

# The Dallas Morning News

Texas' Leading Newspaper

Sunday, July 5, 2009

dallasnews.com

## Dallas law firms traveling a softer road than many national offices

09:37 AM CDT on Sunday, July 5, 2009

By ERIC TORBENSON / The Dallas Morning News  
etorbenson@dallasnews.com

**W**hile a painful recession has forced many big law firms nationwide to downsize, Dallas' law practices have dodged most of the bullets and are changing their tactics to fire back when the economy rebounds.

The region's firms have held up better because of North Texas' relative economic strength and because the kind of law specialties that dominate here, such as energy and intellectual property, are somewhat recession-proof.

"The Dallas firms have been very conservative with their financial commitments, and they've been farsighted in picking up promising trends in the law," said John Attanasio, dean of Southern Methodist University's Dedman School of Law.

"Everybody's suffering out there, but by comparison we're doing a lot better," he said.

Attanasio said more than 70 percent of Dedman's most recent graduates found jobs, the second-highest percentage ever, in part because of strong local demand for new lawyers.

Still, there has been blood shed locally. Dallas offices of national firms lost dozens of lawyers and support staff this spring as the credit crunch and meltdown in merger activity chilled their revenue.

At Dallas-based Winstead PC, 20 people lost their jobs and the practice suspended its summer associate program, which firms use to groom the next generation of lawyers.

At Dallas' Gardere Wynne Sewell LLP, salaries for new

lawyers were cut after an undisclosed number of layoffs. Other firms have withdrawn employment offers or deferred starting dates for new hires.

With case backlogs likely to remain thinner than usual, practices are gearing for a sober future with dramatic belt-tightening, new billing approaches and other tactics to make their firms thrive. Here's a look at how some firms are adapting.



John Pinkerton



Don Swaim

**"Rose Walker has added two star lawyers and bulked up its marketing budget despite the lean times."**

### Going local

Angel Reyes' litigation practice – focused on catastrophic injuries and civil cases – kept him traveling, often working in states that have more trial-lawyer-friendly rules than Texas.

"We'd go do them in Illinois and Florida," he said, "and we just made the decision to leverage our relationship with the judiciary here in Dallas and Tarrant counties."

Page 1 (Cont. on Page 2)

Reyes and four others split off from his old firm of 10 lawyers to create Reyes Bartolomei Browne on June 15.

“We wanted to focus on where we get a lot of strong local referrals right here rather than spread it across the country,” he said.

Reyes’ clients are often mid-size companies that aren’t ready for big legal bills after cases end. He tries to create a budget for each case and offer payment plans for clients.

“You can budget a 100-story skyscraper – why can’t you budget a case?”

## Big can be better

With 939 lawyers globally, Hunton & Williams didn’t escape having to make cuts in the downturn, but it started early to help blunt the impact, said Curtis Carlson, administrative partner for the Dallas office, and Pat Mitchell, managing partner for the Dallas office of 126 lawyers.

“We saw the beginnings of the tough market 18 months ago and took action,” Mitchell said.

For example, while the Dallas office usually has a summer associate class of up to 15, the program was cut to five in 2008.

Overall, the Richmond, Va.-based firm has trimmed 23 lawyers, but just one from its Dallas office, which was helped by steady work in its banking and finance areas.

The firm swallowed about 100 lawyers from shuttered firm *Jenkins & Gilchrist* two years ago, which gave it more work in areas where the *Jenkins* attorneys practiced, and that may have helped the Dallas office remain relatively unscathed.

Hunton & Williams is continuing its smaller summer associate classes as a cautious move. If the economy rebounds, it’s easier to add to a class of new hires than to give bad news, Carlson and Mitchell said.

## Building a team

Dallas-based *Vinson & Elkins LLP* hasn’t laid off any lawyers through the downturn, making it one of the few global firms with that distinction.

What helped was its building what Dallas partner Jeff Chapman said is the state’s strongest bankruptcy team just before the onset of the credit crisis.

“Our energy practice is still our calling card,” Chapman said, but the nearly 30-lawyer bankruptcy and restructuring team has produced work for nearly all practice groups (merger and acquisition lawyers helping sell pieces of restructuring companies, for example). Its bankruptcy work has also given *Vinson & Elkins* a bigger profile in New York, where the biggest restructuring cases often take shape.

*Vinson & Elkins* also restructured its firm to report up through law practice groups instead of reporting by office location, Chapman said, which streamlined its operations. Management changed as many as 40 areas of firm expenses to tighten the belt so it could keep its people.

Chapman said the firm’s summer associate program is as large as ever, though it did ask incoming first-year lawyers to defer their start dates. While the firm’s partners don’t know yet if they’ll make the same number of job offers to associates, “we’re very healthy for a law firm, and we tend to think for the long term,” he said.

## New billing tactics

More than half the clients at *Fish & Richardson PC* have a billing setup other than the straight billable hour, and it’s probably not just a passing trend linked to the downturn.

“The frequency of these kinds of deals is much more pronounced,” said Tom Melsheimer of the firm’s Dallas office. “You will permanently see clients wanting fixed-price or capped-fee arrangements.”

The billing agreements can be written to give incentives to the firm – paying out big bonuses, for example, in cases where lawyers get a lawsuit dismissed on summary judgment. Or the billing can be arranged to help a client’s cash flow by cutting fees up front in exchange for a bigger percentage of a potential judgment or settlement.

The Dallas office has lost about five lawyers in the downturn but has been helped by an abundance of intellectual property and white-collar work, making it among the busiest outposts for all of *Fish & Richardson*, Melsheimer said.

The concern, he said, is a drop in overall cases filed that might trim work in the next two to three years. “We’ll see fewer cases in the pipeline after 2010 because businesses have cut back on discretionary legal spending today.”

## Success breeds success

Forget the downturn: *Rose Walker* has had its two best years ever, thanks to key civil case wins, and has seen its string of success continue despite the recession, said Marty Rose.

“We’ve seen this as an opportunity for us,” he said, noting that the 21-attorney firm has added two star lawyers and bulked up its marketing budget despite the lean times.

“Just like *Kellogg’s* did during the Great Depression.”

High-profile victories have brought more business to the door, but the 10-year-old practice has made a name by providing big-firm talent for 10 percent or 20 percent less

than larger shops, Rose said. Rose Walker picks contingency cases carefully and works with mixed-fee setups for clients, combining set fees with payments based on judgments.

“We like to invest along with our clients in these cases,” Rose said. “We do a lot more scrubbing, and we have to pass on some very interesting cases.”

Bad times also can bring out certain kinds of litigation, which helps a firm of Rose Walker’s size.

“Boutiques like us don’t always thrive in good times,” Rose said. “But when things get bad, businesses say, ‘We’ll sue the bastards.’ ”

### **Reyes Bartolomei Browne**

Headquarters: Dallas

Total lawyers: 5

Dallas lawyers: 5

Focus: Litigation, catastrophic injury

### **Hunton & Williams LLP**

Headquarters: Richmond, Va.

Total lawyers: 939

Dallas lawyers: 126

Focus: Full-service law firm

### **Vinson & Elkins LLP**

Headquarters: Houston/Dallas

Total lawyers: 739

Dallas lawyers: 148

Focus: Energy, mergers, finance

### **Fish & Richardson PC**

Headquarters: Boston

Total lawyers: 500

Dallas lawyers: 55

Focus: Intellectual property, white collar defense

### **Rose•Walker, L.L.P.**

Headquarters: Dallas

Total lawyers: 21

Dallas lawyers: 21

Focus: High-profile business litigation