

Fueled by Hires and ‘Happiness Factor,’ McDermott Revenue Hits \$1 Billion

A string of lateral hires from DLA Piper and elsewhere “exceeded even our optimistic expectations,” said chair Ira Coleman, helping to boost revenue by nearly 14 percent last year.

By Meghan Tribe
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Buoyed by key lateral additions, McDermott Will & Emery has surpassed the \$1 billion mark in revenue for the first time in its 85-year history.

Gross revenue at the Chicago-based firm climbed 13.9 percent to \$1.054 billion in 2018, up from \$925 million the year prior. Revenue per lawyer increased 10.7 percent to \$1.041 million, and profits per equity partner jumped 10 percent to \$1.884 million from \$1.713 million the year prior.

The number of attorneys at the firm grew 2.8 percent from 985 lawyers in 2017 to 1,013 lawyers in 2018. Despite its activity in the lateral market, the number of equity partners remained unchanged at 173 in 2018, while the nonequity partner tier shrank by 3.9 percent to 363.

McDermott made waves in early 2018 by picking up a roughly 50-lawyer group from DLA Piper, in what chairman Ira Coleman expected would be a \$100 million boost to the firm’s top line, he wrote in an internal memorandum announcing the additions last March.

The hires were transformational, said Miami-based Coleman in an interview this week. “It outperformed and exceeded even our optimistic expectations,” he added.

McDermott’s raid on the international legal giant began with the addition of Michael Poulos, a former co-managing partner of the Americas at DLA Piper in Chicago. It then brought aboard Michael Sheehan,



(Photo: J. Albert Diaz)

Ira Coleman of McDermott Will & Emery

the former co-chair of DLA Piper’s global employment practice and chair of its U.S. employment practice.

The firm also later added Jeffrey Steiner, the former New York-based global co-chair of DLA Piper’s finance practice, as well as 21 other partners. McDermott also added DLA Piper intellectual property partner Christina “Tina” Martini in Chicago.

Outside of its DLA Piper hires, McDermott last year added the head of Cooley’s Los Angeles litigation practice William “Bill” Donovan, Jr. It also brought on the head of the nationwide state and local tax practice at Winston & Strawn Charles Moll III and

McDermott Will & Emery



colleagues Troy Van Dongen and Marcy Jo Mandel to expand its tax group in California. The firm opened an office earlier this year in San Francisco's Salesforce Tower—the tallest building in the city and west of the Mississippi—to accommodate the Northern California hires.

“We had some wonderful lateral acquisitions, and not just from the numbers, but the people,” Coleman said.

The firm also saw some notable departures. The former co-chair of the tax controversies group at McDermott, Jean Pawlow, decamped for Latham & Watkins early in the year. It also lost a group of roughly 30 IP lawyers, including 16 partners, who made their way to Morgan, Lewis & Bockius' offices in Chicago, Washington, D.C., San Francisco and Orange County, California.

“We have different ways that we want to do things and different things we want to push, and that works for us and hopefully it works for them there,” Coleman said of the group's departure.

In addition to revenue fueled by lateral hiring and a strong economy, Coleman credited McDermott's successes last year to a focused agenda that centered

around three basic principles: indispensability to clients; high achievement, productivity and profitability; and a “happiness factor.”

“What we found is in our offices and our practice groups where people were the most productive they were the happiest,” said Coleman, who became chair of McDermott in late 2016.

The firm's health industry advisory group had an exceptional year, he noted. The firm was one of several law firms advising CVS Health Corp. on its \$70 billion cash-and-stock purchase of health insurer Aetna Inc., which closed in November.

The tax and private client and wealth management practices also performed “incredibly well” in 2018, Coleman said. He said the firm represents 26 of the top 50 wealthiest families in the world.

The firm's London office also had a strong year, with nearly \$41 million in revenue, up nearly 40 percent from the year prior.

Coleman said McDermott's plan for 2019 is to continue its growth and to use innovative tools and ways to differentiate itself.

“Using innovation to drive change and to be helpful for clients is a big goal for us for 2019 and beyond,” Coleman said. But he also cited a commitment to “the happiness factor.”

“Some places, especially law, you feel like you have to be a different person at work than you are really,” he said.

“We want people to bring their unique self [to] work and feel very comfortable about that,” Coleman said. “And we think that's something that's really important, and something that makes the place a lot better.”

Meghan Tribe is a reporter covering the changing face of Big Law, from lateral moves and work-from-home programs to diversity initiatives. Contact her at mtribe@alm.com. On Twitter: @TribeMeghan