

## In The News

# Munsch Hardt Turns 30 and has a Story to Tell

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Imagine a group of fourth year associates with no clients, no management experience and minimal business development training deciding to leave their full service law firm to open their own shop.

“Just about any law firm consultant would say that’s crazy and stupid,” says Dallas business litigator Steven Harr.

Yet Harr and five young lawyers did exactly that three decades ago. They walked away from the safety and resources of a prominent Dallas firm to go it alone. The odds of success, according to legal consultants, were about the same as the Houston Astros winning the American League’s Western Division this year.

Munsch Hardt Kopf & Harr is now celebrating its 30th anniversary.

At a time when most smaller middle market full service law firms are struggling for survival or seeking a merger, Munsch Hardt has witnessed steady growth. Firm leaders discovered a niche in the Texas legal market by creating experienced practice groups that represent a mixture of large corporate companies and mid-sized businesses at rates that the larger full service law operations simply cannot match.

Munsch Hardt’s success is easily witnessed by looking at the list of its clients, including Texas Instruments, Kinder Morgan, Connecticut-based investment firm Gramercy, Samsung Telecommunications, Hall Financial Group and Pinehurst Resort and Country Club.

With 118 lawyers in three Texas offices, Munsch Hardt reported \$58.7 million in revenues in 2014. It is now the 10th largest law firm in Dallas and one of the 25 most successful business legal operations in Texas.

But three decades ago, success was far from assured. The firm’s story – especially its beginnings – is Texas entrepreneurship at its best.

In early March 1985, Harr, Russell Munsch, Richard Kopf and three other fourth-year associates at Winstead, Sechrest & Minick got together over beers, as they often did.

They talked about striking out on their own and starting a law firm. They had seen Steve Susman and Robin Gibbs do it in Houston a couple years earlier. They believed they could do it, too.

“At first, I thought it was the beer talking,” Munsch says. “I had no desire to leave Winstead.”

The discussions continued and grew more serious. Joe Hardt and Dan Decker were the most adamant advocates, as they were less than happy with their situations at work. The more they all talked, the more excited they became.

“My friends were leaving and I wanted to go with them,” Harr says. “There was no massive scheme.”

But there was a problem.

"We were all associates and we were very young and we didn't know a damn thing about running a law firm," Kopf says.

On Sunday, March 31, the six met at Munsch's house and signed a partnership agreement and decided big issues, including the name of the firm.

"We really didn't care, so we sat in the hot tub and let our wives select the order of the names," Kopf says.

The lawyers planned to tell Winstead the next morning, but they quickly realized that wouldn't work. The next day was April 1 and they feared their announcement would be taken as an April Fools' joke.

"Legal consultants back then and today would tell us that, as six young associates with no books of business, we were crazy to leave the comforts and resources of a large law firm to go out on our own," Harr says.

On April 2, the six informed Winstead leadership they were leaving. That night, the six celebrated at Dakota's Steakhouse downtown. Thirteen days later, they opened their doors as Decker Hardt Kopf Harr Munsch & Dinan with no clients, no associates and needing support staff. Their first big move was to purchase a \$20,000 laser printer.

The firm's first client was Leon Backes and Cary Platt Investments, a commercial real estate firm. A few weeks later, Halliburton hired the firm to handle litigation matters. Other clients quickly followed.

"We were profitable within six or eight months," Munsch says. "We knew a lot of other lawyers around town and we relied on their referrals.

"There was so much work back then," he says.

His partners agree.

"The economy was blowing and going," Harr says. "It was all about Dallas, where if you hustled, people would give you a chance. Within six months, we had four associates. The [savings and loans] meant a lot of work."

The firm got a huge break in 1988 when billionaire Nelson Bunker Hunt hired Munsch to represent him in what is still one of the largest personal bankruptcies in U.S. history.

The case employed several lawyers and brought the spotlight and significant revenues to the firm.

About the same time, Dan Decker and John Dinan left the firm to go to work for clients. To take advantage of Munsch's newfound media profile, firm leaders changed its name to Munsch Hardt Kopf & Harr.

During the past three decades, Munsch Hardt has been involved in some of the biggest bankruptcies, transactional and litigation matters in Texas. The firm represented the French bank BNP Paribas in the Enron bankruptcy and TRT Holdings in its acquisition of Gold's Gym. It successfully defended Samsung in a class action lawsuit alleging a cell phone defect.

The firm's bankruptcy practice gained more national attention by representing cotton merchant Paul Reinhart and the Texas Rangers in their respective Chapter 11 filings.

"We are not chasing billion-dollar M&A deals, but we are doing some good transactional work," says firm CEO Phil Appenzeller, who is also a partner in its commercial litigation practice. "There is plenty of work in the middle market space that will keep us busy."

Munsch Hardt opened its Austin office in 1996 and an outpost in Houston in 2004. But Appenzeller says clients “are not crying” for it to grow beyond the state’s borders. And he says that he has no plans to enter into merger discussions with the out-of-state firms that call him regularly.

“I like to say that we are the cutest girl at the dance because we have some great clients and lawyers,” Appenzeller says. “We think the firm is uniquely positioned in the market to serve our clients at rates that are comfortable.”

The real question, of course, is whether they would encourage young lawyers at today’s large law firms to risk everything to start their own shops.

“Yes, I think I would,” Harr says. “But I also would tell them to not under-estimate how much it is going to take to succeed.

“I am still a believer that if you build a firm where people get up and want to go to work and you are able to show them how to be successful, everything else will come,” Harr says.

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