

Texas Powerhouse: Winstead

By **Jeremy Heallen**

Law360, Houston (July 02, 2014, 2:52 PM ET) -- Over the last 40 years, Winstead PC has established a reputation as a leader among Texas-based commercial litigation and transactional boutiques while remaining true to founder Pete Winstead's ambition of building a firm where a lawyer's worth is not strictly measured in billable hours.

Founded in 1973 by Winstead, Bill Sechrest and Chuck McGuire, what was a tiny Dallas upstart now claims nearly 300 lawyers spread across six offices in Texas and a client roster that includes AMR Corp., the Dallas Cowboys, Texas A&M University, the Houston Texans, the San Antonio Spurs, Exxon Mobil Corp., Tesoro Corp., Whole Foods Market Inc., Texas Instruments Inc., Bank of America Corp., Wells Fargo & Co. and Citigroup Inc.

Winstead attorneys have closed multibillion-dollar mergers, been on the front lines of high-stakes litigation and helped launch professional sports venues throughout the Lone Star State, landing the firm on Law360's list of Texas Powerhouses.

After graduating from the University of Texas School of Law in 1965, Pete Winstead worked for four years in the tax division of the U.S. Department of Justice before joining what eventually became Vial Hamilton Koch & Knox LLP. At the firm, Winstead, Sechrest and McGuire were attempting to build its transactional practice when they encountered a contingent of lawyers who refused to share clients out of fear that there wouldn't be enough work to go around, Winstead recalls.

"We were fighting over a 12-inch pizza and figured out that was not the right strategy for a business transactions firm," Winstead said. "We needed to build an 18-inch pizza."

Inspired to strike out on their own, the three young attorneys set up shop as Winstead McGuire & Sechrest in Dallas. In its early days, the firm lacked the cachet of its deeply rooted competitors, but the partners were able to conjure up clients across the state with the help of "luck, mirrors and Southwest Airlines," according to Winstead.

One of the firm's first major clients was the Mercantile National Bank, which was looking to change its stodgy image and was impressed by the enthusiasm of the up-and-coming lawyers. Landing the bank energized Winstead and his partners and gave the firm a solid foundation from which to grow its client base and hire more attorneys.

But Winstead knew that the budding firm also had to avoid the cultural norms of BigLaw that encouraged "client clutching" and hierarchical workflow that relegated associates to performing menial tasks. Incoming attorneys had to be empowered in order to develop their own clients, which in turn would benefit the firm.

"It's the only way a young lawyer really learns anything," Winstead said. "We adopted a model of transferring a client to other firm attorneys very quickly. As a trial lawyer, you're not learning a lot if you're just carrying Pete Winstead's briefcase around."

That model has become an ethos at Winstead, where firm attorneys are encouraged from day one to engage with clients, participate in their respective communities and eventually become involved with firm management activities.

Rather than assessing its lawyers on the basis of billables alone, which can breed unhealthy competition, firm management takes a holistic view of each attorney's total contributions, which firm Chairman Kevin Sullivan describes as the key to the firm's success in driving business and recruiting top talent.

"We try to make things as supportive for our attorneys as we can," Sullivan said. "We try to balance an atmosphere that is encouraging of high-performing, achievement-oriented, smart attorneys and combine that with a collaborative approach."

By 1981, the firm was picking up steam and had added top litigator W. Ted Minick as a name partner. When McGuire departed in 1990, the firm rebranded itself Winstead Sechrest & Minick PC — a name it would go by until 2007, by which time both Sechrest and Minick had moved on.

Not long after Minick's name was added to the lobby wall, he was tapped to help the growing firm take its first step to becoming a regional presence. In 1985, Minick moved to Houston to start Winstead's first satellite office.

Two years later, Pete Winstead himself was asked to pull up stakes and help the firm roll out its Austin office, where he still works today. By deploying name partners, the firm hoped to establish continuity among its offices and provide assurance to local recruits they wouldn't be marginalized by a Dallas-centric firm, Winstead says.

Sending Winstead to Austin would soon put the firm in the national spotlight. As Winstead tells it, he was able to "get close" with PricewaterhouseCoopers LLP, which at the time was advising Michael Dell about taking Dell Inc. public.

"We hitched our star to him and convinced him that to go public, he had to do that with a Dallas transactional firm," Winstead said.

In the spring of 1988, Winstead helped Dell launch an initial public offering at \$8.50 per share. The Dell IPO instantly gave the law firm credibility in Austin's burgeoning high-tech community and would create a new source of clients as "Dellionaires" made wealthy by the stock offering began looking for ways to invest and manage their money, according to Winstead.

A series of strategic mergers with local law firms across Texas followed, expanding Winstead's footprint. The firm acquired Houston-based Margraves & Schueler PC in 1992, and in 1999 it merged with Langley & Branch PC, bringing on Rep. Dan Branch, R-Dallas, as a partner.

In 2000, Winstead entered the Fort Worth market with the acquisition of McConnell & Associates and by 2003 had added offices in San Antonio and The Woodlands.

Today, Winstead styles itself a "Texas plus" firm with offices outside the state in Washington, D.C., Charlotte and New Orleans to service its national clients in the banking, real estate and energy sectors. The firm is adding new associates at a clip of 12 to 15 per year and is actively pursuing laterals, but it remains committed to maintaining its identity as a lean, regional firm that can offer a competitive rate structure.

It's "good for our clients, but also really good for young attorneys and young partners who are starting to develop their own following by not shackling them with a rate that is really high that they have to carry around town to generate business," Sullivan said.

And Winstead's clients are seeing results.

In February 2013, Winstead advised financial services, investment banking, life insurance and real estate development company Orix USA Corp. in its \$2.3 billion acquisition of a majority stake in Rabobank Group NV's asset management arm, making it one of Japan's largest asset managers.

The firm assisted TRT Holdings Inc. in June 2013 with its \$1.1 billion purchase of six iconic resorts from KSL Capital Partners LLC including the Barton Creek Resort and Spa, The Homestead Resort and Spa, La Costa Resort and Spa, the Grove Park Inn and Rancho Las Palmas Resort.

On behalf of AMR, Winstead represented American Airlines with approximately \$1 billion in equipment purchases including various types of aircraft and interiors for its new and existing fleet. The firm also advised the airline during AMR's bankruptcy proceedings on its assumption, rejection and renegotiation of more than 25,000 contracts worldwide — an integral step toward AMR's eventual reorganization and merger with U.S. Airways Group Inc.

Winstead also represented the Dallas Cowboys last year in negotiating the naming rights for AT&T Stadium. The deal, estimated to be worth between \$17 million and \$19 million annually, was expedited over a two-week period and required the negotiation and conversion of an existing sponsorship agreement to a comprehensive naming rights agreement.

In August, the firm helped the football team and its affiliate Blue Star Land Co. secure a **\$115 million deal** to develop the team's new headquarters, a practice facility that will include an indoor 12,000-seat stadium, and a mixed-use real estate development in Frisco, Texas.

For Winstead, the transactions must have felt familiar. The firm had advised the team on various aspects of the stadium's development in 2001. And when businessman Bob McNair started campaigning to bring the NFL back to Houston in the late 1990s, he called on Winstead to help acquire the Houston Texans franchise and negotiate stadium development and naming rights agreements.

And Winstead currently represents Texas A&M University in connection with the drafting and negotiation of contracts for the design and construction of a \$375 million renovation to Kyle Field, the university's hallowed football stadium.

On the litigation side, Winstead is in the midst of defending Exxon Mobil against a citizen suit under the Clean Air Act being pursued by the Sierra Club and Environmental Texas Citizen Lobby Inc. relating to emissions from three plants located in Baytown, Texas. The environmental groups have asked for up to \$630 million in damages.

And the firm doesn't expect things to slow down. Sullivan says with 2013 already in the books as one of the firm's best years on record, 2014 could be even better.

"Business is really clicking right along," he said.

--Editing by Jeremy Barker and Katherine Rautenberg.

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