

Fried Frank Extends Growth Streak With Double-Digit Revenue, Profit Gains

Chairman David Greenwald said the firm's litigators had a particularly busy year.

By Jack Newsham
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Fried, Frank, Harris, Shriver & Jacobson reported another year of strong results for 2019, hitting record highs in every financial metric while growing its lawyer ranks.

The firm's revenue increased 13.3% to \$776 million last year, and profits per equity partner rose 16% to reach \$3.79 million across an equity tier whose size held steady at 104 partners. The firm's full-time equivalent head count rose 4.7% to 538, with revenue per lawyer up 8.2% to over \$1.4 million.

Firm chairman David Greenwald said the firm had a good year across all its practices, including its corporate lawyers, who bring in about half the firm's revenue, and its litigation and real estate groups, each numbering a bit under 100 lawyers.

"Litigation, in particular, had a stellar year on all metrics," Greenwald said, later adding, "Their growth over the last year was phenomenal. Hours were way up, revenue was way up, they had a terrific year and they're probably, on average, among the hardest working in the firm now," as measured by billable hours per lawyer.

Fried Frank had no net growth in equity partners, while the tally of nonequity partners grew from 35 to 46. Greenwald was reluctant to discuss head count changes, saying, "our strategy is to best serve our clients, and we're going to have the head

count and structure of our head count in place that allows us to achieve it."

Fried Frank doesn't break out its London office's revenue, and Greenwald declined to go into details, saying, "London is a very big contributor to the firm's financial results

and it is growing." Average head count in that office was up 17% from fiscal 2019 to fiscal 2020, the highest growth of any of the firm's four offices.

The firm's fiscal 2020, which ran from March 2019 through the end of February 2020, was the latest year of increases in a long hot streak. Greenwald, who took the reins of the firm in 2014, emphasized the longer-term growth: Its 2020 revenue was more than 39% over 2017 levels and more than 66% higher than 2015 levels, with even stronger growth in net income.

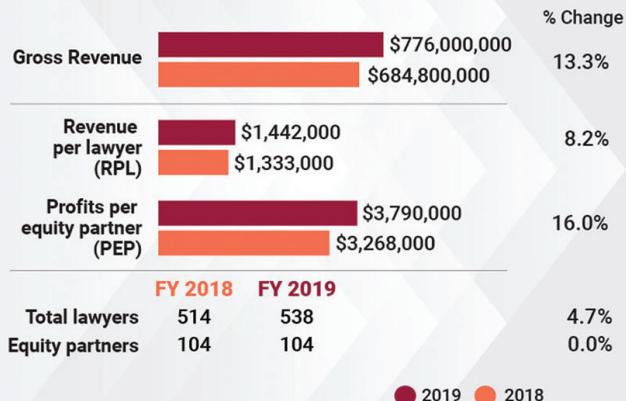
Dealmakers at the firm kept busy, with mergers and acquisitions and private equity lawyers representing clients on transactions totaling more than \$360 billion in value during the firm's fiscal year, and asset management lawyers advising on



Fried Frank's David Greenwald.

Courtesy photo

Fried, Frank, Harris, Shriver & Jacobson



fund formations totaling more than \$77 billion in 2019. Clients included Tradeweb Markets, which had a \$1.2 billion initial public offering in April; and Sinclair, which paid \$9.6 billion for a group of regional sports networks that were divested by Disney as part of its 21st Century Fox tie-up.

The firm, with offices in London and Frankfurt, Germany, also did work on major European deals, including London-based asset manager Permira's formation of a seventh buyout fund and over €6 billion in fundraising for BlueBay Asset Management. The firm also advised on the spinoff of BlueBay's private debt business into Arcmont Asset Management.

The firm's real estate lawyers also stayed busy, representing WarnerMedia in the sale and lease-back of 1.5 million square feet at 30 Hudson Yards and helping property giant Brookfield form a \$15 billion fund known as BSREP III, which closed in January 2019 and has received commitments from

more than 150 limited partners. They also advised on Brookfield's other investment vehicles and business endeavors.

Fried Frank's litigators also helped Sinclair in cases related to its proposed merger with Tribune Media Co. And the firm's Washington presence came in handy for federal contractor Leidos, which hung onto a contract with NASA worth up to \$2.9 billion after a competitor filed a protest with the Government Accountability Office, alleging that Leidos was conflicted.

Greenwald, whose current term atop the firm is slated to end in February 2021, said the firm also had a big backlog of unbilled time and accounts receivable going into its next fiscal year, 16% higher than the previous year's. He cautioned in an interview during the week of March 9 that the coronavirus outbreak would impact the firm's financial expectations for this year.

"I'm confident it is going to impact our budget," he said. "The uncertainty is such that people are going to be conservative in budgeting. In terms of hiring, we did our hiring for the summer, next fall, months and months ago, so that's locked and loaded."

Lateral hiring, he added, is continuing, but handshakes are out.

Jack Newsham writes about the New York legal community and the business of law, including law firm finance and management and the battle for talent. Email him at jnewsham@alm.com and find him on Twitter @thenewsham.