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The 10-Year Plan That Has Willkie Growing Faster Than Any Other Big Firm

The firm's leaders pointed to a strategy for expansion about a decade ago, pinpointing certain markets, practices and large lateral groups.

By Patrick Smith

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What You Need to Know

- Willkie has seen outsized success over the past decade compared with the Am Law 100.
- And the firm has grown both domestically and internationally while maintaining profitability.
- The firm's leaders point to a strategy in the last 10 years to grow in certain practices, markets and via large lateral groups.

About 10 years ago, Willkie Farr & Gallagher was smaller than the average Am Law 100 law firm, with the New York firm generating \$640 million in revenue, with about 550 lawyers.

Last year, Willkie earned about \$1.5 billion in revenue — about 134% more than in 2014 — with about 1,120 lawyers in many more offices. The firm's 2023 performance outpaced the Am Law 100 average in revenue, head count, revenue per lawyer, profits per equity partner and net income. It's now ranked No. 30 in the Am Law 100, up from No. 55 in 2015.

Willkie's growth rate—in revenue, profits and head count—has surpassed that of many other big firms in recent years. In fact, among all Am Law 200 firms, Willkie has the highest percentage



Courtesy photos

Tom Cerabino, left, and Matt Feldman, right, of Willkie Farr & Gallagher

growth rate in head count over the last five years, expanding by 61% from 2019 to 2023, and one of the highest percentage growths in revenue over the last five years.

While there are more than a few firms that have managed to grow while also maintaining profitability, perhaps none has done so in a more uncharted path. According to some industry experts, the firm's head count growth and international and domestic expansion during the last decade should have eroded that profitability.

But that didn't happen. Alongside the accelerated head count expansion, its profits per equity partners rose 51% in the last decade, to about \$3.86 million in 2023, as the firm created and expanded a nonequity partnership tier.

The firm's leaders pointed to a strategy for expansion about a decade ago, pinpointing certain markets, practices and large lateral groups.

"We looked at our platform 10 years ago, and our management committee determined it was in our best interest to broaden our platform," said Tom Cerabino, co-chair of Willkie, along with Matt Feldman, in an interview. "We wanted to have a great balance between our transactions and disputes practices. We needed to grow disputes to be more in line with transactions."

He said the firm also knew, at the time, that it had a small presence in London. Meanwhile, "we had no offices on the West Coast and no offices in Texas. And if you look at the legal markets that were exploding the last 10 years, it was in those areas," he added.

In about the last 10 years, the firm has opened offices in Houston (2014), Los Angeles (2021), San Francisco (2019), Palo Alto (2018), Chicago (2020), Munich and Dallas (both 2024). And now in London, it has 131 attorneys, including 38 partners, according to ALM data.

Cerabino said the firm evaluated its client base and their needs and concluded that expansion in the U.S., London and continental Europe was doable and, if done correctly, could avoid the profitability losses normally associated with expansion.

That expansion was conducted with specific practices and sectors in mind.

"Financial services has always been the cornerstone of our New York practice, but private equity focus on tech and energy became such a big part of the economy," Cerabino said. "If we were serious about increasing our presence in those industries,

having offices in Northern California and Texas was necessary."

Cerabino added that the firm mapped back potential office locations and desired capabilities with its existing client base, their locations and needs and landed on their destinations.

"We have five to six core practices, and as we expanded, we wanted to match those core competencies to the offices," Cerabino continued. "That would facilitate more work from our existing client base and potentially entice others to join us as well."

The firm opened its Chicago office in March 2020 with a large group of about 20 lawyers. The firm now has about 90 lawyers there. Cerabino said the firm saw a similar outcome in opening in Los Angeles with a group of mergers and acquisitions, private client and litigation attorneys. Roughly 20 started the office in 2021, and the firm now has about 90 lawyers there, according to ALM data.

'Critical Mass on Day One'

Willkie appeared to be one of the earliest Am Law 50 law firms to recruit large groups of laterals for office openings. And it has seen strong results from that move.

"What worked for us was our openness to evaluating larger groups to get to critical mass on day one to make an impact, and then empower those people we bring in to guide us on how we should structure the growth in quality and practice mix without sacrificing profitability," Cerabino said.

The influx of new people and new ideas can have an impact on those already at the firm, but the Willkie leaders said they were cognizant of any culture change challenges in building the firm. The firm said groups also share work across offices and practices for collaboration.

"It is always a challenge when you grow quickly to maintain culture," Feldman said. "We want people to adopt the culture of the firm, and one of the

ways we do that with large groups is through sharing work across offices and practices to get people into the collaborative culture. That back-and-forth is critical in solidifying everyone's understanding of what it means to be here and to work here."

Cerabino added that the firm also decided a while ago to allow for something of a "runway" with its new laterals to help ease the transition.

"Even for high-quality people, it could be their first move or first move in a long time," Cerabino said. "We don't want to make unreasonable demands."

It takes laterals at the firm between four and six months to get settled, the firm leaders said, and, hopefully, be profitable. And while they recognize the "drag" on profits that can have, once the machine is running, and running well, with older laterals coming into their own as newer ones get their feet wet, it becomes a virtuous circle.

"We are at a point now where we have put a lot of the groundwork behind us," Cerabino said. "We are seeing the results of that this year. The profit growth is accelerating."

Unusual Path to Profit

According to Evan Parker, data analytics expert, legal industry consultant and founder of Parker Analytics, Willkie's approach to profit growth is unique.

Looking back to 2000, Parker said, he examined what firms do while they become profitable. There are certain characteristics, he said, including that firms that have a high percentage of their attorney count in their headquarters tend to be more profitable. Firms that are in one office are more profitable, he said, and the more international attorneys a U.S. firm has, the less profitable they tend to be. Meanwhile, higher leverage generally means more profitability.

"Willkie managed to be a counter example," he said.

Parker attributes the profit growth to leadership decisions, such as adding and expanding a nonequity partnership tier.

American Lawyer first recorded a nonequity tier for Willkie in fiscal year 2018, when it had 10 lawyers. Since then, it has ballooned by 1110% to 121 last year, one of the fastest-growing nonequity partner tiers in the Am Law 100, while its equity tier has expanded by 40%, according to American Lawyer data.

"While they expanded their international head counts, they did so at the same time they introduced a nonequity tier," Parker said. "Over the last five years, having a nonequity tier is the only leveraged-based model that is corresponding with profitability."

In the baseball world, the front office is often given credit when a team outperforms relative to expectations. Parker felt the same level of canonization would apply here. "It seems that leadership has gotten the partnership to buy into long-term results," Parker said. "There are normally short-term consequences of a longer strategy, but process understanding and strong leadership have led to profitability," he said about Willkie.

Parker added that while there were always outliers in data modeling to predict the profitability of a law firm over time, Willkie was an exception more than others.

"There are several firms making more [money] than expected," Parker said. "Gibson, Dunn & Crutcher, Wachtell, Lipton, Rosen & Katz, Kirkland & Ellis, and others. But Willkie is one of the most extreme outliers [exceptions] in the direction you want" for profitability gains.