

# Holland & Hart Posts 22% PEP Bump Thanks to Strong Demand, Cost Management

By Dan Roe

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## What You Need to Know

- Holland & Hart enjoyed a strong year in revenue and profits, with all major practices trending up.
- The firm grew less aggressively amid market uncertainty, but now operates with a 'renewed focus on growth.'
- Analyzing the market helped the firm spot underpriced practice areas, enabling healthy rate increases.

Like many large U.S. law firms, 2021 was a banner year for Holland & Hart, when the firm increased gross revenue by 11% and saw a 30% increase in net income.

But as transactional demand remained sluggish for much of the Am Law 100 in 2023, Second Hundred firm Holland & Hart nearly repeated its 2021 numbers. The firm boosted gross revenue by 11.3% last year, increased net income by 18.1%, and bumped PEP by 22% (thanks, in part, to a 3.2% reduction in equity partners).



Courtesy photo

**Chris Balch, Chair of Holland & Hart in Denver.**

The Denver-founded firm enjoyed “unexpected growth and record results” because of a few key factors, said firm chair Chris Balch. All of the firm’s major practices saw rising demand. The firm benefited from not overhiring in 2022 or getting locked into an expensive salary battle for associates, and it identified areas where its services were underpriced relative to the market.

“We entered the year planning conservatively and thought maybe we were approaching a recessionary period. But with our value

proposition, our strategic initiatives and strong culture, we had an incredible year with increases in every financial metric,” Balch said.

Handling disputes and deals in the oil and gas, renewable energy and extractive industries accounted for much of Holland & Hart’s success in 2023. The firm advised several large mining companies on obtaining permits in Nevada, attended to rising demand in renewable energy deals and represented Utah in its lawsuit against the Environmental Protection Agency over a regulation meant to reduce the flow of ground-level ozone emissions into neighboring states.

The firm’s tax and labor and employment practices saw rising demand, Balch said, as did commercial litigation, construction and development. The firm represented Ball Aerospace in its successful defense of a \$70 million breach-of-contract lawsuit and is handling several wage-and-hour class action lawsuits, Balch said.

Holland & Hart finished the year with 3.5% more partners, thanks to internal promotions and laterals, including corporate finance partner George Singer from Ballard Spahr and oil and gas litigator Matthew Salzman from Stinson. The firm also lost partners to the Denver offices of Greenberg Traurig and Faegre Drinker, as well as Washington, D.C., employment partner Jeremy Merkelson to Davis Wright Tremaine.

The firm’s opportunistic approach to hiring amid uncertainty in 2023 helped keep costs down, Balch said. “We focused on making sure we kept people busy and retained our teams.



Courtesy photo

#### **Holland & Hart offices.**

We were less aggressive in lateral acquisitions than in 2022,” Balch said.

Holland & Hart also sidestepped Big Law’s associate salary wars—even as six Am Law 200 firms have arrived in Denver since 2018, according to Law.com Compass data—by maintaining an entry-level salary of \$180,000 since January 2022 and not participating in Big Law’s lockstep compensation culture.

Rather, the firm makes annual increases based on the market and individual lawyer performance, Balch said, and incentivizes associates with an “aggressive” bonus program. Additionally, the firm paid a special year-end bonus to all attorneys (except equity partners), nonattorney timekeepers and business professionals at the end of 2023.

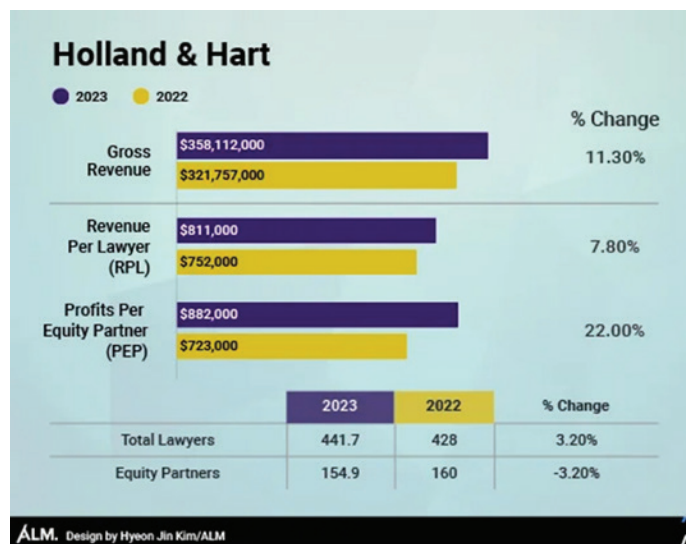
The firm held realization rates just shy of 90%, continuing a modest downward trend from the firm’s 2021 realization rate of 91%. But tracking the broader market, Holland & Hart has more than made up for a slight decline in realization in the form of rate

increases. Balch declined to state the firm's average rate increase in 2023 or its planned increase in 2024, but said that a market analysis of the firm's rates revealed it was underpricing some of its services. "We talked to our clients about this and developed pricing strategies that worked for them," he said.

Holland & Hart continues to reevaluate its office footprint, having shed roughly 4,000 square feet over the past few years across its 13 locations. Last year, the firm cut its Cheyenne, Wyoming, space down by 6,448 square feet, Balch said.

Nowadays, the firm is asking attorneys to come in roughly three days each week, although it hasn't mandated specific days for attendance. "We're encouraging teams to be intentional about time in the office and focus on an apprenticeship model," Balch said. "If we're not thoughtful and intentional about embracing apprenticeship, (associates) are going to lose something in terms of not developing the soft skills to offer great client service and do great deals."

Balch is more bullish on the remainder of 2024 than he was on 2023, he said, notwithstanding



variables such as the upcoming election and global conflicts. "We do have a renewed focus on growth," he said.

That includes a renewed commitment to the firm's new partner training program as well as a greater focus on skill development for associates and a new leadership identification program.

"In the hybrid environment, it's necessary for us to be so much more intentional about cultural commitment to excellence," Balch said. "If we don't do soft skills and leadership-focused training, even new training for incoming partners, it's an opportunity lost."