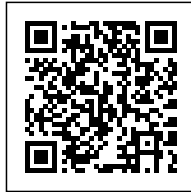


FIRM IN TRANSITION - ASHURST

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Major changes are taking place at Ashurst at a global level as the firm reviews its management and equity structures – meanwhile, the firm’s Spanish office is also taking steps to alter its working practices to maximise cross-selling opportunities

“The only constant in life is change.” This is a quote often attributed to the Greek philosopher Heraclitus, though its origins are disputed. Regardless of who actually said it, the words ring as true today as they ever have, especially in light of the seismic shift in Europe following the United Kingdom’s decision to leave the European Union.

At a more micro level, change is also a recurring theme for many law firms with Ashurst being no exception. In addition to currently undergoing a management restructure at global level –under the leadership of global managing partner Paul Jenkins who assumed his new role on 1 June this year – the firm is also in the process of reviewing its equity structure.

Collaborative approach

However, despite this period of transition at the firm, Ashurst Spain’s managing partner María José Menéndez is viewing the changes in a positive light. “The firm’s global management restructure might impact on the Spain office in that we might have a greater degree of influence across the whole firm,” she says. “In the last two years, the firm [globally] has been industry-driven and practice-area driven, so reporting lines were transnational – but in offices of our size [the firm has 60 lawyers, including 13 partners, in Spain], we can’t focus on a particular industry.” Rather than striving

for an industry-sector focused structure, Menéndez emphasises the need for Ashurst's Spain office to have a "collaborative approach, to work as a team and maximise opportunities for colleagues in other groups". She adds: "We ensure all partners talk to each other and we create extra opportunities for people to talk to each other – the office has a good atmosphere, in an office like ours the divisions are blurred."

Equity review

Menéndez believes the review of the firm's equity structure will also bring benefits to Ashurst. "There is no decision on the lockstep and equity structure as yet," she says. "But it could involve expanding the lockstep at the top and creating a "super plateau" level for the top performing partners and a bonus pool for partners who perform especially well." This will make Ashurst more attractive in the legal recruitment market, Menéndez says. "It will help in attracting good performing partners who outperform the average partners."

Menéndez assumed the role of managing partner of Ashurst Spain on 1 May when she replaced outgoing boss Eduardo Gracia, who had completed the customary three-year period in the role and is now the firm's global head of tax. Continuing the theme of a firm in a transitional phase, July 2015 saw the departure of the firm's banking partner Juan Hormaechea, who left to join Allen & Overy after ten years at Ashurst. It was a couple of months before he was replaced by partner Fernando Navarro, who arrived from Cuatrecasas, Gonçalves Pereira in September last year. Meanwhile, the firm's banking and finance practice in Spain will also be impacted by the imminent retirement of Gonzalo Jiménez-Blanco.

Winning clients

However, the changes in the make-up of the firm's banking and finance team represent an opportunity, according to Menéndez. "We've revisited how we organise the finance team," she says. "There used to be a division between financial regulation and project/infrastructure finance, but now there will be a more structured approach to winning clients, there will be a clear opportunity to share connections and maximise opportunities for receiving instructions from clients – I think we will quickly see the fruits of this change."

Yet the departure of Hormaechea and the delay in the arrival of his replacement, Navarro, was partly responsible for the dip in the firm's revenue for the financial year 2015-16, Menéndez acknowledges. Ashurst Spain's revenue dropped 5.2 per cent to €22.1 million in 2015-16, but the previous year they had climbed 8 per cent and the year before that they jumped a massive 22 per cent. Menéndez says that, as the firm's financial year runs from April to April, the firm's latest yearly results were more significantly affected by the reduction in activity in the spring of this year that impacted on all firms. "We also had a great result the year before [2014-15], a record result, and the 2015-16 result is still the second best result we've had," she says.

Brexit: Businesses relocating?

The subject of Brexit is covered in greater depth elsewhere in this issue, but briefly what is Menéndez's take on the development? "It would be nice if Spain was the beneficiary of businesses relocating [from the UK], but it remains to be seen how much relocation will actually happen," she says. "Dublin has an advantage in that it has the same language, but it's not a very big city, and then with Paris, Frankfurt and Madrid, there are cultural and language differences – I'm not sure the extent of the relocation will be massive, it's difficult to see London being dismantled as a financial centre."

Ashurst Spain fact file	
Partners:	13
Lawyers:	60
2015-16 Revenue:	€22.1m

“The review could involve expanding the lockstep at the top and creating a “super plateau” level for the top performing partners.”

María José Menéndez
Ashurst



In general, clients are adopting a 'wait and see' approach to the ramifications of Brexit, Menéndez believes. "The reactions to Brexit are not that intense," she says. "Though it could stall decisions on acquisitions and investments, and real estate activity might drop a bit – I'm not sure to what extent advisory work will make up for the decrease in transactional work."

Business as usual

Menéndez maintains that, for the time being at least, business will continue largely as normal despite Brexit. "You can't freeze the economy for two years, after the initial shock Brexit will be factored into investment decisions – work will pick up in Spain after the summer, which is typical," she says. "If there are no signs of activity by October, that would be more of a concern."

Remaining efficient is one of the key challenges law firms now have, according to Menéndez. This is partly due to the services now being offered by the 'Big Four' auditors, she says. "The 'Big Four' are interested in the legal function and they are an additional source of competition as they often come to clients with a combined package." This is why Menéndez is determined to improve efficiency at Ashurst. "We want to reinforce, and improve, the productivity of the team, maximise cross-selling, expand market penetration and utilise the team better," she explains.

Menéndez argues that Ashurst has a clear proposition for clients in the Spanish market. "We have a proposition of quality, we are a small homogenous, good quality team across all areas," she says. "At some larger firms, the service can vary between teams – we also have a user-friendly style, we don't take pride in winning every battle against the lawyers on the other side, clients perceive us as facilitators of transactions."