

A CHANGE OF IDENTITY - WATSON FARLEY & WILLIAMS

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Though revenue at Watson Farley & Williams may have grown substantially in recent years, the firm is working hard to change its image

The story of Watson Farley & Williams (WFW) over the last decade or so has been one of dramatic growth. Back in 2002, the firm's global revenue stood at £52 million, but, by 2013/14, this had more than doubled to £117 million. And the firm's Madrid office – headed by María Pilar García Guijarro – is doing its bit to contribute to the WFW expansion drive.

Established six years ago, the Madrid office's revenue grew by 35 per cent in 2014 to €2 million, with additional growth of 35 per cent anticipated for the financial year ending 30 April 2015. Meanwhile, García Guijarro says the firm's profits are also "growing significantly". Globally, the firm's profits grew seven per cent in the last year.

However, while the firm may be growing, there is also an acknowledgement from the firm's senior level of management that the market perception of the firm needs to be changed. Last year, co-managing partners Lothar Wegener and Chris Lowe made a pledge to change the firm's image as purely finance and shipping-orientated.

The perception of WFW's Madrid office is slightly different than that of the firm internationally. WFW made the decision to open in Madrid largely because of the opportunities the firm saw in the energy market. But the firm is now planning to grow in other practice areas. At present, the Madrid office is recognised in the legal directories for its projects and energy/natural resources, tax, corporate and M&A, and banking and finance work – however, García Guijarro, like her bosses Wegener and Lowe, is also on a mission to give the firm's image a tweak. She says the firm's Madrid office is aiming to further its reputation in real estate, maritime/shipping and restructuring work.

So, what is currently driving the firm's growth in Spain? García Guijarro highlights major M&A transactions, portfolio M&A deals, as well as restructuring and refinancing work in the energy and real estate sectors. Other recent highlights for the firm included advising ADIF-Alta Velocidad, the high-speed rail infrastructure administrator, on the issuance of €1 billion worth of bonds in the

Spanish AIAF market. In the area of refinancing, García Guijarro says WFW has successfully won instructions in instances where the firm was “not mandated in relation to the original transaction, as the Madrid office was not open at the time, and this has been a really exciting and motivating challenge for us”.

Paralysed market

WFW’s strategy for winning instructions that may have reasonably been expected to go to competitor firms was developed in response to the lack of energy-related transactions in recent years. “In the renewable energy sector, regulatory reforms had the effect of paralysing the market,” says García Guijarro. “So, we reflected on our business plan and considered what would be the result of the regulatory changes – consequently, we anticipated that there would be movement in the secondary market, that is, on one side, the sale of projects, and in parallel, the restructuring of those projects” As a result, the firm’s Madrid office took the decision around three years ago to offer services in a range of different areas, including corporate, projects, finance, regulatory and insolvency. “We approached clients and began working with them to prepare the ground for restructuring,” says García Guijarro. “This involved a change of approach, it involved being proactive and offering clients help in areas which energy teams would not have been necessarily familiar with – we asked them whether they knew how to carry out a restructuring, for example, or if they knew the process and consequences of the enforcement of a guarantee.” This type of business-oriented strategy appears to be one of García Guijarro’s trademarks – colleagues at the firm remark on her “commercially minded” approach to lawyering.



“If a law firm is adding value, clients will be prepared to pay reasonable fees.”
María Pilar García Guijarro
Watson Farley & Williams

New recruits imminent

When WFW’s Madrid office opened in 2009, it consisted of two partners and three other lawyers – it is now home to a total of 16 lawyers, specifically six partners and ten associates. Four of the lawyers joined the firm in the last six months – one of the most notable was partner David Diez, who joined from Garrigues. The team will soon be further

bolstered by the lateral hire of a shipping partner – the firm declines to say who – as well as “four or five” other lawyers specialising in the areas of finance and real estate. With the addition of some other possible hires, it is anticipated that the Madrid office could grow to around 22 lawyers in 2015. However, García Guijarro points out that the creation of “big offices” is not in the firm’s philosophy. “We don’t want to be a legal supermarket, we are real experts in the sectors where we work, that is our added value” she adds. However, García Guijarro envisages that the firm could potentially grow to around 40 lawyers.

But increasing its number of lawyers is one of the biggest challenges WFW faces, according to García Guijarro. “You have to be careful in your recruitment processes,” she says. “We want the best professionals with both technical and personal skills.” While some firms are extremely reluctant to make lateral hires, García Guijarro is a keen advocate of such a strategy. “We need to make lateral hires, and we believe in it – we sometimes use recruitment agencies, but this doesn’t mean we as a firm are not heavily involved in the recruitment process.”

Business development skills

What skills does WFW want from its lawyers? “In a commercial law firm, being a good lawyer is a must,” García Guijarro says. “But having soft skills is also important – the ability to grow teams, to have empathy with colleagues, to be able to develop and train teams.” She adds that, while lawyers may start their career concentrating on developing their legal skills, it is also important that, in parallel, they gradually learn business development skills. She adds: “We also train our lawyers to be able to become partners of the firm one day if that is their aspiration.”

What does García Guijarro believe distinguishes the firm from its competitors? “The firm is sector

specialist," she says. "We bring clients best practice from their particular sector – we also offer senior teams and a low leverage, around one partner to two associates." Energy sector work contributes around 70 per cent of the firm's revenue in Madrid, with real estate matters (approximately 20 per cent "and growing", according to García Guijarro) and infrastructure and transport work (around 10 per cent) generating the remainder.

However, García Guijarro identifies shipping as a growth area. "Shipbuilding is taking off in Spain and as we are experts on this field, we will make it a significant part of our business," she adds. "However, we also want to keep on working for funds – general funds, infrastructure and private equity funds – in various sectors."

Clients want added value

García Guijarro says clients demands are changing in that they now require industry sector expertise. She adds: "Clients want you to know their business and then add value – the more you get involved with your client's business, the more likely you will come up with the best solution for that client."

With regard to the question of fees, García Guijarro's outlook is positive. "Fees are gradually going back to where they were prior to the crisis," she says. "We are competitive but we don't win because we are the cheapest, if a law firm is adding value, clients will be prepared to pay reasonable fees."

García Guijarro adds that some clients are becoming more sophisticated in the way they view legal advisers: "They no longer perceive lawyers as a commodity."

More women will be enriching

The fact that García Guijarro has been heading the Madrid office from such a young age is exceptional, even more so considering she is a woman in what is an overwhelmingly male-dominated profession. Only 14 per cent of partners at the biggest firms in Spain are women, and this is despite that fact that, according to some estimates, around 65 to 70 per cent of law graduates currently leaving university are female.

"I would like to see more women in the law, it will enrich the profession," says García Guijarro, a winner at the Iberian Lawyer "40 Under Forty Awards" in 2013. With regard to the fact that there are relatively few female partners in law firms, García Guijarro says: "Is it because women don't want to make partner or is it because the system is not flexible enough? There needs to be a more flexible way of understanding the profession – men and women lawyers want a personal life, therefore lawyers need to change the concept of being present in terms of doing long hours."

She adds that the most responsive and intelligent lawyers are the ones who will succeed, but that does not mean there are no limits on the demands you can place on people. "Not ever being in control of your time is exhausting, obviously there are very busy periods when you need to put in long hours, and responsible professionals will do it happily, especially if we are flexible and don't ask too much of people when it is not necessary." As WFW's increasing revenue and profits demonstrate, this enlightened approach is paying off.

Watson Farley & Williams in Madrid	
Partners:	6
Lawyers:	16
2014 Revenue:	€2m