

Jenner, Looking at 'Stretch' Goals, Reached Double-Digit Revenue and Profit Growth

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In a year where countercyclical work was king across Big Law, litigation and investigations-focused Jenner & Block achieved double-digit growth in revenue, profits and net income last year.

Firm leaders said Tuesday that Jenner surpassed even its own revenue target last year by growing the top line by 14%, up to about \$582.1 million, as the firm's total head count grew by about 7% more lawyers. Jenner also increased profits per equity partner by 17.6%, up to \$2.3 million, and net income by 13.4%, to around \$246.6 million.

The firm, ranked No. 93 in last year's Am Law 200, saw a slight downtick in its equity tier, contracting by a little more than 3.5% (to about 107 full-time equivalent equity partners from about 111), while its nonequity ranks increased by about 14% (to about 81 partners from 73).

Jenner's managing partners said in an interview Tuesday that last year's financial growth was driven most critically by an increase in demand, particularly in practices such as investigations, monitorships and energy, as well as business litigation, government contracts and fintech. They said they've also tried to deepen their relationship with clients.

"Our strategy is really focused on building on areas of strength. I think that maps nicely on where we really hit it out of the park last year," said Katya Jestin, one of the firm's managing partners, adding that "those were areas we



Courtesy photo

Katya Jestin and Randy Mehrberg, Jenner & Block partners.

focused on for lateral growth and really tried to reach stretch targets in those areas, and augment those teams with the best talent in the business, and exploit those areas to their fullest."

They said setting "stretch" goals has become routine at the firm and that each of their practice groups has adopted certain goals, for instance. Randy Mehrberg, Jenner's other managing partner, said it's "second nature" to do so in the corporate world, but it's still difficult to know exactly how something such as revenue will turn out each year at a law firm.

He said that kind of goal was based in part on historic performance, in part on what the firm sees coming down the road, as well as a little bit of optimism.

“We set a 13% goal and we came in at 14%. If you asked people how are we going to do that at the beginning of the year, I think it would’ve been a little bit scary,” Mehrberg said, adding that “if you commit to stretching, you’ll be surprised what you can accomplish.”

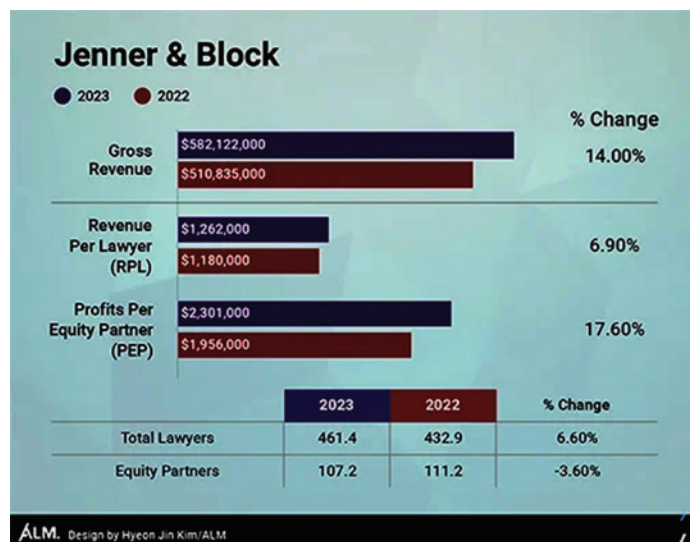
Some of the firm’s key matters in 2023 included advising on the merger between Albertsons and Kroger; U.S. Supreme Court wins in *Moore v. Harper*, regarding state redistricting, and *Haaland v. Brackeen*, defending the constitutionality of the Indian Child Welfare Act; as well as securing millions in damages for Kraft and Kellogg Co. due to inflated egg prices.

Jenner’s firm leaders also said that they pride themselves on being a “super sticky” firm. The slight downtick in equity partners, they said, was relatively normal, and includes some partners who’ve taken on senior-level positions in government.

Meanwhile, the increase in the nonequity ranks comes in part from a premium on internal advancement, including for lawyers who have different career goals than making partner.

“We have extremely talented associates whom we look for opportunities to promote, and we have expectations and a lot of career development support at the firm, and we hope to help our more junior lawyers achieve their professional goals and self-actualize through that process,” Jestin said. “Some people do want to become an equity partner here. Some people decide they want to be an in-house lawyer in a particular industry sector, so we’ve developed a lot of internal support over the years.”

The firm also raised billing rates, though it did not say by how much. Overall head count rose by about 6.6%, which Mehrberg noted increases expenses in the short-term and decreases utilization. Jenner announced at the end of 2023 that, with rapid growth and low turnover on the West Coast, it would double its footprint in San Francisco and open a second office on the west side of Los Angeles.



At the same time, the firm also “always” matches the market on associate salary raises, Mehrberg said, because it wants to attract the best talent. The firm’s starting salary for associates is now \$225,000, in line with the top of the market.

“How does it affect profitability? Well, it’s more expensive. But we’ve gotten pretty good at budgeting,” he said, noting that the firm always tries to make room for unexpected events in its annual budget plan.

The firm leaders said they increased realization by about two or three percentage points between 2022 and 2023, and that they are always willing to explore alternative fee arrangements if clients want to.

Although there was plenty of merger activity across Big Law in 2023, and as much or more is expected in 2024, the Jenner leaders noted that they’ve never grown that way in the past. Jestin said part of the reason is because they want to maintain their culture and they don’t want an “organ-rejection situation.”

“We have brought in groups of 10, maybe 20 lawyers, who have a special expertise that we build upon, but we’re not in any conversations with regard to a full-on combination of enterprises,” Mehrberg added, though he noted that new office openings in the next year or two are a possibility. “There are other locations where we have lots of clients and we’re doing really, really well.”