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ALB FAST

ALB reveals the fastest growing law firms in Australasia in its 2011 Fast 10 survey.

► METHODOLOGY

The Fast 10 identifies the fastest growing law firms in Australia and New Zealand, based on revenue growth in FY2011 and, to a lesser extent, growth in fee earners. Only firms which submitted revenue details to ALB were considered for inclusion in the Ten and ALB reserved the right to exclude firms with very low revenue or headcount figures to prevent growth percentages being distorted by growth from a very low base. No firm was excluded on this basis in 2011.

When Australian law firms began reporting their revenue results for FY2010-2011, it soon became clear that it had been a reasonably good year. While there was the odd firm which struggled to find growth, the story at the majority of firms was surprisingly positive given the backdrop of global economic uncertainty. Perhaps this is the famous “lag factor” in action.

The results of the 2011 Fast 10, ALB’s survey to find the fastest growing law firms in Australia and New Zealand, reflect this positive story. Firms needed at least 17 percent revenue growth to be in the running for the Ten, up from 14 percent last year. The top ranked firms recorded over 100 percent revenue growth, a remarkable upward jump from last

year, where the first and second ranked firms had 56 percent and 41 percent respectively. The 2011 firms are of comparable size to the 2010 firms, so the size of the base from which these growth figures are calculated is not a relevant factor. It is fairly safe to conclude that the 2011 survey produced a far more robust set of results than the 2010 survey.

This reflects well on not only the market at large, but more specifically the group of entrepreneurial young firms which form the core of this year’s Fast 10. Three of these firms: Webb Henderson, Advent Lawyers and Balance Legal, are recently established firms appearing in the Fast 10 for the first time.

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Arnold Bloch LeiblerManaging partner: **Henry Lanzer**

Partners: 34

Other fee earners: 85

Revenue: A\$59m

Revenue growth: 17 percent

It is well established that mid-size firms need to provide a strong point of market differentiation to prosper and this is certainly the case at Arnold Bloch Leibler, which has spent the year, in the words of managing partner Henry Lanzer, focussing on "premium work and the areas of practice in which the firm has

acknowledged expertise." The firm has added nine additional lawyers and five additional partners over the past year but, unlike many Fast 10 firms, has not pursued any mergers. The firm will be eyeing the Sydney market in particular as a growth priority for FY2012.



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Integrated Legal HoldingsCEO: **Graeme Fowler**

Partners: 22

Other fee earners: 74

Revenue: A\$28.5m

Revenue growth: 19 percent

Most firms would be happy with 19 percent growth, but that counts as a relatively quiet year at ILH, which finished first and second respectively in the 2009 and 2010 Fast 10 surveys. The firm has made two more acquisitions this year, adding a total of 27 lawyers to its ranks, which will no doubt see the firm's revenues bounce upwards again in FY2012 as the full effect flows through. And because ILH is a listed company, we also have access to other interesting data on the firm's performance: the company's annual report reveals a 51 percent growth in net profit after tax and 19 percent earnings per share growth. ILH expects to continue the growth with at least one major firm acquisition per year in the foreseeable future.



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Hall & WilcoxManaging partner: **Tony Macvean**

Partners: 28

Other fee earners: 86

Revenue: A\$41m

Revenue growth: 18 percent

Hall & Wilcox is another example of a firm which has continued to reap the rewards of a strategy of solid organic growth. Managing partner Tony Macvean believes that the firm is increasing market share as large sophisticated clients review their use of large national firms and that a pick up in transactional activity in the mid-market space has also boosted revenues. Hall & Wilcox has consistently qualified or narrowly missed out on Fast 10 status over the past five years and it is impressive that the firm has maintained this track record despite having significantly higher gross revenues than many other firms in the Ten.

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Mills OakleyCEO: **John Nerurker**

Partners: 32

Other fee earners: 74

Revenue: A\$42m

Revenue growth: 24 percent

While every law firm acknowledges the importance of talent retention, Mills Oakley CEO John Nerurker believes that some traditional partnerships are in danger of losing touch and losing their best people. It's a lesson he has applied at Mills Oakley, where talent attraction and retention is the cornerstone of the firm's growth strategy. Partnership structure is crucial, according to Nerurker. "We have an ownership model and partnership structure which rewards performance, not merely tenure, which serves as a beacon for those disillusioned with other, more traditional partnership structures," he said. Meanwhile, like Hall & Wilcox, Nerurker believes there is an opportunity to further



penetrate the higher end corporate market and increase market share in FY2012.



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Wotton + Kearney

Managing partner:

David Kearney

Partners: 14

Other fee earners: 53

Revenue: A\$23m

Revenue growth: 24.5 percent

Insurance firms have traditionally had a strong showing in the Fast 10, but this year the venerable Wotton + Kearney is the only representative of the species left standing. Wotton + Kearney has had a remarkable track record of growth in recent years – this is the firm's third consecutive year in the Fast 10 and it is important to note that all of this growth has been achieved without acquiring any other firm. Revenue growth has been matched with a growth in lawyer numbers: two new partners have been added and lawyer numbers are up 26 percent. Meanwhile, other insurance firms are also faring well – Moray & Agnew and Curwoods both delivered strong growth, but not quite enough to make the Ten.

New firms, of course, have the advantage of a small base which makes growth figures seem more spectacular than they actually are. However, even taking this factor into account these firms have performed remarkably well and demonstrate that there is room in the market for new players who are prepared to innovate with their service offering.

New era law firms

When firms like Slater & Gordon and Integrated Legal Holdings first began to appear in the Fast 10 in 2009, some readers wondered what ALB was up to. The Fast 10 – and indeed the legal press in general – had been the preserve of the traditional corporate law firm, not plaintiff firms or entities such as Integrated Legal Holdings which continue to defy attempts to classify them. It was an outcome with which ALB was not particularly comfortable, but as we explained at the time, the decision to include these firms served the purpose of drawing attention to the changing nature of the market and showing where the growth was.

This reasoning applies a fortiori to the 2011 Fast 10, which again reflects a market in transition, where those firms who have embraced new models are recording the most marked growth. Advent Legal and Balance Legal are secondment-based law firms which appear to have struck a chord with clients while Webb Henderson's unusual cross-border approach to the regulatory space has been so successful that the firm has taken out top spot in this year's Fast 10. This continues the trend of the Fast 10 being dominated by firms with an

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Slater & Gordon

CEO: **Andrew Grech**

Partner equivalents: 74

Other lawyers: 278

Revenue: A\$182m

Revenue growth: 46 percent

Acquisitions in FY2010 were always going to result in some handsome growth in FY2011 for Slaters, but the firm has not been content to rest on its 2010 laurels. Instead, the ambitious growth strategy has continued through FY2011: highlights include three new offices in Victoria, three new offices in Queensland under the Trilby Misso brand and the acquisition of the controversial Keddies practice in NSW – a busy period of activity which will no doubt again boost the revenue stats in FY2012. Meanwhile, organic revenue growth is estimated at about 11 percent and the firm has also been active with high profile class actions such as the Oz Minerals, Fincorp and Brookland Greens matters. Slaters also managed to rattle the Poms early this year by expressing an interest in entering the UK market following the recent round of market liberalisation.

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Balance Legal

Managing director: **Ken Jagger**

Partners: 3

Other lawyers: 39

Revenue: A\$6.5m

Revenue growth: 52 percent

Balance Legal has been building a steady profile as one of the very few Australian firms to embrace the secondment-only model. Given the firm's Perth origins, it would be easy to assume that the firm's clients are at the junior miner level, where the absence of dedicated in-house legal capacity is well known. However, managing director Ken Jagger is of ex-Freehills pedigree and the firm has a number of very significant ASX100 clients – particularly resources companies requiring extra firepower in the legal function during the big projects. However, the next area of growth for Balance Legal will be in the mid-size corporate space, where the firm will be called upon to provide lawyers of quasi-General Counsel calibre. Balance provides lawyers at all levels of seniority, although the typical recruit would be a national firm senior associate with several years of experience. "We don't hire much below the seven year level – we need them to hit the ground running," says Jagger. The firm's second office in Melbourne still accounts for only a small share of revenues and the next objective is for that office to hit top gear. Given the mobility of modern lawyers, the firm has also been able to service Queensland and NSW clients.



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M+K LawyersNational Managing Director: **Damian Paul**

Partner equivalents: 54

Other lawyers: 129

Revenue: A\$47.5m

Revenue growth: 54 percent



Last year M+K made third spot on the Fast 10 largely courtesy of organic growth, a result which would have pleased managing director Damian Paul. However, Paul is certainly not averse to non-organic growth: M+K has spent much of FY2011 bedding down a series of acquisitions which will help fulfil ambitions for a national mid-market practice. Last year's acquisition of Tasmania's Dobson Mitchell & Allport was followed by a merger with BCI Lawyers in Queensland and M+K has also bolstered its workplace relations and family law capabilities. To read more about M+K and Damian Paul, please refer to the managing partner profile in this issue.

unconventional structure or value proposition; some may recall that last year's survey was won by Marque Lawyers, which has differentiated itself on the basis of an alternative fee structure and the winner in 2009 was Integrated Legal Holdings. The message is clear: in this evolving market, the momentum is with law firms outside of the traditional corporate advisory model.

Returning firms

There has always been a strong Melbourne element to the Fast 10. Slater & Gordon and M+K prefer to be known as national firms these days, but both have their roots in Victoria. These firms have featured regularly in the Fast 10 in recent years and, ominously, have still got some expansion plans afoot. Meanwhile, they are joined in the Ten by Mills Oakley and Hall & Wilcox, two of the most consistent Fast 10 performers over the history of the survey. The third member of this trio of firms is usually Herbert Geer, which is absent from this year's Fast 10 after a quiet year. Herbert Geer has been replaced by yet another firm with a Melbourne pedigree, in the form of Arnold Bloch Leibler. These are all firms which have a very clear value proposition in the market and are resolute in their quest to take market share from top tier firms. Their continued presence in the Fast 10 despite the emergence of a number of smaller, newer competitors says a good deal for the soundness of the leadership at these firms.

Honorary mentions

A number of firms were unlucky to miss out on a spot in the Fast 10 because of the more buoyant than usual results across the board. Brisbane's Cooper Grace

Ward and insurance firm Curwoods both had 17 percent growth but were edged out of 10th place by Arnold Bloch Leibler because the latter had stronger fee earner growth. Conversely, Thomsons Lawyers and Gilchrist Connell had 13 percent and 14 percent growth respectively, but had very strong fee earner growth which will no doubt drive revenues next year.

Adelaide-based Fox Tucker, the merged entity formed by ex-DLA Phillips Fox Adelaide and local firm Rankine Tucker, calculated its year on year revenue growth at 43 percent. However, this firm is a completely new partnership – as opposed to a partnership which has absorbed a second partnership – which meant that the firm could not be said to have “grown” between 2010 and 2011.

Across the Tasman, Minter Ellison Rudd Watts (12 percent) and Anthony Harper (13 percent) had good growth, although it is difficult to gauge these results against local competitors, who continue to maintain a policy of non-disclosure of revenues.

However, the ultimate honorary mention must go to Gilbert + Tobin, which managed to secure 14 percent growth despite being nearly 10 times the size of some Fast 10 firms. It is notoriously difficult for the larger firms to grow off an already substantial base and while G+T had a little help courtesy of a merger with Blakiston + Crabb, this is still an impressive outcome. Blake Dawson and Corrs (both 8 percent) and Norton Rose (9 percent) and Baker & McKenzie (10 percent) also deserve acknowledgment on this front, as does HWL Ebsworth (12 percent).



Advent Lawyers

CEO: **John Knox**

Lawyers: 35

Revenues: see below

Revenue growth: 105 percent

Advent Lawyers preferred not to have their revenue figure published, but to preserve the integrity of the survey we can reveal that the FY2011 figure was between A\$5m and A\$10m.

Like fellow Fast 10 firm Balance Legal, Advent uses a secondment-based model to provide a “third alternative” to external law firms and traditional in-house legal teams. However, it is clear that Advent’s ambitions extend beyond the Australian domestic market: the firm surprised many earlier this year by announcing the opening of a Singapore office. Developing markets in Thailand, Vietnam, Indonesia and India are now firmly within Advent’s sights – a sign of healthy ambition from this 35 lawyer firm. Advent’s premium clients include UBS, Macquarie Bank and NAB. Interestingly, NAB is a key client for Mallesons, which has also announced a foray into the world of outsourcing.



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Webb Henderson

Founding partners: **Angus Henderson, Malcolm Webb**

Partners: 8

Lawyers: 18

Revenues: see below

Revenue growth: 118 percent

In January, ALB nominated Webb Henderson as a firm to watch in 2011 and this unique outfit has certainly exceeded expectations with a remarkable 118 percent growth. The firm also preferred not to disclose its exact revenues, but to preserve the integrity of the survey we can reveal that the FY2011 figure was between A\$10m and A\$15m.

Webb Henderson has been an unusual firm since its inception in 2009. Originally a partnership between former Gilbert + Tobin partner Angus Henderson in Sydney and former MGF Webb partner Malcolm Webb in Auckland, the trans-Tasman nature of the firm already set it apart: premium NZ firms have generally preferred to rely on a relationship-based approach with Australian firms rather than attempting to compete with the locals.

Usually described as a telecommunications specialist, the firm sees opportunity in other highly regulated areas and has already added energy, infrastructure and corporate advisory services to its offering. The expansion of practice areas is matched by an astonishing expansion geographically: not content to merely develop a market foothold in Australasia, this firm has also opened new offices in Singapore and London. Some substantial recruitment has also taken place – the partnership has expanded by a third in FY2011 and added 10 additional lawyers. “All of our offices have seen significant expansion in 2011 arising from increased work flow and expansion of capability,” said partner Angus Henderson.