

DOMESTIC LATIN AMERICAN FIRMS TAKE FIGHT TO INTERNATIONAL RIVALS

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As international firms invade Latin America, domestic players are responding by building new cross-border alliances and investing in training, but can they keep their top talent?

As international law firms continue to expand their operations in Latin America, so the domestic firms in the region are being forced to come up with new strategies to remain competitive. As the legal market becomes increasingly crowded, local firms in Brazil, Mexico and Colombia face an increasingly uncertain future, with clients demanding reductions in fees and generally being less loyal to their legal advisers, lawyers claim.

But domestic firms across Latin America refuse to go down without a fight. Martín Carrizosa, a partner at Prietocarrizosa in Colombia says that, because international firms have started to up the stakes by opening offices in countries such as Colombia, Mexico and Brazil, his firm is "seeking to create more specialised areas and provide more efficient legal work". He adds that the pressure to

adapt is strong because of the "US and English firms that are coming to stay" (see our Special Focus: Latin America on page 43).

According to Carrizosa, Prietocarrizosa's strategy is to enhance and promote its alliances with top law firms in other Latin American countries, as well as Spain, as a means of indirectly expanding its presence across the region. He is confident that his firm has a significant opportunity to become a genuine trans-Latin American player. "We see opportunities in advising our Colombian clients in their regional expansion, not only in terms of joining new markets by starting their businesses abroad, but also by accessing the international and regional capital markets and financing sources." Carrizosa also sees the trend of Chinese and Indian companies investing in Colombia and Mexico to produce goods for the North American market as a "brilliant opportunity", particularly as it could strengthen links between the Pacific Alliance and the Asia-Pacific region.

Meanwhile, domestic law firms in Mexico are also facing a legal market that is rapidly changing with an influx of new foreign players – Hogan Lovells being the latest (see page 9). Juan Pablo Cervantes, counsel at Galicia Abogados in Mexico, says domestic firms in the country are facing "new players with well-established business systems and previous relationships with international clients". He adds that the ability to adapt quickly to remain competitive is a "huge challenge" given these new market dynamics.

Firms in Brazil face similar challenges. Alexandre Bertoldi, partner at Pinheiro Neto Advogados, says that his firm will be heavily investing in training to improve efficiency and remain competitive. "Our objective is to be a reference in the market, and only by devoting a large amount of time and money in training and developing our associates can we achieve our goal and maintain ourselves as one of the leaders in the whole Latin American market."

Train to gain

In addition to providing more training for lawyers, firms in Brazil are also increasing the resources they put into their profile-raising activities. Celso Costa, managing partner at Machado, Meyer, Sendacz e Opice Advogados explains that firms are having to make substantial investment in order to make their organisations more efficient – this has meant training and retraining lawyers as well as hiring more talented practitioners. He adds that firms are also developing more efficient marketing and communications operations, as well as widening the scope of the professional services law firms offer – Costa characterises this as ensuring clients get competitive prices as well as "technical expertise, legal business vision and agility".

But despite all this strategic re-thinking, firms also face the threat of the best legal talent deserting private practice. One of the key battlegrounds for domestic Latin American law firms at present is the competition for the best legal talent. It is not just the international players that are enticing top lawyers away. The private sector, and the public sector too, are enjoying success in attracting top lawyers – partly because there is a trend for organisations to do more work in-house rather than relying on external legal advisers. Consequently organisations are seeking to strengthen their in-house legal departments, according to Cervantes.