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ANALYSIS

  **New Jersey Top 40: Litigation, Practice Diversity Set Firms Up for Growth**

 The picture is not quite as rosy as a year ago. But the 40 listed firms collectively increased firmwide gross revenue 4.6% year over year.

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 Law Firm Profitability



David Gialanella

In a year where sizable gains were a bit more difficult to come by than in 2021, most firms rooted in New Jersey nevertheless saw financial performance improve in 2022.

Of the New Jersey Law Journal Top 40 firms listed, 27 improved gross revenue in fiscal 2022, while 12 had revenue decreases, and one was flat.

The picture is not quite as rosy as a year ago. For example, on last year’s Top 40 list, based on fiscal 2021 metrics, all but five firms posted year-over-year gains.

Nevertheless, the 40 listed firms collectively increased firmwide gross revenue 4.6% year over year, to \$18.4 billion.

And among the dozen Top 40 firms that saw gross revenue take a step back in 2022, there appear to be a few anomalies. One is Cole Schotz, which had been on a yearslong run of significant revenue growth—increasing firmwide earnings 73% over four years—before taking a 4.3% step back in 2022.

Of the 27 firms with revenue increases, a few reversed trends in 2022. Gibbons, for example, had seen revenue recede and stagnate in recent years before posting a 7.1% increase, to \$102.4 million.

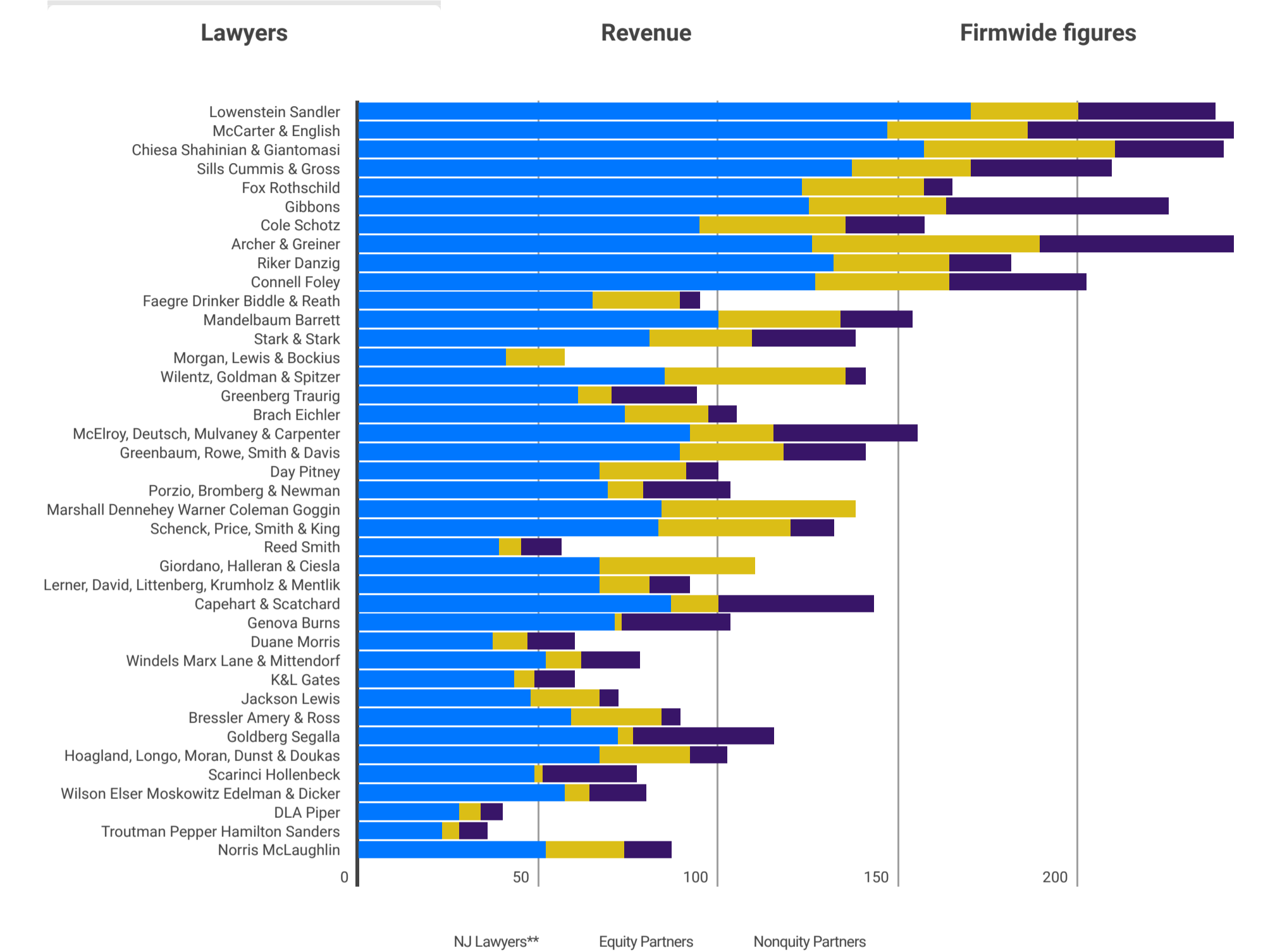
“Candidly it was our best year since 2015,” said managing partner Peter Torcicollo.

That permitted Gibbons to ascend two spots, to No. 6 on the list.

New Jersey Law Journal

Top 40*

Hover over/tap color bars for more info – Tap color dots in legend to isolate different figures



* The Law Journal ranks firms based on gross revenue derived from New Jersey offices. Figures are rounded. The numbers here are for fiscal 2022 and are based on information gathered from the Law Journal's annual law firm survey, ALM Intelligence and Law.com Compass, 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 where available.

*** PEP is profits per equity partner, while CAP accounts for compensation to both equity and nonequity partners.

‘Be Focused on It at All Times’

Many firms with robust litigation practices enjoyed a busy 2022 as courts returned to full action, and Gibbons was one such firm.

Firms who posted record years during COVID-19, handling the boom in deal work, “were really the mirror image of what we are,” Torricollo said.

Gibbons is litigation heavy, but even the firm's corporate and real estate deal work were steady at worst in 2022, he added.

Timekeepers in various practices averaged 100 to 200 more hours billed in 2022 than the year before, he said.

It wasn't merely good fortune. Gibbons worked with consultants to go through a strategic planning process, which led to rate modifications through peer benchmarking as well as "a more data-driven approach to the practice," according to Torcicollo. "The only way to try to continue to take steps forward [is] you have to be focused on it at all times."

The strategic planning process also includes a "fearless inventory" of productivity. "We don't love our people any less, but sometimes you need to take a good hard look," said Torcicollo, who was Gibbons' hiring partner for 16 years.

'It Really Wasn't One Thing'

Gibbons was one of the numerous homegrown New Jersey firms that fared well in 2022.

Connell Foley, for one, saw firmwide gross revenue climb 8.5%, to \$71.6 million, helping the firm ascend two spots to No. 10.

Faring even better was Mandelbaum Barrett, which had an 11.8% revenue gain and shot up seven spots to No. 12.

Lowenstein Sandler maintained its top spot. The firm saw gross revenue increase 15.3% to \$451.9 million—thanks in part to cashing in on contingency fees and a litigation practice that was "hitting on all cylinders and was in overdrive," managing partner Gary Wingens said in [an interview earlier this year](#).

Wilentz, Goldman & Spitzer and Brach Eichler, too, posted firmwide revenue gains.

For Archer & Greiner, a 7% revenue increase marked the firm's second-straight year of healthy gains.

"It really wasn't one thing," said firm president Christopher Gibson, adding that the firm "reaped the benefits of having a diversity of practices."

According to Gibson, that diversity manifested in double-digit revenue gains in business litigation, environmental litigation and land use. Health care law and elder law also were strong, he said.

Asked about sustained growth, Gibson said law firms must be willing to take calculated risks, noting Archer's [move into Houston last year](#).

"You continue to be curious and try to be optimistic," he said. "I know that there are signs out there that would dampen your enthusiasm to continue to diversify into new geographic areas, new practice areas. I just do my best, along with the rest of the management group, to move forward and look for those opportunities."

"I think you've got to be willing to continue to make those kind of investments," Gibson added. "They're not all going to pay off. ... You have to be in there thinking it's a two- or three-year kind of thing."

One type of investment the firm made in 2022 was new equity partners. That led the firm to take a slight step back in profit per equity partner—by 4%, to \$596,000.

"That drop was de minimis from our perspective," Gibson said. "I don't have a single bit of buyer's remorse about making five equity partners. We have a lot [of equity partners] ... and I get the business model of [having fewer]. But for us, we've never pulled up the gangplank, so to speak."

“If you’re not making the young people who are working hard, who are out there in the community, equity partners ... that only works for so long,” he said.

‘Row in the Same Direction’

For Sills Cummis & Gross, a 6.1% year-over-year revenue gain was partly fed by transactional work that didn’t meaningfully slow down, managing partner Max Crane said.

“Unlike some of the big New York firms, where some of the M&A just shut down and stopped in place, we had [fewer] big matters just stop. We had a few pauses. We had some new matters be repriced. ... [But] when the market turned, our steadiness continued for the most part,” Crane said.

He added that the firm does private, rather than public, M&A work, and “private money has a greater ability to be nimble.”

He noted litigation and bankruptcy as the busiest practices at the firm, whose fiscal year ends on Sept. 30. Only months from that date, another revenue gain is expected for 2023, Crane said.

On bankruptcy, the firm was able to work with lender clients on workouts when more traditional bankruptcy work slowed, he said.

“We row in the same direction as a firm and we allow individuals to produce in the way they feel they can produce at the highest level,” which requires “management by peripheral vision,” according to Crane.

The Gibbons, Archer and Sills managing partners all pointed to the importance of strategy to ongoing success.

Gibbons’ Torcicollo, who took over as managing partner early last year, said he’s gotten to know his counterparts at other firms. There’s apparently a mix of competition and comradery among them.

“We all have the same problems,” he said. “We’re all after the same cases and the same clients. But we have a shared enemy, and it’s anything that threatens the viability of private practice law firms.”

**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 2022 and are based on information gathered from the Law Journal’s annual law firm survey, ALM Intelligence and [Law.com Compass](#), 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 right-hand columns.*

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