

Lobby Firms Post Modest Gains

February 28, 2005
By Tory Newmyer,
Roll Call Staff

The law and lobbying firm Patton Boggs held off rival Cassidy & Associates to keep its crown as king of K Street last year, as most of Washington's big lobbying firms recorded modest growth in 2004, according to Roll Call's annual survey of lobbying fees.

Last year, revenues for the top 25 lobbying firms totaled \$361.8 million, a three-percent climb from the previous year's collections.

Lobbyists attributed the meager growth to the election year, in which Congressional action slowed and skittish clients waited for election results before plotting their legislative strategy.

"In presidential election years, as a rule, we have found there is less activity," said Stuart Pape, managing partner of Patton Boggs.

With midterm elections about two years away and Congress wading into major legislative debates on several fronts, even lobbyists whose firms suffered revenue slides expressed confidence in a turnaround.

"I don't expect further slippage — I expect replenishment," said John Merrigan of DLA Piper Rudnick Gray Cary, a firm known until recently as Piper Rudnick. His firm's revenue dropped 11 percent, and a spot on the rankings, in 2004, finishing at No. 7 with \$16.1 million.

"In the first year of a second Bush term, we think we're going to see a lot of renewed activity in Congress and the administration," Merrigan said. "This full year will be the most advantageous for lobbying initiatives."

Still, this presidential election year was considerably worse for lobbyists than the last one.

This year, for example, the top 10 firms recorded nearly negligible growth, while in 2000, they saw fees surge nearly 17 percent over the previous year, according to figures compiled by the nonpartisan PoliticalMoneyLine.

Lobbyists chalked that up to the perceived higher stakes of the 2004 election, which had Members from both parties shying from politically risky votes.

The rankings were assembled by gathering year-end revenue numbers reported to Congress by each lobbying firm under the Lobbying Disclosure Act. The figures were obtained directly from the firms, after they had filed their reports but before those reports were made available by the House or Senate.

To assemble the final list of 25 largest firms, Roll Call obtained year-end total revenue figures from the top 50 firms for the first half of 2004, as reported by PoliticalMoneyLine. Figures for firms 26 through 50 are not reported in Roll Call's final rankings.

Though Patton Boggs managed to head the list for the second year in a row, it posted less than 3 percent growth, and Cassidy held onto second place despite actually experiencing a decline in lobbying revenue.

Patton Boggs' leading clients included some old standbys, such as candymaker Mars, which brought in more than \$2.2 million, the Association of Trial Lawyers of America, which paid \$1.4 million, and drug company Hoffman-LaRoche, which paid \$1 million.

Cassidy executives explained the firm's dip as the result of a new focus areas of its practice that aren't subject to lobbying disclosure regulations, such as federal marketing and media and communications.

"We've grown — it's just the growth hasn't been in stuff that's required to be reported," said Gregg Hartley, vice chairman of the firm.

He added that if revenue for the Rhoads Group, a Cassidy subsidiary, is included the firm's total, their fees for last year would top \$32.6 million. Roll Call does not include income from affiliates in its calculations.

This year's biggest decline was no surprise. Greenberg Traurig's revenue soared on the work of lobbyist Jack Abramoff, only to see it more than halved, from \$25.5 million to \$11 million, after federal investigators began looking into contracts he had signed. Abramoff's departure was followed by an exodus of other lobbyists, which helps explain why the firm fell from fourth to 16th place.

Other top firms that reported losses include No. 13 Quinn Gillespie (-7 percent), No. 18 Swidler Berlin (-7 percent), and the Livingston Group (-17 percent), which tumbled out of the top 25 entirely.

For Quinn Gillespie, the impact of a "belt-tightening" year was compounded by the temporary absence of name partner Ed Gillespie, who was serving as chairman of the Republican National Committee, said firm co-founder Jack Quinn.

"The clients understood nothing was going to happen" in Congress, Quinn said. "That had nothing to do with Ed being gone." But he added that Gillespie's absence made it "harder to get raises from people."

Now, Gillespie is back, part-time until March, and a new session is under way. Already, new clients such as Qualcomm, Safeway, Burlington Northern and Bristol-Myers Squibb have signed up. "We feel great," Quinn said.

Swidler Berlin attributes its lean year in part to the fact that its lobbying practice, as an arm of a law firm, bills many of its clients by the hour. During an election year, Congress limited the amount of work they could do, said partner Gary Slaiman.

“Our activity level, if things are quieter, drops,” he said.

Despite the downward trend for some firms, there were bright spots for others.

Dutko Worldwide, the newly rechristened Dutko Group, burst into the top 10 firms with a 45 percent revenue goose. The firm reported \$17.7 million, bumping it up six spots to No. 5.

Mark Irion, the firm’s CEO, attributed the success to the firm’s “multidisciplinary approach,” which, as the roll-out of the new name suggests, now includes global policy management and global strategic consulting practices.

“Lots of firms are offering a quality product,” he said. “So I’m not going to suggest we’re offering something dramatically different. But there’s an appeal to our multidisciplinary approach where [clients] can get one team that helps them with everything.”

Clark Consulting Federal Policy Group continued its climb up the rankings this year, jumping to 9th after leaping from 23rd to 15th last year.

Tax expert Ken Kies, the firm’s managing director, downplayed the significance of the news, calling it the result of an unusually busy cycle for tax bills. When combined with the firm’s non-lobbying work — which isn’t disclosed to Congress and which Roll Call doesn’t tabulate — he said the firm’s revenues actually declined last year.

Meanwhile, all-Republican firms had plenty to celebrate, as their party’s grip on the White House and Congress yielded notable growth.

Barbour Griffith & Rogers, for example, rejoined the top 10 after slipping briefly to No. 14 in 2003 — the year that co-founder Haley Barbour ran for and won the Mississippi governorship.

The all-GOP firm rebounded handsomely from Barbour’s departure, adding \$3.2 million in fees for a 30 percent revenue increase.

Loren Monroe, the firm’s chief operating officer, said “the numbers speak for themselves.”

“We have had the best year ever in the history of the firm,” he said.

The firm expands that team today, with the hiring of Andrew Parasiliti, formerly chief foreign policy adviser for Sen. Chuck Hagel (R-Neb.), and Raissa Downs, formerly principal deputy assistant secretary for legislation at the Health and Human Services Department.

Another all-Republican firm, the No. 13 Federalist Group, posted the strongest growth of any large lobbying firm by more than doubling its fees from \$5.5 million to \$12.1 million.

While Drew Maloney, a lobbyist with the firm, said that it got a boost from only employing GOP lobbyists during a period of Republican ascendancy, much of the increase can be attributed to the firm's March 2004 merger with lobbyist Wayne Berman, who brought about \$5 million worth of business with him.

Another all-Republican firm, Alexander Strategy Group, reported unusually strong growth as well, boosting fees by 36 percent and finishing the year ranked No. 23, with \$8.1 million in revenues.

That performance was good enough to place the firm at No. 23 — its first appearance in Roll Call's top 25. But Mike Mihalke, a senior partner at Alexander Strategy, said the firm won't live and die by the rankings.

"Everyone's goal is to grow in some respect," he said. "But we don't view where we are on that list as a good measure of how satisfied our clients are. Our best gauge of how we do with our clients is winning or losing on their issues."

Copyright 2005 © Roll Call Inc. All rights reserved.