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The Money Rolled Right in for Am Law 200 Firms in the Midwest

With a global pandemic far from anyone's mind, law firms based outside Chicago saw a boom in mergers last year and grew their revenues faster than those inside the region's biggest commercial and financial hub.

By David Thomas | May 21, 2020



Life was relatively sweet for law firms in cities like Minneapolis last year, which could make the coronavirus recession somewhat easier to bear. (Courtesy photo)

Law firms based in Midwestern cities outside of Chicago saw, on average, better revenue growth than the firms based in the Windy City as well as the Am Law 200 as a whole.

All 25 Am Law 200 firms that are based or founded in the Midwest saw their revenue grow in 2019. Seven of them—Barnes & Thornburg, Benesch, Ice Miller, Polsinelli, Porter Wright Morris & Arthur, Robins Kaplan and Spencer Fane—posted double-digit gains, far exceeding the average 5% growth the Am Law 200 and the 5.65% growth Chicago-based firms saw last year. Midwestern firms on average saw their revenue grow by 7.76%.

“It was a banner year for the firm in a lot of ways,” said Gregg Eisenberg, the managing partner of Benesch, during a March interview. The Cleveland-based law firm saw its revenue rise by a record-breaking 25.2% last year.

This analysis of the Am Law 200 data meshes with a similar finding made from an analysis of data (<https://www.law.com/americanlawyer/2020/02/21/smaller-cities-play-catch-up-with-chicago-in-hot-midwest-market/>) compiled by Citi Private Bank’s law firm lending and consulting unit earlier this year. According to Citi, Midwestern law firms located outside of Chicago had a better financial performance in 2019 on average than firms in the city, despite its role as the region’s largest commercial and financial hub.

“There’s a middle of the road that’s getting more attention,” said Joshua Lorentz, the chair of Dinsmore & Shohl’s intellectual property department. Dinsmore in 2019 saw its overall revenue rise by 8.2%.

The Midwest was the home to the largest U.S. law merger announcements in 2019, all of which became effective in the first quarter of this year (<https://www.law.com/americanlawyer/2020/01/03/taft-lathrop-gpm-officially-tie-the-knot-kicking-off-2020-law-firm-mergers/>). Faegre Baker Daniels, a Minneapolis firm ranked 71st on the Am Law 100, merged with Drinker Biddle & Reath, a Philadelphia firm ranked 90th, to become Faegre Drinker Biddle & Reath. Lathrop Gage, a Kansas City, Missouri-based firm ranked 184th on the Am Law 200, merged with Minneapolis-based Gray Plant Mooty to become Lathrop GPM.

Faegre Baker Daniels and Lathrop Gage had relatively modest growth in the last year before their mergers, seeing their top lines grow by 1.6% and 2.4% respectively. Drinker Biddle, Faegre’s merger partner, saw its revenue shrink by 4.1% in 2019.

Additionally, Cincinnati-based Taft Stettinius & Hollister merged with Briggs & Morgan, also a Minnesota firm—extending a particularly notable legal market boom (<https://www.law.com/americanlawyer/2019/11/07/midwest-mania-whats-behind-the-biggest-law-firm-mergers-of-2019/>) for Minneapolis. And when global mega-firm Dentons launching its “Golden Spike” strategy last year, aiming to grow across the U.S., it began by combining with Indianapolis-based Bingham Greenebaum Doll and Pittsburgh-based Cohen & Grigsby.

Strong 2019 revenues propelled St. Louis-based Husch Blackwell out of the Am Law Second Hundred entirely, with gains of 7.6% placing the firm in the Am Law 100. The firm has expanded in secondary and tertiary markets that have been largely ignored by bigger firms, allowing it to tap lawyers in underpriced markets for projects emanating from more expensive cities.

Like their counterparts in Chicago and across the country, Am Law 200 firms operating in the Midwest—including Dickinson Wright, Dinsmore, Dorsey & Whitney, Faegre Drinker, Husch Blackwell, Ice Miller, Shook Hardy, Stinson, Taft and Thompson Hine—have all taken steps (<https://www.law.com/americanlawyer/2020/05/18/the-2020-am-law-200-report/>) to shore up their financial positions due to the ongoing COVID-19 pandemic.

Dinsmore has furloughed staffers whose jobs could not be done remotely, Lorentz said, despite what he described as positive 2020 revenue into April.

“We haven’t seen much of a decrease that our other friends have seen,” Lorentz said. “We continue to look forward and budget for what could happen.”

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