

Amid 2020 Challenges, Thompson Hine Grew Slightly, Furthered Efficiency Efforts

At the Am Law 200 firm, budgeting is mandatory for most work in 11 of 16 practice areas, which managing partner Deborah Read said helps lawyers work efficiently.

By Brenda Sapino Jeffreys
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Gross revenue grew by a modest 1.3% at Thompson Hine in 2020, following two prior years of robust revenue increases at the Am Law 200 firm based in Cleveland, as the pandemic, among other factors, affected the firm's top line.

In a year rife with uncertainty, Thompson Hine leaned on its efficiency-minded proprietary budgeting system, which is intended to provide clients with greater certainty about their outside legal spend. The firm plans to expand use of that system further in the coming year.

"All of our key metrics were up in 2020 vs. 2019 ... 2019 and 2018 were banner years for us. It just carried through to 2020," said managing partner Deborah Read.

Revenue came in at \$238 million at Thompson Hine in 2020, compared with \$234.8 million in 2019, according to preliminary reporting for the Am Law 200. That follows a 6.3% increase in revenue in 2019, and a 6.9% improvement in 2018. The firm's revenue increased even as lawyer head count was flat, with a full-time equivalent of 349 lawyers in 2020, up one from 2019.

Revenue per lawyer (RPL) was \$681,000 in 2020, up by 0.7% when compared with \$676,000 in 2019, while profits per equity partner (PEP)

were \$863,000, up 7.1% when compared with \$806,000 the prior year.

Given that net income was down 1.6% from 2019, that PEP growth came from a decrease in the number of equity partners—the firm had 90 equity partners on a FTE basis in 2020, down 8.1% when compared with 98 the prior year. But Read said the shift was largely due to retirements.

Overall, 2020 was a "very solid year," she said.

Read said two factors blunted the firm's revenue growth in 2020. One was an investment of hours in two large contingency-fee lawsuits in the regulatory area. The other was the firm's decision to help out some clients that were materially impacted by the pandemic by discounting rates and extending the pay cycle.

"So we were performing work for them, and getting paid less and later," she said.



Deborah Z. Read,
managing partner of
Thompson Hine.

The busiest practice areas in 2020 included regulatory and transactional practices, including corporate, tax and real estate practices, Read said, but litigation was down due to the slowdown in court activity beginning in March when the COVID-19 pandemic led to stay-home orders.

She notes that the firm’s corporate transactions and securities practice “is hot, has been hot and remains hot,” and there doesn’t seem to be an end in sight for demand in that practice area.

The firm did impose austerity measures in response to the uncertainty of how the pandemic would affect business, Read said. The firm reduced compensation for every lawyer and staff member, but “restored every single penny” by year end, she said.

“We really cut discretionary spending ... No travel for CLEs, there was no business development travel, no travel for, frankly, even our lateral recruiting,” she said. The firm did conduct its summer associate program in person, rather than remotely, and that choice was well-received by the law students, she said.

Unlike many other U.S. firms, Thompson Hine did not apply for a Paycheck Protection Program loan from the U.S. Small Business Administration.

Regarding prepayment of 2021 expenses, Read said the firm, as always, tracked fourth quarter revenue and paid “every conceivable bill that we reasonably should pay in 2020.” She noted that there’s still uncertainty about “what 2021 will hold.”

Read also made note of the firm’s proprietary budgeting process, which is now mandatory for most work in 11 of 16 practices. She said it’s a hit with clients and also forces lawyers to work



efficiently to stay within parameters of the budget set for each matter.

At latest count, she said, the firm had 2,764 active matters on a budget, accounting for \$355 million in fees. (The amount exceeds the firm’s annual revenue, because some matters are expected to be completed over several years, she notes.)

The firm launched the budgeting system in 2014, in an effort to provide clients with accurate budgets, but started **mandating** its use in some practice areas in 2016. She hopes to have all practice areas using the budgeting system for at least some matters in 2021.

As for the outlook for 2021, Read said the firm looks to expand its Chicago office, which opened in 2019, and add lawyers firmwide in its corporate and real estate practices. In 2020, the firm brought on a 7-lawyer real estate finance and tax credit group in Cleveland from Ohio firm Porter Wright Morris & Arthur.

Thompson Hine, founded in Cleveland, also has offices in Atlanta; Chicago; Cincinnati; Columbus, Ohio; Dayton, Ohio; New York; and Washington, D.C.

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