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Year-over-Year Revenue Growth Within Reach for NJ Firms

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With the close of 2014 weeks away, several New Jersey firms say they're positioned to post revenue growth over last year.

That mirrors what's been noted in the latest survey by Citi Private Bank's Law Firm Group: continued modest revenue growth, albeit somewhat slowed in the third quarter, for the 178 firms under the microscope.

And while Am Law 50 firms are predicted to account for the biggest gains, the midsized and large firms based in New Jersey are claiming reasons for optimism.

Greenbaum, Rowe, Smith & Davis, for example, is tentatively projecting a revenue growth rate in the low-single digits, and is "on track to do at least as well as last year," according to W. Raymond Felton, co-managing partner of the Woodbridge, N.J., firm. He noted that "we do tend to collect a disproportionate amount of our revenue in December."

"I think it's all sectors of our practice, but probably a little more so from the transactional side," particularly real estate, tax and corporate matters—including financings, private securities offerings, joint ventures, and mergers and acquisitions in the \$10 million to \$75 million range, Felton said.

As for litigation practices, construction, contract, insurance coverage, marital and bankruptcy have been strongest, he added.

"That's what you want—you don't want to be dependent," Felton said of the incremental upticks across several practices.

Jeffrey Campbell, managing partner of Porzio, Bromberg & Newman in Morristown, N.J., was similarly cautious in his predictions but said the firm could see revenue growth in the high-single-digit range.

"It's definitely a better year" than 2013 or 2012, Campbell said. "Definitely, client demand has been bigger. ...There's been a greater willingness of clients to invest more in their legal matters than a couple years ago."

Corporate and real estate practices are largely driving the growth, as well as certain areas of

litigation, such as employment and education, Campbell said.

The promising signs at Porzio Bromberg are “probably reflective” of the overall market, he added. “When we look back on 2014, I think there will be low- to mid-single digit growth.”

Flaster/Greenberg of Cherry Hill, N.J., is on a similar track, according to managing partner Peter Spigel.

“We’re looking at probably right around 3, maybe 4 percent increase in gross revenues,” Spigel said. “I guess that’s the new normal.”

Spigel noted that the projection excludes earnings added over the course of 2014 by lateral hires. The firm had a net head count gain of two or three attorneys this year, he said.

Corporate practices, particularly M&A, were “busy consistently throughout the year,” Spigel said, while litigation picked up steam as time went on. Bankruptcy is busy, though it hasn’t been at other firms, while environmental litigation “continues to be slow,” he added.

Spigel added that Flaster/Greenberg and other firms, after years of postrecession hesitancy, are finally looking to grow head count.

“They’re viewing it as a trend rather than, ‘let’s wait and see,’” he said.

If the gains come to fruition at Greenbaum Rowe, Porzio Bromberg and Flaster/Greenberg, it would be a second straight year of growth at each firm, according to *Law Journal* surveys.

Newark’s Sills Cummis & Gross, meanwhile, has seen revenue declines the past years, but the firm—whose fiscal year already has ended—has bounced back over the last four months, managing partner R. Max Crane said.

At a recent firm meeting, according to Crane, “I said five words: ‘Keep up the good work.’”

“Certainly a year ago at this time, it was not the same message,” he added. “I’ve gotten used to a mixed message, but I’ve got nothing but good news today.”

Peter Bejsiuk, managing partner of Capehart & Scatchard in Mount Laurel, N.J., agreed that it’s high time to target head count growth, noting that the firm hired six lawyers recently and is up to 87 total.

“We keep on getting work,” he said, citing busy public finance and workers’ compensation practices. “We think we’re going to top out at 100 [lawyers], but we don’t have any goal.”

With an attorney-to-staff ratio of about 4-to-1, overhead has stayed low, he said.

Bejsiuk, however, declined to predict this year’s gross revenue, saying December “can make or break your year.”

Gary Wogens, managing partner of Roseland, N.J.-based Lowenstein Sandler, also declined to provide an estimate, but said the firm is projecting a revenue increase. It posted a 3.5 percent gain in 2013.

“Barring a significant market break in the next few weeks, we expect 2014 to come in as another

strong year for our firm,” Wingens said in a statement. “This growth is being fueled by our transactional teams with very strong gains in our private equity, M&A, hedge fund and venture capital practices.”

There have been other positive indicators in recent months.

Glenn Clark, managing partner of Morristown’s Riker Danzig Scherer Hyland & Perretti, recently told the *Law Journal* that the firm is projecting revenue growth of 6 percent to 8 percent over 2013.

In August, Edward Deutsch, managing partner of fellow Morristown firm McElroy, Detusch, Mulvaney & Carpenter, said the firm was projecting 4 to 6 percent revenue growth, after seeing a 5.2 percent increase last year. The firm, in response to a reporter’s inquiry, didn’t provide any update to those projections.

Crane of Sill Cummis said “there’s more work, there’s better work, and people are working harder,” but it’s still “too early to tell” whether the upward trend is sustainable.

“Can I tell you it’s going to go on for the next five years? No,” he said.

Spirgel of Flaster/Greenberg added that the uncertainty won’t keep lawyers from their optimism, especially at this time of year.

“I’ve never met a lawyer who doesn’t think the next year is going to be better.”

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