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FIRMS OF NOTE

ON BUDGET AND BOOMING

Thompson Hine owes its growth, in part, to its reliance on budgets.



DEBORAH READ

THOMPSON HINE

Gross Revenue: \$221,026,000	▲	6.9%
Revenue Per Lawyer: \$650,000	▲	7.4%
Profits Per Partner: \$735,000	▲	15.7%

BY 2016, THOMPSON HINE HAD POURED YEARS OF TIME AND countless resources into developing a budgeting tool to track its fees on client matters. But the firm was still working on the tricky part: convincing the firm's own lawyers to use it.

Brian Lamb, head of Thompson Hine's business litigation group, was a leader of that charge. At a 2016 partnership retreat in Cleveland, he finally laid it on the line: The firm was going to use these budgets, one way or another, and it would be more impressive to clients and the firm's associates if they did it as a unified group.

And then he asked his business litigation partners whether they agreed.

Unanimously, they raised their hands—approving the mandate that all their matters would follow a new budgeting process.

For any matter worth more than \$50,000, the partners would estimate their fees in a detailed budget. Without one, the firm's billing system wouldn't allow them to file bills. And as soon as a matter without a budget went over \$50,000, bills would not go out to clients until a budget was made.

A little more than two years later, the results are washing ashore. And the firm has not turned back.

Two more of Thompson Hine's practice group leaders have since followed Lamb's lead in adopting mandatory budgets, and the firm is currently in the process of spreading the policy to aspects of all of its practices. Nearly \$127 million worth of the firm's work—more than half its annual revenue—is currently budgeted in a proprietary system Thompson Hine launched in 2014.

The firm's managing partner, Deborah Read, credits the firm's commitment to budgeting and legal project management for the firm's relative outperformance compared with its Am Law Second Hundred peers.

Consider that in 2018, the firm's revenue rose 6.9 percent to \$221 million. That's markedly higher than the 3.1 percent revenue growth reported by the Second Hundred as a whole. Profits per equity partner rose nearly 16 percent last year at Thompson Hine to \$735,000, compared with the 2.8 percent average of Second Hundred firms. Thompson Hine's head count, 340 lawyers, was virtually the same as 2016.

Bill Deckelman, the general counsel of DXC Technology, selected Thompson Hine as one of the company's preferred law firms after hearing in a pitch that the firm had made its budgeting process mandatory for a large group of its lawyers. He says the firm's budgeting rigor was helpful to him, since he is judged internally on how well he sticks to his own financial markers.

"We are trying this year to really enforce with our law firms the discipline behind budgets," Deckelman says. "And you can really tell the difference when you work with a firm like Thompson Hine, where they have a budget on any matter they handle for us, versus the law firms that just don't have a clue."

—ROY STROM