

# EDITORIAL MAR/APR 09

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El presidente del IBA, Fernando Peláez Pier, que participó recientemente en un desayuno organizado por Iberian Lawyer, sugirió que los abogados internacionales estaban sufriendo – aunque la medicina necesaria para la enfermedad de la profesión difiere tanto de país a país como de despacho a despacho.

El centro del debate es si España y Portugal van a tener la necesidad de reducir costes, por ejemplo, de la misma manera que se está en

viendo despidos por todo el mundo,  
o si los socios compartir n el dolor  
y renunciar n a sus beneficios.

La inc gnita para todos reside  
por supuesto en saber cu ndo se  
recuperar  el mercado. Y cuando lo  
haga,  ser  diferente para siempre?  
 Los despachos de abogados  
necesitan reorientarse hacia el  
asesoramiento de alto nivel  
(actualmente en gran demanda) y  
dejar atr s el ritmo fren tico de las  
operaciones de los  ltimos a os?

IBA President, Fernando Pel ez Pier, speaking at a recent Iberian Lawyer  
leadership breakfast, suggested that lawyers throughout the world are  
currently suffering – although the medicine needed to cure the ills of the  
profession will differ not only from country to country but also from firm  
to firm.

Central to the debate is whether Spain and Portugal will see the need for  
major cost reductions, i.e. the redundancies seen around the world, or whether  
partners will be sharing the pain with junior lawyers by forgoing their own  
profits.

From a US and personal standpoint, Todd Crider, a corporate partner at  
Simpson Thacher in New York, told participants that keeping profitability at  
market level is a prerequisite for maintaining the reputation of a firm.  
However, in Simpson Thacher's case, layoffs would be the last resort; presently  
it is successfully out-placing lawyers, for example, to pro-bono projects.

Juan Pic n, who leads DLA's EMEA corporate group, argued that it was  
only a matter of time before Spanish firms would have to consider partner  
redundancies (which is now, of course, becoming a reality). Miguel  
Klingenberg, who leads Freshfields in Spain, considered that high leverage  
would work against some Spanish firms – any reduction in work, however  
small, reduces profitability quite dramatically at a time when the cost of last  
year's pay increases is now being felt.

In Iberia, managing partners agree that cash flow remains the biggest issue.  
Some clients are doubling the time they take to pay which means law firms are  
having to cover the funding gap of three or four months. For some firms their  
bank credit facility is already running into millions of euros.

Some are better placed – G mez-Acebo & Pombo says it has a  14m cash  
reserve which, given its reported 2008 income, means three months  working  
capital. Others are not so lucky. The Madrid office of at least one London firm  
has already been turned down for a local bank loan.

The great unknown for all, of course, is when the market will recover. And  
when it does, will it be changed forever? Do law firms need to reposition  
themselves towards high end advisory services (currently in demand in this  
crisis) and away from the transactional locomotion of recent years?

While many see the Iberian firms finding it easier going than their international peers, some managing partners say the greatest challenge is yet to come. Others believe it will simply be a case of turning back the clock to pre-boom years.

Either way, strong leadership will be required. As Manuel Mart  n of G  mez-Acebo & Pombo expressed clearly, it would be dangerous to make short-term decisions without the benefit of a longer term vision for the firm.

Moray McLaren

Editor