

Baker & Hostetler Sees 6% Revenue Growth Amid Deeper Ties to Key Clients

The firm's leader said 92% of its 200 biggest clients used the firm's services in more than one practice area.

By Dan Packel
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What You Need to Know

- Growth was spread broadly across the firm's six core practice areas
- Revenues climbed to a record \$836 million.
- International expansion is a subject of continued discussion.

Baker & Hostetler boosted revenue by 5.9% in 2021 and grew profits per equity partner by 11.5%, but chairman Paul Schmidt is particularly proud of how the firm has succeeded in growing its relationships with key clients.

He credits this effort for the firm's growth across its six core practice areas and its record-high \$836 million in revenue.

"More of our top clients are using us for more things," Schmidt said, noting that 92% of the firm's 200 biggest clients used it in more than one practice area.

The firm, which brands itself as BakerHostetler, also set records for net income, which hit \$218 million and profits per equity partner, which climbed to \$1.7 million.

These increases in profitability came in a year that saw more cost pressures than 2020, according to Schmidt, owing to rising outlays for associate salaries, bonuses and recruiting fees.

He pointed to conservative management and management of the firm's other costs to account for the



Courtesy photo

Paul Schmidt, with Baker Hostetler.

greater gains in the bottom line, a trend that appears common among a substantial number of Am Law 100 firms. The firm even prepaid 50% more expenses from 2021 to 2022 than it did the previous year.

Demand Across the Board

Just as in 2020, Baker & Hostetler's data privacy practice was a demand leader. Launched at the start of 2020, the group's hours were up by 17% and collections were up by 19% compared to the previous year, according to Schmidt, and the 100+ lawyers and technologists handled 1,270 incidents over the course of the year.

Schmidt said that the October 2021 hire of Daniel Kaufman, formerly the acting director for the Bureau of Consumer Protection at the Federal Trade Commission, shows the practice will continue to be a market leader.

The firm's business and corporate group also had a strong year, with "considerable growth" in private equity, debt finance, mergers and acquisitions and real estate. The firm advised on over 105 transactions with a collective value of more than \$25 billion. One stand-out came when it guided MTB Holdings in its \$1.6 billion acquisition by Stanley Black & Decker.

Schmidt also pointed to high demand for the firm's litigation group, where, as in previous years, partner Irving Picard's work on recovering money stolen in disgraced financier Bernie Madoff's Ponzi Scheme. A September decision from the U.S. Court of Appeals for the Second Circuit preserved the ability of Picard's team to recover an additional \$3.75 billion of stolen property, and these efforts have already returned \$14.5 billion to victims.

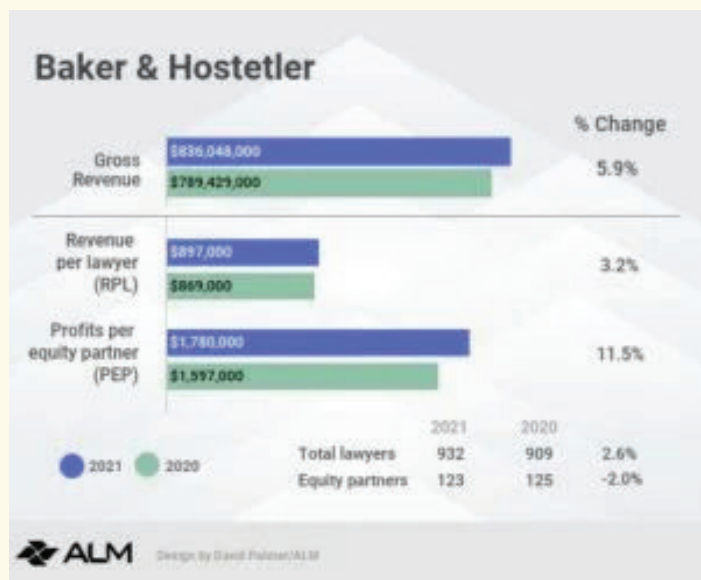
Schmidt highlighted work by IP litigators within the firm's broader intellectual property group, noting a win handed down earlier this month on behalf of client Siemens Gamesa before the U.S. International Trade Commission, clearing the wind turbine manufacturer of two infringement charges.

"Having a broadly diversified practice across the firm really worked to our advantage. It appears we were up across the board in every practice area, which was just incredible," Schmidt said, referencing tax and labor and employment as the remaining core practices.

Is Overseas Next?

Baker & Hostetler continued to pursue growth in California and Texas in 2021, after opening new offices in San Francisco and Dallas the previous year.

Head count across the firm ticked upwards by 2.6% to 932 total attorneys. Aggregate changes in the partnerships were muted, with two fewer equity partners and nine more non-equity partners in 2021 compared to 2020.



A total of 20 new attorneys, including seven partners, came aboard in California alone, including a labor and employment team led by Matt Kane and Sylvia Kim from McGuire Woods, Los Angeles data privacy partner Jennifer Mitchell, who arrived from Sony Pictures.

And the firm is now up to 30 lawyers in Dallas, after finishing 2020 with 21 attorneys there.

Baker & Hostetler is still looking to add further numbers in California and Texas. Atlanta, currently with 100 lawyers, is also a growth priority. The firm started this year adding two former federal prosecutors, Brian McEvoy and Brian Rafferty, from Polsinelli.

Baker & Hostetler is one of the rare firms of its size in the U.S. without any international presence, but Schmidt acknowledged that growth overseas remains a subject of regular discussion.

"When you're a firm our size with the service offerings we have, including a leading privacy and data security practice, there are certain disadvantages to not having a foreign presence," he said. "We can never be everywhere, we don't ever aspire to be everywhere, but we need to be able to think about some level of international presence. We need to be able to do it in a smart, conservative way that's consistent with our culture and be able to offer these services to our clients."