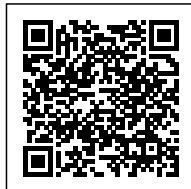


FIGHTING THE RIGHT BATTLE - SRS ADVOGADOS

Posted on 08/02/2013



Category: [Uncategorized](#)



During these days of crisis, making it through another year is an achievement. So when you hit a 20-year anniversary, then it's definitely time for a celebration.

En estos tiempos difíciles para los despachos el superar un año más es ya un éxito. Por eso, cuando celebras el 20 aniversario, uno puede sentirse orgulloso. SRS Advogados ha conseguido esta meta, y ha pasado de ser parte de una asociación, el brazo portugués del despacho anglosajón Simmons & Simmons, a, en el 2009, romper la relación y convertirse en una firma doméstica con entidad propia en el mercado internacional. Para Pedro Rebelo de Sousa, fundador y socio director del despacho, es tiempo para reflexionar y dar gracias.

SRS Advogados hit a milestone this year, with the words: "A good cause to celebrate." The firm has gone from being part of an association with, and then the Lisbon arm of UK giant Simmons & Simmons, to, in 2009, breaking off to stand on its own two feet as a domestic player in the international market.

For Pedro Rebelo de Sousa, Founder and Managing Partner of SRS, it is also a time to reflect and be thankful. And, in his usual larger-than-life style, you cannot imagine that this will be done with

anything but the biggest of smiles.

Each morning he starts the day by giving thanks. "I'm thankful to be alive and to be healthy," he says, "but also very fortunate to have talented people around me who are able, and willing, to struggle and to fight every day".

Law firms are facing a very difficult challenge, he says, constantly trying to fight against the crisis, but as long as you believe you are fighting the right battle, for the right reasons, then that's the best you can do.

"I believe there is only one good reason to be alive," he explains, "which is to face life with enthusiasm and motivation". And his energy is, according to his colleagues, contagious.

The early years

The 1970s saw the Portuguese revolution forcing many professionals to leave the country, including Rebelo de Sousa, then a junior lawyer. He saw many clients moving to Brazil, and so followed, spending 10 years in-house at Citibank Latin America in Brazil.

By 1984, most Latin American countries were undergoing a sovereign debt restructuring, similar to that today in Spain, Portugal, Ireland and Greece. Rebelo de Sousa was subsequently invited to go to New York to work on debt restructuring at Citibank, which he was involved in for almost three years. This was followed by two more years in international corporate finance and M&A. "This has proved very useful in subsequent years, not only the restructuring experience but also because I was in the role of the client, and had the opportunity to see things from the client's perspective, which still shapes how I look at issues today."

An invitation in 1989 by Portugal's then Prime Minister Cavaco Silva, the country's current President, brought him back to Portugal. "He was inviting professionals living abroad to return to show how post-revolution Portugal was entering a new era led by international minded executives," he explains.

So Rebelo de Sousa came home and took the post of CEO and Chairman of Banco Fonsecas & Burnay (now part of BPI) and led the first 100 percent privatisation of a Portuguese Financial Institution.

Back-to-basics

1992, however, saw Rebelo de Sousa go back to his legal roots. The reason, he says, was very simple. "While working at Banco Fonsecas & Burnay, I saw that there was a lack of international-minded law firms in Portugal, with one or two exceptions, such as PLMJ and Vieira de Almeida. And I wanted to do something about that."

Portugal had also just enacted a new corporate and securities codes, so for once banking and finance lawyers were all working on a level playing field. And this challenge intrigued him.

So, with current SRS partner William Smithson, as part of F Castelo Branco, Nobre Guedes & P Rebelo de Sousa, they embarked on an association called Grupo Legal Português (GLP) with the UK's Simmons & Simmons, Spain's J&A Garrigues and Brazil's Pinheiro Neto. All also then members of the illustrious Club de Abogados.

"All the financial problems that were happening in Portugal, I had already seen in New York and Latin America – so the banking and finance practice we set up was in its element, and in just one year it produced 50 percent of the turnover the firm – we were 'quite' successful!" he jokes.

They started training their lawyers by seconding them to, for example, Morgan Stanley, Goldman Sachs and Simmons & Simmons itself. And they worked on the privatisation of Portugal Telecom, the first ever Portuguese IPO, and made the move into the telecommunications sector, led by Octávio Castelo Paulo, acting on the launch of ONI, Jazztel, Colt and Radiomóvel, among others. They also leveraged Rebelo de Sousa's experience in Latin America, and worked for the EU and the World Bank on legislation for eastern European countries, including Russia, Ukraine and Belarus.

The Simmons years

But the mid to late 1990s saw J&A Garrigues merge with the then-Arthur Andersen, and so GLP

ended their association with the firm.

And in 2001, the Lisbon firm was rebranded into Simmons & Simmons Rebelo de Sousa. Rebelo de Sousa himself became a board member of Simmons & Simmons for four years which, he says, was enlightening in terms of looking after the strategy of a City law firm. But eight years later, they hit a strategic fork in the road.

The outcome was a separation. According to Rebelo de Sousa the Portuguese office wanted to expand into Brazil and Africa, and Simmons & Simmons' strategy was taking them in a different direction. Meanwhile Simmons & Simmons stated that key to the separation was that the size of the Portuguese market was too small to produce the level of global clients it required.

A reading of the UK legal market in the downturn at the time, however, could see Simmons & Simmons reassessing their relationships with foreign firms or the viability of their international offices.

One competitor says that it is not surprising at the time that Rebelo de Sousa would have wanted more flexibility over the size and shape of his Lisbon practice, plus pricing options, whereas the UK firms, because of their structures, found this difficult. In fact, looking back, some might say that Rebelo de Sousa had an advantage in becoming independent as this meant being able to get work from other international firms while still getting referrals from Simmons & Simmons without heavy central costs.

So, in 2009, SRS Advogados was born and, in addition to the 10-year joint venture with Veirano Advogados in Brazil (ex Baker & McKenzie), others followed with Angola's LCF and Mozambique's SAL & Caldeira, as part of their strategy to expand into those markets.

The UK class

"We could talk for hours on lessons learnt from the UK!" says Rebelo de Sousa. But there are a couple that have really stuck with him.

Having been on the board of companies in numerous international industries, he saw that a UK law firm is a very different animal. "It should be a shared power, and to be successful, you have to be very conceptual, invite people into the project, and actually 'share'." A law firm has to combine personalities and cultures, he adds, and not just be a group of prima donnas in it for themselves. Also, that a medium-sized City law firm cannot truly be international. He gives Norton Rose and Ashurst as examples. "They went through mergers to get the turnover of at least €800m+ that allows you to play in the international arena". If you have less than that, try to play the national or regional role, but don't try to play the international, he adds. Why? "Because you do not have the muscle, you cannot compete with the likes of Linklaters – because they have more ammunition and can play a totally different game."

Whether Rebelo de Sousa is referring to Simmons & Simmons ending their relationship, his thoughts on that definitely cast a shadow over his comments.

Managing the future

As Senior Partner, it's the first time he is leading in a crisis environment. "We have been fortunate over the past 18 years – we have always 'managed'. But we are now living in times where we are not coping well, the economy is not growing, and everyone is restructuring." But as a natural rainmaker, Rebelo de Sousa is clear on the challenges that lie ahead.

Their client base is going through very difficult times, so the goal is to somehow help them navigate this environment – "that's the first challenge".

The others involve trying to maintain profitability and keep their best lawyers. "Because there is an appetite from the younger talent to leave the country and go elsewhere, we have to ensure to maintain, and to retain, talent."

He refers to the paradigm of the legal profession where lawyers graduate, work 2000+ hours per

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Pedro Rebelo de Sousa



year, don't have a family life, around 35-40 make partner, make money from 40-60 and then retire at 55-60.

"That's a paradigm the current crisis is jeopardising, because older lawyers want to keep their clients in the crisis, so they don't share and the juniors don't make the money they were expecting to make," he explains. If you combine this major change in cultural approach with the potential introduction of alternative business structures in Portugal, as is happening now in the UK, having lived the 'UK experience' has given him a different vision from other Portuguese law firms naturally confined to their markets.

The present day

You should never be exactly where you want to be, says Rebelo de Sousa, you'd have to be rather complacent for that. But SRS are happy to have met some of the goals they set out all those years ago.

He describes the firm as "groundbreaking" having been the first to have a logo in Portugal, to institutionalise, and the first, and only, domestic firm to have their accounts audited. "We also led the way with pro bono within our corporate social responsibility programme, with a report audited by PwC."

But some might question whether this series of firsts were as breakthrough as they seem, and rather just a happy by product of being part of an Anglo-Saxon firm that was way ahead of its Iberian counterparts.

"Looking ahead, we want to be seen as more of a platform to the Portuguese-speaking markets, to strengthen our presence there and for our alliances to be stronger and more effective" he says. Three years ago SRS started a department with four English-qualified lawyers to service domestic and international clients on English law.

Rebelo de Sousa also wants to ensure the firm is involved in the growing trend for international investment in Portugal, giving the examples of Chinese investments in Portuguese privatisations, EdP and REN, as well as the Bank of China entering the country's market in 2013. "That is the level at which we are striving to operate."