

## In The News

# Texas Firms Sell Recruits On Opportunity As BigLaw Invades

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Law360 (February 18, 2020, 6:40 PM EST) -- Texas law firms are staring down a parade of national and global firms entering the state's major markets whose pay offers they can't match, so they're selling new hires and lateral recruits on what they say is better opportunity and talent development.

Lone Star State firms are leaning into the perks of having smaller head counts in just a handful of offices, touting the ability to make partner at a younger age than at a megafirm and emphasizing the opportunities for budding trial attorneys to have an impact in the courtroom.

At Gray Reed & McGraw LLP — which has offices in Dallas, Houston and Waco — managing partner Darrell Armer tells potential employees that his law firm has a different feel, with attorneys able to work face-to-face, unlike those spread out at satellite offices for major national firms looking to expand their reach.

Armer said that he asks one main question when pitching Gray Reed to lawyers: "Do you want to work for a law firm, or location?"

The Dallas market in particular shows no signs of slowing. Dallas was one of the top four cities attracting national and global law firms in 2019, according to a Law360 analysis of firm announcements. In 2019, LeClairRyan, Reed Smith LLP and Bradley Arant Boult Cummings LLP each moved in — LeClairRyan has since declared bankruptcy — and Shearman & Sterling LLP opened a Dallas office in February on the heels of Houston and Austin launches in the previous two years.

Lawyers and legal market observers say the influx of national and global firms will likely continue. With this forecast, there is a place in the Dallas market for small Texas-only firms — they just have to know which rival firms are in their weight class, Kent Zimmermann of legal consulting firm Zeughauser Group said.

"You can be a successful small firm, but don't try to go head-to-head with 800-pound gorillas that are coming into the market, because that will be a tough fight," he said. "Identify a playing field where you can likely win."

Zimmermann works with firms to develop strategic goals — which may mean planning for a merger or looking to make it on their own. Texas-based firms hoping to remain successful will have to focus on what makes them stand out, he said.

Firms like Gray Reed, Munsch Hardt Kopf & Harr PC and Lynn Pinker Cox & Hurst LLP say they've done that by carving out their niches in the Texas market — focusing, respectively, on mergers and acquisitions and divestitures for privately owned business; real estate and corporate transactions; and litigation — and have long lists of loyal clients to show for it.

They say they're not worried about losing clients to the incoming firms. In fact, they're seeing some clients jump to them from BigLaw firms because their rates are lower and they have more experience in the market and with the courts.

And as the Dallas market has become more heavily saturated over the past couple of years, Am Law 200 firms have seen a drop in demand. Data from Citi Private Bank, which surveys the Dallas and Houston markets quarterly, said Dallas' BigLaw firms had a 4% decrease in billable hours between the first three quarters of 2018 and the first three quarters of 2019.

Yet Munsch Hardt, which has offices in Dallas, Austin and Houston, has reported a 10% increase in total billable hours in 2019 over 2018, the firm's CEO Phil Appenzeller said.

With demand for the firm's work on the rise, Munsch Hardt is focused on winning over new talent. And despite the increased competition, the firm is happy with its recruitment of summer associates and new hires.

Appenzeller said it has to do with the firm's stated commitment to making younger lawyers partners earlier, and providing financial resources and training to put them on the fast track. At Munsch Hardt, a younger attorney doesn't have to wait 20 years to become an equity partner, he said.

"The young lawyers are seeing the perks, the opportunity for growth," Appenzeller said. "They think, 'I'm actually going to be a lawyer that the firms are going to invest in.'"

Courtney Sauer, an associate who started at Munsch Hardt in December after working at a McGuireWoods LLP office in Dallas, said the firm encourages associates to expand their practice by providing them each with a business development budget. It also supports them in taking steps to better their practice and attract clients.

"It feels like the answer is yes to anything I want to do to expand my practice," she said.

The firm provides its new lawyers with partner mentors, but older attorneys and nonmentor partners also reach out and make themselves available to help, Sauer said. She said she's in daily contact with firm leadership.

That's one of the reasons Appenzeller isn't interested in merging his 130 lawyers with a national firm. Munsch Hardt has a group of attorneys who have worked at the firm forever and don't plan to leave, and that helps attract new hires, he said.

Appenzeller said the firm's atmosphere is also bringing back former employees who had accepted positions at national and global firms. He said one former Munsch Hardt attorney called him up two years after jumping to a national firm, wanting to come back after finding out the firm and position weren't at all like what was pitched to him.

"There is this new way of thinking that you have to be bigger to be better," Appenzeller said. "A lot of firms fall into that trap. We think we have to be better to be bigger."

Mike Lynn, name partner at trial boutique Lynn Pinker, said his firm is constantly receiving phone calls from associates at big firms. The associates often tell him and his partners that they want more experience than what they're getting at their current jobs.

"They're willing to take a pay cut because they see a greater opportunity than struggling to meet their hourly requirements," Lynn said.

He said most big law firms might have litigation sections, but they're managed by non-trial attorneys who don't quite understand what trial attorneys want. As a trial boutique, Lynn Pinker is willing to invest in young attorneys and grow their talent internally, he said.

Associate Paulette Minter spent a year at Akin Gump Strauss Hauer & Feld LLP before moving to Lynn Pinker. She said she was looking for a firm that would give her more litigation experience and not just assign her first-year associate work.

In her first year at Lynn Pinker, Minter has tried two cases, taken several depositions and argued motions in court.

"That would be completely unheard of at BigLaw," she said.

The biggest difference Minter has noticed is that at Lynn Pinker she works directly with partners every day instead of working with a team scattered around the country. She said that's key as she continues to learn the craft.

Chris Patton, who has worked at Lynn Pinker for eight years and made partner two years ago, said the name partners purposefully create an atmosphere where associates are interacting with partners daily.

Patton moved to Dallas from Cravath Swaine & Moore LLP in New York and said in his first years at Lynn Pinker he worked on a trial alongside Lynn. He had an idea during trial that he told Lynn, who ran with it, something that would almost never happen at BigLaw, he said.

"There is a culture [that] the senior partners at the firm will always listen to and take suggestions from the lowest associates," Patton said. "If you have a suggestion, and it's a good suggestion, the name partners will listen to it and adopt it."

## Primary Contacts



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