

Gibson Dunn Breaks \$3B Revenue Mark With Litigation, Transactions Firing on All Cylinders

By Dan Roe

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What You Need to Know

- Gibson, Dunn & Crutcher notched another strong year of financial performance, head count growth and global expansion.
- The firm saw rising demand across all of its major practices and a nearly even split of disputes and transactional work.
- Gibson Dunn launched two Middle Eastern offices and moved to a new Palo Alto location.

Gibson, Dunn & Crutcher's streak of increasing gross revenue year over year is older than Bob Dole's presidential campaign, the Nintendo 64 and the most recent NBA championship for the Chicago Bulls.

The record continued in 2023: As Michael Jordan turned 60, Gibson Dunn notched a 28th consecutive year of gross revenue growth and its 27th year in a row of profit growth, cracking the \$3 billion gross revenue mark with a 12.3% increase over 2022.

Profits per equity partner rose even faster—13.4%—to a total of \$5.6 million per



Photo: Diego M. Radzinski/ALM

Gibson Dunn & Crutcher offices in Washington, D.C.

equity partner, a metric aided by a 7.9% reduction in equity partners.

Gibson Dunn also grew its overall head count by roughly 150 lawyers, a factor that contributed to a 3.4% uptick in revenue per lawyer. Amid this influx of lateral hiring, the firm's non-equity tier expanded 44% to 160 partners.

Hiring, office openings and investments in technology and infrastructure caused net income to rise more slowly at a 4.4% increase, which brought the firm's overall profit margin down from 62% to 58% by year-end.

"To me, we were remarkably successful in 2023, coming off of a year of remarkable suc-

cess in 2022,” chair and managing partner Barbara Becker said in an interview.

Becker described a year with balanced performances from the firm’s litigators, investigations and regulatory attorneys and its deal lawyers. “We were very close to a 50/50 balance last year, transactions were 51%,” she said.

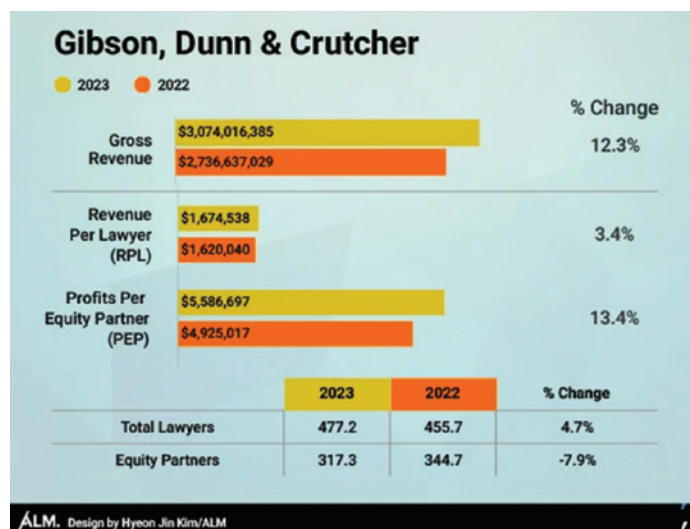
The firm’s “preeminent” litigation practice continued to see strong demand as the firm represented Luminant Energy Co. in a case against the Texas Public Utility Commission that preserved price competition in the state after the Commission raised energy prices 650% during an unprecedented 2021 winter storm.

The firm’s employment practice also boomed in 2023, Becker said, and so did white collar and IP litigation. Gibson Dunn secured a crucial win for cloud computing firm VMware in a Texas patent infringement case against plaintiff WSOU Investments, which had asked for \$435 million in damages.

Likewise, advisory and regulatory practices such as privacy, cybersecurity and data innovation, fintech and digital assets also saw heightened demand, Becker said.

Despite a challenging market, the firms’ transactional practices also enjoyed rising demand in 2023. “Private equity, capital markets and finance all saw increased demand, and restructuring just crushed it—off the charts,” Becker said.

The firm co-led Exxon Mobil’s \$59.5 billion purchase of Pioneer Natural Resources, advised Otro Capital and partner RedBird Capital Partners on its investment into Formula 1 team Alpine Racing, and co-led the \$2.5 billion IPO of ADNOC Gas on the Abu Dhabi Securities Exchange.



Gibson Dunn also broadened and strengthened its global footprint last year, starting with the January launch of an Abu Dhabi office via the addition of three partners from Shearman & Sterling. The firm’s Middle Eastern expansion continued in November with the opening of a Riyadh office, which formed after the firm hired a seven-partner team from White & Case. That office is “taking off like a rocketship,” Becker said, adding that the three partners in the firm’s Abu Dhabi office are also doing “super well.”

The firm also added a nine-lawyer energy and infrastructure team from Linklaters in Paris. In Texas, it hired former Exxon Mobil assistant general counsel David Woodcock in Dallas and brought in former Kirkland & Ellis M&A partner Rahul Vashi in Houston to co-chair the firm’s oil and gas practice.

In Washington, D.C., the firm gained former federal judge George Hazel, hired former Apple chief privacy officer Jane Horvath, and added former Paul Hastings fintech partners Sara Weed and Jason Cabral in Washington, D.C., and New York, respectively.

Despite hiring 27 lateral partners, Gibson Dunn finished the year with roughly 8% fewer equity partners on a full-time equivalent basis.

In addition to a few lateral departures, Becker attributed the decline to a combination of partners retiring from the practice, working a reduced schedule or retiring from equity partnership. (Gibson Dunn equity partners give up equity status at age 68.)

Becker declined to state the firm's average rate increase in 2023 but said it was consistent with prior years' increases. Realization rates were consistent as well, she said, and the firm saw a slight uptick in clients' interest in alternative fee arrangements. "I think clients are always trying to figure out how best to style their relationships with law firms, and getting perhaps a little more comfortable with moving away from the hourly rate notion," Becker said.

Overhead increased faster than gross revenue last year due to a combination of headcount growth, office launches and investments in infrastructure and technology, Becker said.

The firm also continued to invest in its real estate, moving into a new space in downtown Palo Alto late last year in an effort to make the office attendance a value-add for attorneys in the area. As a growing firm, Gibson Dunn's real estate footprint is more likely to grow than

shrink, Becker said, but that growth may come with a decline in square feet per lawyer. The firm currently encourages attorneys to show up to the office three days per week.

Budgeting for 2024, Becker said she's optimistic about the opportunities on the horizon for the firm. Litigation, regulatory, antitrust and investigations practices remain "super busy," she said, echoing that sentiment for real estate and bankruptcy. Private equity and M&A are "steady" so far this year and capital markets lawyers are busy.

"What I am most proud of, having been in this seat now since 2021, is just the validation of our strategy," Becker said, emphasizing the firm's 42% revenue growth from 2020 through 2023 and 35.5% PEP growth during the same period.

"Our leverage is up, our diversity is up in remarkable ways—lawyers of color increased by 92%, partners of color are up 146%, female partners 53%, I can go on and on," she said. "So it's really a validation that our strategy is working and I'm really proud of what our firm has accomplished. I'm very optimistic about the future."