

# Hanson Bridgett Found Double-Digit PEP Growth Despite RPL Decline

Firm leaders said clients increasingly turned to senior partners for high-level advisory work amid the economic uncertainty caused by COVID-19.

By Justin Henry

Hedged by a diverse suite of practice sections and a “dynamic” approach to expense management, Hanson Bridgett came into 2020 implementing many of the cash-preservation methods that would become widely adopted during the COVID-19 pandemic.

Based in San Francisco, Hanson Bridgett saw year of strong growth in revenue and profitability, and it plans to use those resources to advance its California expansion strategy in 2021.

Gross revenue was up 7.1% from \$114.1 million in 2019 to \$122.2 million in 2020, which was 2% higher than what firm leaders projected, according to Hanson Bridgett chief financial officer Laura Long.

As the firm continued to add lawyers, revenue per lawyer (RPL) declined 7%, to \$647,000, despite the gross revenue gains. But that did not hold back profits.

The firm’s net income of \$53.2 million in 2020 translated to a 44% profit margin, and a 26% increase from net income of \$42.2 million in 2019. And with a larger equity partner tier than the year before, the firm posted a 17.5% increase in profits per equity partner, coming in at \$739,000.

Long said the firm exceeded its anticipated profits due to the

reduction in expenses related to travel, meals, conferences and entertainment that ceased because of the pandemic.

She added that the firm didn’t use cost-cutting methods like layoffs, or income boosting tools like a Paycheck Protection Program loan.

Head count at all attorney levels grew. The firm saw a 15% increase in its total number of lawyers reaching 189 firmwide. The equity partner tier grew by 7.5%, from 67 to 72, and the nonequity tier grew by 5.6%, from 36 to 38.

Average compensation of all 110 partners at the firm grew from \$539,000 in 2019 to \$575,000 in 2020, a 6.7% increase.

Long said partners were taking on more hours than normal, as clients of the corporate practice, health care group, government and labor and employment practices retained senior partners for advisory work at a time of uncertainty—that work isn’t as easily shared with a team of associates.

“We were getting requests from clients to do more high-level, sophisticated work, so the partners couldn’t leverage some of that,” Long said.

Hanson Bridgett was accommodating with its collections from



Photo: Jason Doily/ALM

Hanson Bridgett offices in San Francisco.

clients in the more beleaguered industries, Long said. She pointed to government entities and restaurant-industry clients as being the hardest hit, provided discounts for their 2020 billing or a flat rate change from 2019.

Although Hanson Bridgett budgeted for a 5% hourly rate increase pre-pandemic, Long said it probably never reached that level. Flexible arrangements with struggling clients didn’t translate into a significantly lengthened billing cycle, Long added.

“I think what helps us is that we’re so diversified in our practice areas,” Long said. “There were obviously some people who have to have extended payment plans or special accommodations, but overall it didn’t make a huge impact from a cash flow perspective.”

The top four fastest-growing groups at the firm in 2020 were the

government, health care, corporate and labor and employment sections, Long said. The firm’s “all-California” strategy includes building out high-growth practice areas in its five offices along the West Coast, with a particular focus on Los Angeles.

Long said the firm believes there are “a lot of synergies between [its existing] practices and the kind of work that’s being done” in Los Angeles.

In early 2020, the firm announced the lateral recruitment of a five-attorney group from Lewis Brisbois Bisgaard & Smith to its Los Angeles office, led by partner Claire Hervey Collins. Attorneys Paul Beck, Beth Hummer, Laura Ratcliffe and Julian Viksman joined Collins at the Los Angeles office.

Firm leaders said their recruitment is part of the firm’s focus on growing strengths in the public agency, real estate and environmental sectors, as well as strategically growing its presence in southern California.

In 2019, Hanson Bridgett got to work on a “dynamic workforce initiative,” which encouraged and provided the resources for employees to “work from anywhere,” while the firm downsized its office space. In January of 2020, the firm gave back one of the floors of its primary, Bay Area office location.

The idea of the “initiative,” according to firm leadership, is to equip employees with the agility to seamlessly transition between professional and familial life—an ability that would become the norm for businesses in the era of remote work.

“We started really promoting working from anywhere, and so all of our staff and our attorneys were set up before we even had to work at home,” Long said. “We’ve seen that trend and

I think that that will definitely continue.”

Long said Hanson Bridgett leadership has “extreme” ideas for the return to in-office work, starting with the elimination of dedicated offices for individual lawyers and “hotel-ing” for employees to schedule time to occupy a shared work unit.

Last year also marked leadership milestones at the top of the firm: Kristina Lawson, leader of the real estate and environment section, was named managing partner-elect, making her the first woman to lead the firm in its 60-year history in January 2020.

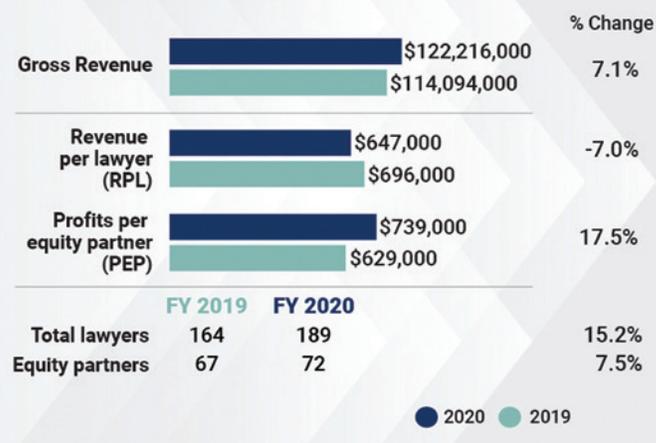
This January, Lawson stepped into the role, where Andrew Giacomini had led the firm for 18 years. The move appointed a relatively new voice in Lawson to lead the firm, as she lateraled to Hanson Bridgett from fellow California-based Am Law 200 firm, Manatt, Phelps & Phillips, in 2017.

In the wake of the shooting death of George Floyd in May 2020, Hanson Bridgett began forming a new C-level position of chief diversity, equity and inclusion officer in mid-2020. In January of 2021, the newly created role was filled with Jennifer Martinez, a litigator representing public and private employers in matters involving discrimination.

As CDEIO, Martinez is tasked with developing hiring and retention goals and policies.

“My experience as a Latina attorney, a member of the firm’s recruiting

## Hanson Bridgett



committee and a mentor to many diverse law students and young attorneys has shown me first-hand the challenges that confront diverse attorneys, and the need for law firms to play a more active role in addressing those challenges,” Martinez said in a statement released by the firm.

Lawson said the “tragic events” of the police shooting of unarmed African Americans last year served as a “wake-up call” to the firm, that it could do more to increase racial diversity within the firm and fight racial inequalities in its communities.

“We conducted a national search for our chief diversity, equity and inclusion officer, but it turned out the very best person for the job was already in our midst,” Lawson said. “Jennifer has been a relentless champion for equity and justice in her work as a labor and employment lawyer, within Hanson Bridgett, and in her life outside the firm.”

*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*