Steptoe & Johnson Law Firm Achieves Revenue Growth Despite Challenging Year

Steptoe & Johnson, a law firm founded in Washington, D.C., announced on Wednesday that it had experienced a 3% increase in revenue in 2022, bringing its total revenue to $434.6 million. Though the growth rate was slower than the previous year, it still represented record receipts for the firm.

Gwen Renigar, the chair of Steptoe & Johnson, partially attributed the growth to the firm's government-facing practices. The firm's lawyers were busy advising clients on navigating sanctions leveled against Russia by the U.S. and other Western countries following its invasion of Ukraine. Additionally, Steptoe lawyers were hired by companies and trade associations to advocate for specific provisions in the $52.7 billion semiconductor chips manufacturing subsidy and research law passed in the U.S. last year.

Despite the challenges posed by the pandemic, Steptoe & Johnson also reported a record year in terms of profitability, with distributions to equity partners increasing by 6.9% to over $1.6 million in 2022. The firm rewarded its top-performing associates with outsized bonuses.

However, Steptoe & Johnson announced that it would cut pay and hours for associates failing to meet their billable hour goals in June. The firm moved a "small number" of associates who consistently put in below 80% of their expected billable hours to reduced work schedules with lower pay through the end of 2022. As of Renigar's latest statement, ten associates working on a reduced schedule have returned to a full-time budget, while another ten have been moved to the reduced schedule.

Steptoe & Johnson's 3% revenue growth matched the average reported by Wells Fargo's Legal Specialty Group, which surveyed more than 140 law firms, including 68 of the top 100 highest-grossing U.S. firms, about their 2022 results. However, this average was markedly down from 2021, when Wells Fargo reported a law firm revenue growth of 14%, driven in part by a boom in global corporate deal-making. According to data from The American Lawyer, Steptoe's revenue grew by 7.13% in 2021.

Wells Fargo also found that demand for legal services dropped 1.9% last year, pushing down profits for some firms. Nevertheless, Owen Burman, a senior consultant in the Wells Fargo unit, noted that 2022 was not a bad year for many law firms. It was their second-best year ever.

Steptoe & Johnson's successful year was attributed to its government-facing solid practices and its involvement in high-profile cases related to sanctions and legislation. Despite the challenges posed by the pandemic, the firm achieved record profitability and rewarded its top-performing associates with generous bonuses.