

# COMING IN FROM THE COLD: AN INTERVIEW WITH PEDRO PÉREZ-LLORCA

*Posted on 01/07/2005*



**Category:** [Uncategorized](#)

**Tags:** [globalisation](#), [independiente](#), [independientes](#), [internacional](#), [internacionales](#), [international](#), [opportunities](#), [reconocimiento](#), [straightforward](#)



Despite the challenges of managing a mid-sized firm, Pedro Pérez-Llorca has developed an internationally recognised practice.

Pedro Pérez Llorca, reflexiona sobre la evolución de su firma y la clave para su creciente reconocimiento internacional. Analiza aspectos estratégicos para afrontar los crecientes cambios en el mercado jurídico. La estrategia de Pérez Llorca ha consistido en mantenerse fuerte como despacho independiente y desarrollar relaciones puntuales con otras firmas independientes. Esto le ha permitido representar a clientes de relevancia en transacciones importantes. Cabe destacar su relación con Slaughter and May (de Londres), en la adquisición del Banco Abbey National por parte del Banco Santander. Actualmente, el mayor reto para Pérez Llorca es competir con los despachos internacionales.

As the leaders of the world's largest law firms gathered at London's Hilton Hotel for the legal equivalent of Hollywood's Oscar ceremony - the Chambers Global Awards - a new arrival was stepping out of his taxi into the lights and noise of Park Lane.

Pausing for a moment, Pedro Pérez- Llorca would have enjoyed the irony of the situation. An outsider for the last nine years - since leaving Spanish major Uría & Menéndez to manage what was then his father's eight lawyer firm - his nomination for the Iberian Law Firm of the Year earned him a place at the awards dinner alongside the giants of the Iberian profession.

The Spanish heavyweights were all present. In addition to his old firm, Uría & Menéndez , Cuatrecasas, Garrigues and Gómez-Acebo & Pombo were all present. The Portuguese firms were represented by Morais Leitão, Galvão Teles, Soares da Silva Associados as well as A.M. Pereira, S. Leal, O. Martins, Júdice & Associados and Vieira de Almeida & Associados. Clifford Chance, Freshfields and Linklaters were the nominated major UK firms with Iberian practices.

Attending an award ceremony in London was also ironic. If you ask Spanish lawyers about Pedro Pérez- Llorca they assume you are thinking of his father - a highly respected lawyer, academic, and former government minister - one of only a handful of people who drafted the Spanish Constitution.

But although he is not as well known as his father at home, Pedro Junior has developed his reputation abroad. His high-profile instructions from Abbey on the Santander takeover and from the Italian motorway operator, Autogrill, on its takeover of Aldeasa may have been less of a surprise across Europe than in his home town of Madrid.

Pedro is aware of the possible stigma of having a famous father: "It can make things difficult, there is an presumption that if you are the son, you are the silly one," he says. "But on balance your life is easier." This is especially true if your father counts Spain's top legal minds among his friends: "I wanted to become a banker but my father told me I should go and see a few lawyers 'some of whom you may like'. When I met Rodrigo Uria he was very impressive and when he asked me to join his firm, I said yes."

But in 1996, after only four years at Uria & Menéndez, he decided to join his father's firm, Pérez- Llorca. This was an unusual move at what was a very difficult time for Spanish midsize firms. "I do not think we have seen anything but challenges," he says. Spain's entry to the EU, the European Community as it was then, brought huge foreign investment and the development of larger law firms.

"The structure of a boutique firm like Pérez-Llorca was no longer viable," he says.

The first challenge was that of the global auditing firms: "People said that the sensible business plan was to grow your firm in order to be absorbed or acquired by an auditor. It sounds strange now, but people thought that at that time, and the auditors did grow and merge with many of the quality firms in Spain. At the same time, there was also pressure to expand. "People also told us, what on earth are you doing in a partnership which is limited in the scope of the work you do and limited in terms of the geographic area where you work. " Pedro remembers a client saying: "You think that you are a Robin Hood - able to fight against an overwhelming force".

Events at Enron and Andersons, among others, and the subsequent regulatory response had closed the debate on MDPs.

It was the so-called Anglo-Saxon law firms - which Pedro prefers to call "UK" as the majority are from London - who brought a new threat: "We were told we would not survive unless we merged or sold; we were expected to integrate with a UK firm. We did see a number of competitors do that, but from the outset we made it clear that that was not for us. It was tough for a couple of years as

people came to me and called me Robin Hood again. This time, because we had not joined an Anglo-Saxon network."

But decisions taken by other firms would, in time, support his views. "There was a very clear message for us from the end of the merger discussions between Linklaters and Uria. Here was a Spanish firm that could chose any partner they wanted, and they decided to remain independent. This was followed by a second message from Garrigues which, after the collapse of the Anderson relationship, decided to stay independent".

For Pedro, rejecting merger was not rejecting change. He retained a clear vision throughout: Pérez-Llorca as a larger independent Spanish firm which, like the successful independent UK firms, has not seen the need to have offices around the world.

This meant expanding and restructuring the partnership: "Our aim was to become an open partnership and not a firm where the partners were the named partners and nobody else expected to become partner. This meant growing. If you want to offer a lifetime career to your lawyers, they will want to be made partner and they will want to manage a team."

Pedro has expanded the firm into eight partners and a total of over 40 lawyers and he has also recruited respected lawyers to manage client development, human resources and knowledge-management.

But he sees these changes as an inevitable more than innovative: "We have done nothing new. Spanish law firms have all changed with the change in generation away from named - often family - partners. You use a son or nephew or someone like that to change a quality small practice into a larger firm. We are not an exception to that".

But his main challenge going forward is the international strategy and the extent to which independent firms can win premium international clients and referral work, competing against the major Spanish firms and Anglo-Saxon networks. "The most difficult issue going forward is globalisation. With M&A and some other practices now focussing on global players like the large Private Equity houses, the integrated global firms have a great advantage in getting instructions" he says.

His strategic argument is straightforward: "An M&A partner at an English firm in Madrid has about a 98% chance that if the firm is instructed in London, he will be instructed on the Spanish part of the deal. If you are quality independent firm and you know a lot of lawyers in other countries you have about a 20% chance of a matter directed by someone in London you know resulting in instructions for you. In reality, many 20% opportunities can add up to more than a rare 98% chance".

There is, however, a down-side: "Without local offices it is more difficult to market your services and to have access to decision makers in New York or London." So Pedro is working hard at developing a network of non-exclusive relationships. This means constant travel between England, where he sees the London firms and the European headquarters of the US firms, France, Germany, Italy and Portugal.

The Chambers nomination suggests that this is paying dividends. Frances Murphy, a partner with Slaughter & May in London, has worked with Pedro on a number of transactions over the last nine years and speaks highly of his work:

"We went to him on the Abbey deal last year because we knew we would get intelligent, sensible and timely advice from him and his team. They did a great job, and worked well with Uria, who were acting for Santander, on solving some complex issues."

This praise is echoed by Salvador Sánchez-Terán at Uría & Menéndez who led the team advising Banco Santander. "I think Pedro combines an in-depth knowledge of the law with a very pragmatic

approach to the legal problems. That makes him an excellent lawyer and it was very helpful in the rather innovative Santander / Abbey deal."

It was ultimately the partners from Uría & Menéndez , his old firm, who flew home as Iberian Law Firm of the Year. But as an eight partner firm nominated alongside an 80 plus partner firm, Pedro Pérez-Llorca is clearly making his point.