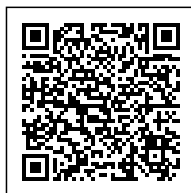


DESPITE UPTURN, MOTIVATING CORPORATE LAWYERS IS 'BIG CHALLENGE' FACING FIRMS

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Dramatic growth in increasingly complex M&A deals is making it difficult for firms to retain a new wave of corporate lawyers who want 'better work-life balance'

While the new surge in M&A activity in Iberia has come as a welcome boost for corporate lawyers in Spain and Portugal, it has also presented firms with a host of new challenges relating to the motivation and retention of corporate lawyers. Data published by Mergermarket for the first six months of 2014 should M&A deal values in Iberia increased five-fold on the previous year, hitting \$155 billion, but it appears that this dramatic growth in work is coming at a cost.

Corporate lawyers talk of the difficulties in motivating and retaining corporate lawyers at a time when deals are become increasingly complex. Linklaters partner Alejandro Ortiz says one of the biggest challenges currently facing law firms is the "retention of talent". He adds: "M&A work is becoming more sophisticated and more time-consuming, and at the same time there is a new

generation of lawyers that require a better work-life balance."

Ever-increasing demands from clients is cited as one of the major pressures that corporate lawyers in Iberia now face (see our Company & Corporate annual report on page 26). One partner at a major Spanish firm says: "We now have sophisticated and demanding clients and lawyers need to renounce much of domestic life – it is a challenge for law firms to motivate the teams and to retain talent."

Re-thinking the business model

The problem of motivating corporate lawyers who believe they are overworked is compounded by the fact that many younger lawyers see their path to partnership blocked. One corporate partner at a global firm with a presence in Spain says: "Law firms have to re-think their business model because associates think it is impossible to make partner."

The impact of the intense pressure currently being exerted by clients is also a common theme in Portuguese legal circles. Maria João Mata, partner and head of the M&A team at PLMJ, the largest firm in Portugal, says: "Clients are more demanding and we would say that the added-value to our work is not only as it was before – hard work, full availability and having great technical skills – but we are now also expected to have a good personal relationship with the client, know the industry and the market, which means latest trends, important players, and biggest challenges, and make clients feel like we are part of their team."

Juan Francisco Falcón, partner and co-head of the M&A/private equity practice at Uría Menéndez in Spain, agrees that retaining talent is a challenge for law firms. But he adds: "It's about loyalty from and to lawyers, it goes in two directions."

Broseta partner Julio Veloso says: "Clients are being more demanding but still want to pay low prices – everyone wants everything the minute after they have asked for it and many try to threaten us by saying that if we do not want to do it under the conditions offered, there are a number of competitors willing to do so even cheaper than we do." A market source says: "During the crisis, some firms were too fast to reduce prices, now the market is busy, that is fast becoming untenable."