoid cuts Giantomasi noted.

Now, “our litigation department is bracing for an onslaught of work” as courts gradually return to more normal operations, he said, also noting what he called an “exodus” of individuals as well as companies out of New York to locations such as New Jersey and Connecticut.

“I’m looking at the future of law in New Jersey as a robust opportunity,” but also an environment in which some firms will struggle, Giantomasi added.

Mandelbaum Salsburg’s Barrett said his firm developed a strategic plan roughly a decade ago “with the idea that if you have layered in the next generations, and expanded the breadth and scope of your platform, you have set yourself up for success.”

Accounting for the firm’s steep revenue growth in 2019, he noted that laterals brought on by the firm from late 2018 through last year acclimated well, “and they all ... with almost no exception, were instantly busy, and that ramp-up period shrunk dramatically.”

In the health care practice, for example, the firm now has six full-time practitioners and has searches going for one or two more “because the amount of work keeps growing and growing,” Barrett said.

The firm in early 2019 added a new chief technology officer (who is the firm’s highest-compensated nonlawyer, according to Barrett), which led the firm to improve its IT infrastructure—by chance, ahead of the onset of the coronavirus earlier this year.

The firm’s furlough ended around Memorial Day, when all but four office staffers returned to work, Barrett said. He noted that the firm also scaled back partner compensation at one point in the spring, but checked in with partners for unknown hardships before doing so. Mandelbaum also was among the many firms who secured a PPP loan.

When it comes to data, Barrett said, “I look very closely at year-over-year and month-over-month numbers—not only where the firm stands, but where individuals stand. ... I’m always tracking performance.

“Almost monthly I’m going right down the roster of attorneys”—and all timekeepers, including paralegals—to identify trends for departments and individuals, Barrett said. “I’ll want to understand what’s happening.”

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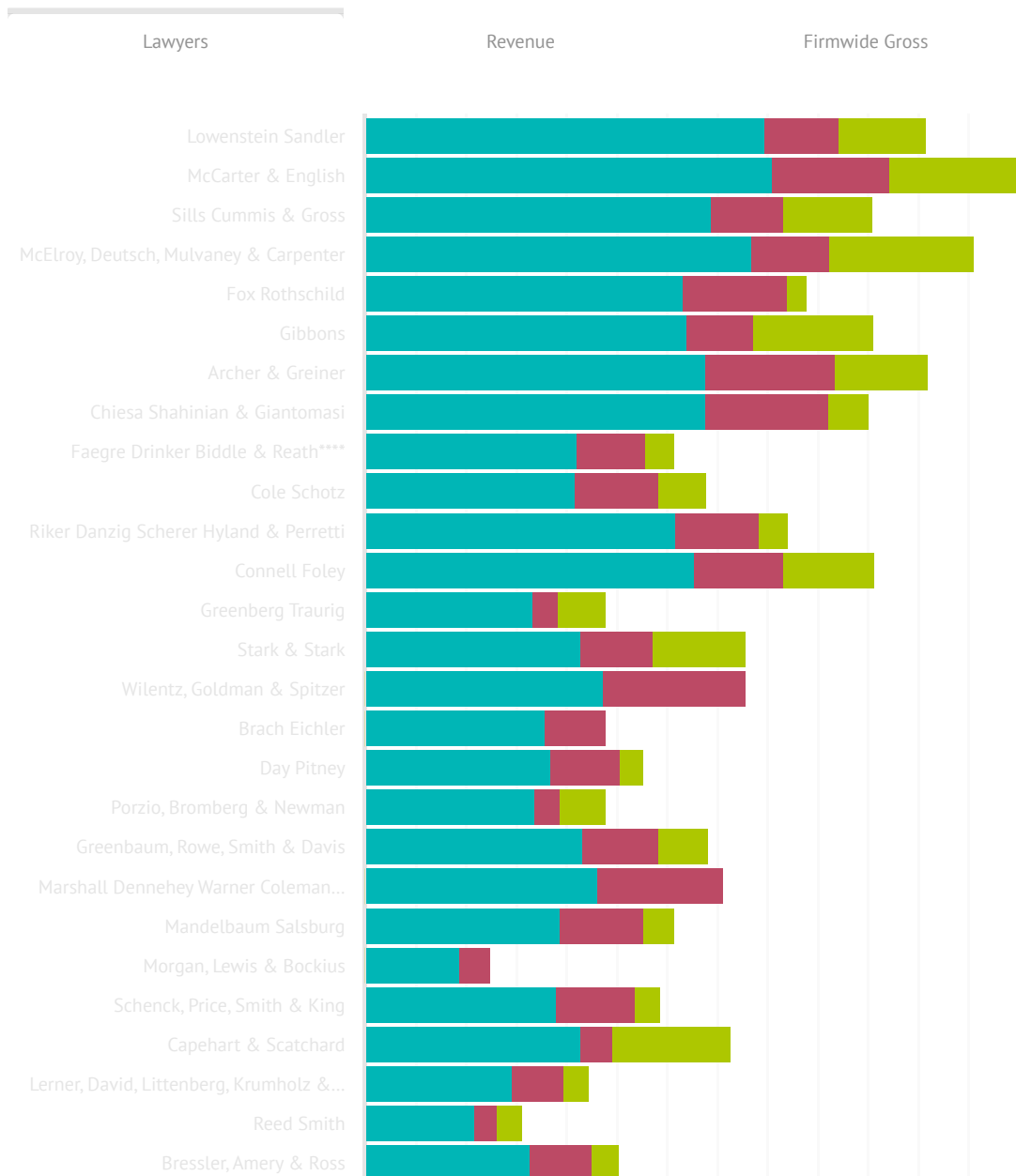
For example, Roseland-based Mandelbaum Salsburg, which posted a sizeable year-over-year revenue jump in 2019, is on track to better that revenue number in 2020, according to William Barrett, chief operating officer practice group leader at the firm.

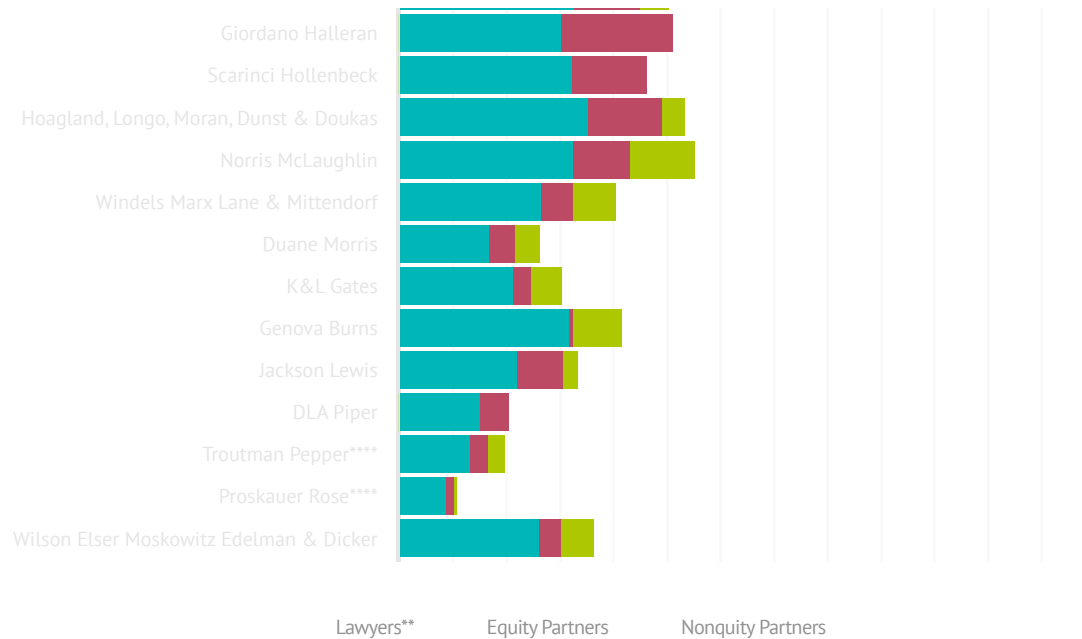
“Had you asked if I thought in April if that would be the case, I would have probably said no,” Barrett said in a recent interview, noting that the firm this past spring did institute a 90-day furlough for a few associates, and some staff and paralegals.

The firm’s \$42 million firmwide gross for 2019 was a 21.7% increase from its 2018 gross (\$34.5 million).

Others on the list saw firmwide revenue growth ranging from slight (less than 1% each for Gibbons; Porzio, Bromberg & Newman; and Greenbaum Rowe Smith & Davis), to incremental (3.1% for Sills Cummis & Gross, which posted \$93 million in gross for 2019), to large (Cole Schotz, whose \$118.3 million in firmwide gross represented a jump of nearly 16%).

New Jersey Law Journal Top 40





*The Law Journal ranks firms based on gross revenue derived from New Jersey offices. Figures are rounded. The numbers here are for fiscal 2019 and are based on information gathered from the Law Journal's annual law firm survey, the Am Law 200, interviews, law firm websites, and other sources. Estimates are utilized where necessary based on the information gathered. For firmwide attorney head count and gross revenue for each firm ranked, please see the chart's two righthand columns. **Full-time equivalents. ***PEP is profits per equity partner, while CAP accounts for compensation to both equity and nonequity partners. ****Law firm notes: Proskauer closed its Newark office, and consolidated it with its New York office, in December 2019. Law firm Troutman Pepper resulted from the mid-2019 merger of Pepper Hamilton and Troutman Sanders. Faegre Drinker resulted from the merger of Drinker Biddle & Reath and Faegre Baker Daniels, completed in February 2020. The FY2019 numbers presented are for Pepper Hamilton and Drinker Biddle.



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(A note on methodology: The Law Journal ranks firms based on gross revenue derived from New Jersey offices. Figures are rounded. The numbers here are for fiscal 2019 and are based on information gathered from the Law Journal's annual law firm survey, the Am Law 200 survey, interviews, law firm websites and other sources. Estimates are utilized where necessary based on the information gathered.)

Another firm achieving healthy year-over-year revenue growth for 2019 was Chiesa Shahinian & Giantomasi in West Orange. The firm's \$75.2 million in firmwide gross for 2019 was an 8.5% year-over year increase.

That was "really a function of third- and fourth-quarter growth," managing partner Daniel Schwartz said in a recent interview, joined by name partner Francis Giantomasi.

Schwartz noted that the firm added 30 lawyers last year, building, among other practices, family, litigation and real estate, which is "all in the context of us executing on our strategic plan."

Giantomasi added, "last year we had a very solid year and didn't distribute all our profits," and prepaid roughly 15% of 2020 expenses. Some firms "pay out all their profits, and even borrow to pay themselves"—the latter of which "is the kiss of death," he said.

Like Mandelbaum Salsburg, 2020 for the Chiesa firm is shaping up to be a good one, according to Schwartz.

"Amazingly, we project that 2020 will be at least equivalent to 2019 in terms of revenue—which surprised us, frankly," he said.