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Amid Economic Uncertainty, Texas Law Firm Leaders Bullish on the Short Term

As 2019 winds down, the leaders of five Texas firms discuss their firm's strategy for staying competitive over the near term.

By Brenda Sapino Jeffreys | October 23, 2019



Dallas, Texas. (Photo: f11photo/Shutterstock.com)

With 2019 winding down, speculation about if and when another economic downturn will hit continues to swirl. In the face of that uncertainty, Texas law firm leaders say they plan to continue building on what they do best.

Texas Lawyer checked in with the leaders of five Texas law firms, asking: Considering the potential for a recession, political turmoil and continuing fluctuation in oil prices—not to mention the number of out-of-state firms that have moved into the Texas market over the last three years—what is your firm’s short-term strategy? Are you considering building any particular practice areas, or scaling any of them back, and why? What is your plan to keep your firm competitive over the next few months?

Answers have been edited lightly for style.

Wade Cooper, managing partner of Jackson Walker:

First, I am not really hearing any of the big banks projecting a recession in the next few months. They could be wrong, but I am hearing latter part of 2021 at the earliest.

Second, I am an optimist, but I don’t think it is likely that a recession in the near term will be anywhere as bad as 2008 or 1986, and I think Texas will fare better than most areas if a downturn hits in the next year or two. That said, we are continuing to stick to our knitting and staying focused on the things we do well: continuing to look aggressively for new colleagues who are a good fit; growing in our existing footprint; keeping a tight watch on overhead so that we maintain our high net income [to] revenue ratio; and maintaining flexibility on rates.

Our bankruptcy practice is seeing great growth and that will be a good hedge if things turn slow. Likewise, with a strong litigation and finance practice we think we are positioned well for a downturn. I was asked about this a few weeks ago in London by our insurance underwriters and said with our low overhead and high-equity, low-debt capitalization, we should be in a position to be opportunistic in the event of a downturn.

Chris Hanslik, chairman of BoyarMiller:

We certainly are not planning to scale back. We see opportunity in the legal industry for firms focused on middle-market businesses. BoyarMiller provides high-quality legal expertise coupled with a competitive rate structure to support Texas entrepreneurs. To that end, we have grown our M&A practice this year and are looking to add to our litigation group.

Our firm’s short-term strategy is to remain steadfast in our focus on the middle market and to help guide our clients in advancing their strategic business goals. At our firm’s recent Capital Markets Forum, hosted for clients and business partners, a panel of Texas finance experts told



C. Wade Cooper of Jackson Walker.
Courtesy photo

the audience that capital is abundant and that it is a good time to seek funding. While we acknowledge some market uncertainty exists, particularly with the upcoming presidential election, we believe there will be moderate M&A activity and that we are well positioned to help business owners navigate the complex issues that arise.

Additionally, our strategy includes building on the strong relationships we have and adding value to the services and counsel we provide our clients. It also includes an ongoing emphasis on our people and our culture, because both are true differentiators for our firm.

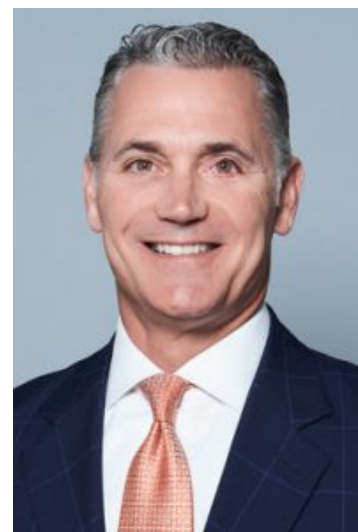
Mark Kelly, chairman of Vinson & Elkins:

You are correct that there is a lot of uncertainty facing clients in the Texas market. At the same time, the interest of so-called out-of-state firms in Texas underscores the size of the Texas economy and the sophisticated level of transactional and litigation activity. We believe the Texas market is one of the best in the country for complex legal work.

We are very busy helping oil and gas and energy service clients deal with the challenging conditions. This leads to a lot of demand in our finance and restructuring groups, both of which are extremely busy. Other parts of the energy economy—midstream, projects and infrastructure—many of which benefit from lower prices, are actually booming.

We've seen significant increase in demand for our lawyers who work in the project development and finance space, with transportation, marine, LNG and pipeline projects all going strong. One of the fastest-growing practice areas for us has been in clean energy and renewables. We believe we have the leading practice in Texas and nationally in representing sophisticated investors in M&A and finance transactions in clean energy transactions.

V&E also has significant real estate and technology practices across Texas and the U.S. and these practices are very busy. We've continued to make investments in these practice areas and believe they will contribute meaningfully to our future growth. On the litigation side, our



Christopher Hanslik of BoyarMiller. Courtesy photo



Mark Kelly of Vinson & Elkins. Courtesy photo

investigations, Delaware and commercial practices are all prospering. Many of the partners who lead these litigation practices are based in Texas.

So I guess a lengthy answer to say—we take the long view in managing the firm. Short-term economic cycles are typically not a basis for us to make long-term decisions. Our demand in 2019 is up from 2018 on a firmwide basis, and I believe the same is true in Texas. We believe we are on track with the rest of the Am Law 50 firms in this regard, based on available surveys. We look forward to a great year-end and to helping our clients across the spectrum deal with both their opportunities and any near-term challenges.

Wayne Risoli, managing shareholder of Chamberlain, Hrdlicka, White, Williams & Aughtry:

Our production numbers for the first three quarters are at record levels. We consider it a good year if our numbers are 5% to 10% higher than the prior year.

Ours are now 18% above 2018.

Our numbers are up in all sections of the firm, which leads us to conclude that we are benefiting from the mega-mergers and rate increases quoted by those merged firms.

Our international tax and tax controversy sections are up 19%. We attribute much of this to the turmoil and uncertainty afoot in the business community.

David Taylor, chairman of Locke Lord:

We and our clients count on the diversity of Locke Lord's more than 30 practice areas across 20 offices and we are proud that, in Texas, we have more than 125 years of experience dealing with ebbs and flows in the energy business. We know energy and we know this state from being a vital part of its fabric.

We continue to partner with our clients to help them navigate through their issues. For example, we recently led a panel discussion on alternatives for distressed companies



Wayne Risoli of Chamberlain Hrdlicka, Courtesy photo



David Taylor, partner with Locke Lord, in

and exposed creditors in shale oil and gas. Lawyers from our debt securities and bankruptcy, restructuring and Insolvency practice groups participated, aligning our strengths across key practice areas to ensure we are at the forefront of the issues in this space.

**Houston. Courtesy
photo**

We're building on our extensive experience representing some of the leading [master limited partnerships] and private equity-backed companies in M&A and project development with our premier energy practice. Our representation of NextEra Energy Partners LP in its acquisition of Meade Pipeline Co. LLC, valued at approximately \$1.37 billion, is just one recent example of the notable transactions in which we're involved. We were just recognized in the top 10 in Mergermarket's Q1-Q3 2019 U.S. South league table by deal count, with 44 deals across our key sectors and a value of \$22.5 billion, third on the chart in terms of total deal value. It is paramount we continue to build on these strengths.