

THE NATIONAL LAW JOURNAL

Crowell & Moring Posts Double-Digit Revenue Spike

By Sarah Tincher-Numbers

March 24, 2023

What You Need to Know

- Fueled by demand in core practices, as well as contingency fees, Crowell & Moring saw a 14% jump in revenue.
- The firm also pointed to better effective rate realization and setting more appropriate rates for matters.
- Moving forward, Crowell is looking to grow its footprint in the Western U.S. and expand cross-border collaborations among international offices.

Reaping the benefits of a busy year for litigation and regulatory work, Crowell & Moring ended 2022 solidly in the black, posting a 14% jump in revenue to \$590 million and an 8.7% rise in average profits per equity partner to \$1.3 million.

Even with 42 lawyers joining the firm's total head count for the year, revenue per lawyer rose 5.9% to eke past the \$1 million mark. Among the firm's new entrants, 22 were nonequity partners, reflecting a 21.7% increase in these ranks compared with 2021.

While Crowell posted a 2% loss of equity partners, totaling roughly 115, management committee chair Phil Inglima noted that the firm elected 10 equity partners in 2022 but made the election prospective to Jan. 1, 2023.

"The election was done in midyear when, frankly, we were having good production, but payments were slow from clients," Inglima explained. "And we didn't want to hit partners with capital pulls in the last two quarters of the year for new partners. So we decided to delay it."



Phil Inglima, Crowell & Moring management committee chair.

Photo: Diego M. Radzinski/ALM

As its nonequity ranks swelled, the firm recorded a 27% increase in nonequity compensation, alongside only a 2.9% rise in total average partner compensation, to \$922,000 from \$896,000.

While Inglima said Crowell did "feel what many in the market felt in terms of the slowness of payment processing by our clients and some uncertainty about the economy," he said the firm's core practices remained steady. The firm, he said, experienced its second consecutive year of double-digit growth among its base business last year, most notably in regulatory and litigation work, along with "exceptional" contingency production, particularly in health care and antitrust recovery.

“Our profitability increase is both a function of really significant revenue increase, but also better effective rate realization, and more appropriate rates for many of our matters,” Inglima said, noting that the firm’s charge rates and its effective rates post-collection were up in 2022.

Crowell’s lawyers saw numerous major litigation wins in 2022.

After more than a year of litigation, the firm defended cap table management and valuation software company Carta Inc. against rival AllRounds in a trade secret and patent case in a California federal court, resulting in a walk-away settlement after the court struck down more than half of AllRounds’ patent case.

Crowell also litigated and resolved a \$400 million force majeure litigation for Invenergy entity Ector County Energy Center, a Texas gas-fired power plant that was crippled by Winter Storm Uri in February 2021; and represented AI tech company Rekor Systems Inc. in the sale of its automated traffic safety enforcement unit.

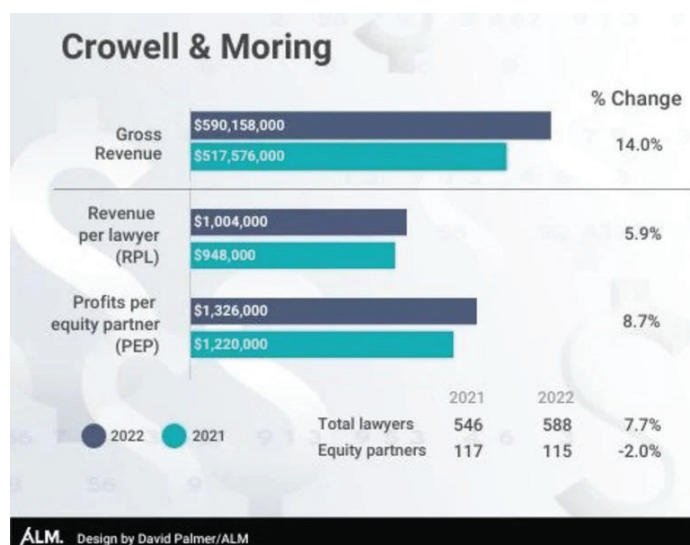
Inglima noted that the Washington, D.C.-headquartered firm has been “enormously pleased” with the success of its Denver office, which opened in 2021. Looking ahead, Crowell has its sights set on expanding that footprint, along with Chicago, San Francisco and Los Angeles.

And in London, Inglima said, the team has achieved an effective pace.

“The London office was largely rebuilt over the last four years and it really hit stride in the last two and especially in 2022,” he said, highlighting the team’s work in corporate, litigation and financial services practices.

Declining to disclose specifics, Inglima said revenue from the London office “was certainly up for the last two years in a row,” noting that over the last four years, “it is several times over what it had been at the baseline before that.”

Beyond the U.K., Inglima also highlighted strong performance among the firm’s offices in Doha and



Brussels, noting that these teams often work across jurisdictions.

“There’s been really terrific teaming between London and Brussels, London and Doha, and London and the U.S. offices, and we’re quite optimistic that that will only continue to expand,” he said.

While Inglima said the firm does a “good job” of managing expenses, it still saw a “significant rise” in expenses in 2022, including increased travel in the second half of the year, as well as associate and counsel compensation.

“But we’ve been doing our best to be thoughtful on [compensation] too,” he said, noting that the firm opted to stay one step below the associate bonus rate set by other Big Law firms in 2021.

Crowell also offers flexible options for incoming attorneys, allowing them to choose whether they want to take a 2,000-billable-hour track or an 1,900-hour track. “And then we have a number of people who choose to be on a balanced hours basis, and we do a straight percentage reduction,” Inglima said. The firm also gives credit for pro bono and other nonbillable contributions, such as diversity, equity and inclusion contributions.

“What we’re trying to do is make sure that people have the opportunity to elect where they want to land,” he said.