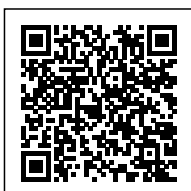


A NEW BEGINNING: URÍA MENÉNDEZ - PROENÇA DE CARVALHO

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The past year has been one of change for Uría Menéndez in Portugal. This is evident as you approach the firm's impressive glass-fronted Edifício Rodrigo Uría in central Lisbon, where since March 2010 the name on the building has read Uría Menéndez - Proença de Carvalho.

The change reflects the integration of Proença de Carvalho & Associados and the arrival of one of Portugal's most high-profile corporate lawyers, Daniel Proença de Carvalho.

The catalyst for such a public change is clearly deep-rooted but was encouraged, believe many in the local legal market, by the September 2009 departure of the then Lisbon Managing Partner, Francisco Sá Carneiro. He and fellow partners Duarte Brito de Goes and Bernardo Abreu Mota subsequently launched their own corporate and finance firm Campos Ferreira Sá Carneiro & Associados, with three former PLMJ partners including the ex-Managing Partner Fernando Campos Ferreira.

The departures surprised many. Sá Carneiro had been with Uría Menéndez since the June 2004

integration of his own firm Vasconcelos F. Sá Carneiro Fontes & Associados, in a deal that was personally brokered by the firm's founder Rodrigo Uría. Reports suggest however that he had become increasingly unhappy with the firm's changing management approach. As a global lockstep the pressure is on the firm to maintain revenue levels despite the local economic difficulties.

Duarte Garin, who has since become the sole Managing Partner in Portugal, insists that the departures were ultimately amicable.

"I am not denying that Francisco's going was a loss, but if someone wants to leave there is ultimately very little you can do to stop them. He felt the need to move on and to do his own thing and we also have to get on with life. But we need to assert that the arrival of Daniel and his team was not intended as a like-for-like replacement. They have not come to save us."

As surprising as the exits were, the arrival of Proença de Carvalho and his team was equally newsworthy. A former Government Minister and now a Board Member of many of Portugal's largest corporate and finance institutions, Proença de Carvalho is regarded as one of the country's most respected and connected lawyers.

Garin may again look after the day-to-day running of Uría Menéndez in Portugal but Proença de Carvalho has been installed as Chairman of the firm locally. Despite his elevation to the position, and the change of the firm's name to reflect his arrival, Proença de Carvalho will not be drawn on whether he believes that Spanish firms need to adopt a local Portuguese face.

"I shall only say that, with respect to maintaining my name associated with that of Uría Menéndez, the initiative was entirely theirs," he says. The change has undoubtedly made people realise how important Portugal is to the firm locally. Nonetheless the rebrand does not go as far as fellow Spanish firm Cuatrecasas, which after 15 years of collaboration with local partner firm Gonçalves Pereira Castelo Branco & Associados changed its name globally to Cuatrecasas, Gonçalves Pereira.

Some in the market suggest that names aside the union is clearly a benefit to both parties. The firm was undoubtedly looking to reinforce its profile. Joining Uría Menéndez with Proença de Carvalho were fellow partners Fernando Aguilar de Carvalho and Alexandre Mota Pinto, and a number of associates including his son and niece.

✘ Proença de Carvalho is again adamant that the integration was not brought about through need or due to any difficulties emanating from the slower domestic economy. He continues to advise the Portuguese Prime Minister José Sócrates, among others, and is considered a leading restructuring and insolvency practitioner and litigator in his own right.

"We did the merger because I believed that together we could be stronger in the Portuguese market. I chose to associate with Uría Menéndez because it is a firm with an international global profile, due to the prestige that this firm quite justly enjoys and because we share the same values and culture," he says.

Without a doubt the arrival is however a coup for Uría Menéndez and some in the market suggest that the firm has finally got its man. As well as Sá Carneiro, Proença de Carvalho was on the original list of people Rodrigo Uría wanted to merge with. "It is true that, some years ago, Uría Menéndez invited me to discuss the issue. At the time, I had not yet matured the idea of merging with a large law firm," reveals Proença de Carvalho.

"Progressively however I came to admit the convenience in providing our clients with a global array of services regardless of territorial borders, which is something that only an organisation such as this is able to provide. As soon as I came to that decision, everything became easy in concluding our association."

Garin suggests that Uría Menéndez was not the only firm in town in negotiations with Proença de

Carvalho.

"There is no sense that we were in desperate need of Daniel or his team to come and join us. Or that the name change reflects a renewed desire to conquer the market, but what we see in him is a fantastic lawyer with an outstanding reputation and someone who can act as a role model to our younger lawyers."

Despite the troubled end to 2009, and the inevitable challenges of consolidating new arrivals, Uría Menéndez remains a major force in Lisbon and the Portuguese practice is a fundamental element of the firm's Iberian and wider international strategy. Even therefore in the face of the worries that continue to hang over the Portuguese economy, Garin is cautiously optimistic about the outlook for the year ahead. The firm is meeting or exceeding its targets, and even in his own area of expertise – real estate – he sees signs of new movement.

"The good news is that Spain appears to be recovering faster than the Portuguese market and in the medium and long term, Portugal remains an attractive investment destination. We believe that we will see an increase in inbound work and in that respect we are inevitably in a strong position to benefit."

The continuing international expansion of Portuguese businesses also offers opportunities, accepts Garin, but he questions whether Uría Menéndez has the need, or desire, to replicate the international strategies currently being followed by some of its Portuguese peers. The firm is convinced of its Iberian strategy and fortunate in having its own well-established offices in London, New York, Brussels, Warsaw and now Beijing, he says. In addition, Uría Menéndez has long-standing "best friend" relationships across Latin America which it co-ordinates through its Brazilian ally, São Paulo-based Dias Carneiro Advogados.

"From a strategic point of view, you have to analyse whether clients find Lisbon as a leaping point for Brazil – for the Spanish it is particularly unlikely – but in any event we have been in Brazil for a number of years now. We are obviously aware of the potential of new markets but that doesn't necessarily mean that the best approach in a lusophone market such as Angola or Mozambique is to open an office there."

Any growth has to be sustainable and in line with the firm's long-term objectives, he insists. The firm is fortunate to have a top-level client base but he questions whether there remains room in the market for continuing law firm growth or for new market entrants, no matter what their niche. The next 12 to 18 months at Uría Menéndez will therefore be a period of reflection, says Garin.

"We have to consolidate what we now have, identify any remaining capability gaps, and work out what we have to do to fill them. But I think that with 70 lawyers, as we now have across Lisbon and Porto, we are the optimum size for the market as it now is. You have to adapt to the times in which you live."

The jury remains out on whether the future will best suit larger or smaller firms but at least one boutique sees the benefit in being part of an international structure.

Proença de Carvalho nonetheless puts the current market challenges into context. "The Portuguese economy is going through a difficult period but during my professional life I have seen tougher times and the services I was able to offer were nevertheless incapable of meeting demand. At times such as these, it is natural for some companies to grow weaker and for others to become stronger. Our concern can only be to permanently seek excellence."

El año pasado fue un año de cambios para Uría Menéndez en Portugal. Esto se aprecia al llegar a la imponente fachada de cristal del Edificio Rodrigo Uría en el centro de Lisboa: desde marzo se puede leer en el edificio el nombre "Uría Menéndez - Proença de Carvalho", tras la integración del bufete Proença de Carvalho & Associados, dirigido por uno de los más

reputados abogados mercantilistas de Portugal, Daniel Proença de Carvalho.