

FLYING MORE THAN JUST THE LUSOPHONE FLAG: MIRANDA

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The international focus and reach of Miranda Correia Amendoeira continues to make it stand out among its peers, even though many other Lisbon-based firms are looking to copy its lusophone strategy, says managing partner Rui Amendoeira.

La atención y el alcance internacional del despacho Miranda Correia Amendoeira continúan sobresaliendo entre los bufetes portugueses, pese a que muchas otras firmas están siguiendo sus pasos en la estrategia de expansión en países con raíces lusas. Sin embargo, el despacho sigue buscando nuevos mercados , afirma su socio director, Rui Amendoeira y con la mirada puesta en el continente africano.

Success is all about balancing competing business risks, believes Rui Amendoeira, managing partner of Miranda Correia Amendoeira. It just so happens, he says, that the risks that affect his firm's

business are perhaps different to those experienced by most other Portuguese law firms.

The firm, suggest some, is better known for the profile and strength of its international practice, and particularly its African connections, than domestic Portuguese spread.

"In Portugal the current risks law firms face are focused largely around the recession, there not being enough work for lawyers, and the fact that the market is both highly competitive and congested. For us, in Africa, the risks are also there although different – coups, presidential overthrows or civil war – but at the end of the day you still have to get on with it."

Focus

Originally established in Lisbon in 1987 by Agostinho Pereira de Miranda as Pereira de Miranda, his sole practice has since grown to become one of Portugal's largest law firms, and undoubtedly the most international.

Competitors suggest that the firm's success, while opportunistic in places, has much to do with the strength of Pereira de Miranda's own personality and connections with some of the world's major mining, oil and gas companies, and his willingness to fly the Portuguese flag globally. Time will tell, say others, whether an international approach will prove any more sustainable than the largely domestic focus of many other Lisbon firms.

Having first worked as an in-house lawyer with Gulf Oil and subsequently Chevron, in private practice he was able to capitalise on the needs of his former employers and to extend his established contacts in countries such as Angola, Zaire (now the Democratic Republic of Congo), Gabon and Brazil, he says.

As Pereira de Miranda's work expanded however so did the office, with the addition of Rita Correia as a junior lawyer in 1988, followed by Rui Amendoeira in 1991. The firm's name change to Miranda Correia Amendoeira & Associados in 2000 was intended to reflect this growth, says Amendoeira, but there was also a desire to keep the "Miranda" name and to leverage its established reputation into an international brand.

The strategy appears to have worked: Miranda now numbers 10 equity partners, 160 lawyers in total, and has a presence across 11 countries through its international Miranda Alliance, which last November saw the addition of Rio de Janeiro-based law firm Bichara Barata Costa & Rocha.

But despite such growth and diversification, the original focus and drive within the firm towards servicing the needs of oil and gas clients and facilitating companies' operations in locations in which it may be difficult to do business clearly remains.

Value

The firm's Miranda Alliance emerged as a natural extension from its initial international expansion to Angola, explains Amendoeira.

Pereira de Miranda grew up in Angola and so opening there was a natural and inevitable step, which the firm did in 1997 through a joint venture with Luanda-based Fátima Freitas Advogados.

A Portuguese colony until 1975, the following three decades saw the country endure a bitter civil war. International investment continued throughout however into the country's oil, gold and diamonds industries, and since the end of the war in 2006 the economy has emerged as Africa's most dynamic, with Angola seeing significant investment in the infrastructure, utilities and finance sectors.

"Practice in Angola is restricted to locally qualified lawyers and so a stand alone operation was not

feasible. But the rapid success of the joint operation convinced us of the opportunity to develop a firm that covered all of Africa's Portuguese-speaking countries," says Amendoeira.

Over the past decade Miranda has subsequently opened in a similar way in Maputo in Mozambique with Pimenta Dionísio e Associados, in São Tomé e Príncipe with Edmar Carvalho Advogados, in Guinea-Bissau with Octávio Lopes Advogados, Cape Verde, where it operates with JD Advogados, and East-Timor.

The order, says Amendoeira, reflects both the development of the firm's practice and of its clients. "Our strategy has always been to focus on the lusophone world but also the types of clients with interests in these countries. If we see consistent client demand then it makes sense to cross-sell our services."

Miranda has however now expanded beyond its lusophone core to other regional locations, including to Spanish-speaking Equatorial Guinea, a country which presents investors with political and human rights issues, and was a move mostly driven by the firm's existing clients in Angola and Mozambique, he says.

The firm's decision to last year add Brazil to the Alliance reflects the changing nature of that country's economy but also an acceptance by the firm of the value it could offer clients there, he explains.

"Within the African countries in which we operate there are usually few law offices that can offer the requisite international level of expertise and service, and where we have purposely sought to fill that gap. Such a strategy would clearly not be possible in Brazil and so there we ultimately saw a value in joining with an existing law firm."

The selection of Rio de Janeiro's energy-focused Bichara Barata Costa & Rocha, after a three-year search, reflects both the growing importance of the oil and gas sector to Brazil's economy, and the scale of its own domestic potential, says Amendoeira.

"At the start of the decade very few, if any, of our oil and gas clients were looking towards opportunities there – it was not among their priority target markets. Now it is a different situation."

Challenge

International expansion has not however been without its challenges, admits Amendoeira, with a major issue being the firm's ability to find lawyers capable and willing to develop its international offices.

Indeed, it is an issue that the firm's competitors also pick up. "I can imagine that asking a young lawyer to move himself and his family to Luanda may not be received in quite the same way as a move to London might be," suggests one Lisbon managing partner.

The issue became apparent to him in 1997, Amendoeira says, when he undertook a factfinding trip to São Tomé to meet local lawyers and to assess the likelihood of developing a local practice. "Our desire to open there was driven by a major client, but it quickly became apparent that of the few full-time lawyers there, none had the necessary experience or expertise to meet even our minimum requirements."

"I think that we may have previously been perceived in the market as too English. We were always dealing with the major international banks and financial institutions but almost all of the clients came via London."

One solution for the firm has been to capitalise on the appeal of Portugal's universities to students from lusophone Africa, and from where Miranda now recruits many of its international lawyers.

"We are able to access and recruit high quality candidates and train them locally in the Lisbon office before they relocate. The ability for us to offer a young lawyer the opportunity to return to their home jurisdiction with the support to build a stand alone practice is not one that they encounter everyday."

The model is one that Miranda has used in a number of its offices, including São Tomé and more recently in Equatorial Guinea, where the firm has two locally-qualified lawyers and three Portuguese qualified lawyers who rotate their presence.

Miranda's continuing focus towards countries in which it is not always easy to do business, to offer locally-qualified lawyers and a level of service and international expertise that cannot be found locally, is the foundation of the firm's success, says Amendoeira.

"Many of the local lawyers in the markets in which we are active cannot operate in English or indeed they have political posts that might present problems under, for example, the US Foreign Corrupt Practices Act. Our ability to offer a credible local alternative is a significant differentiator."

Domestic success?

Some suggest however that Miranda's international growth has come at the expense of its domestic Portuguese profile. It is a point of view that Amendoeira accepts may exist, but which he nonetheless rejects.

"The Portuguese legal market is highly competitive and crowded. But you have to be able to distinguish yourself and often this is done through a particular characteristic. We believe that when companies in Portugal, and even those outside of Portugal, think of the lusophone world they think of us first."

Miranda may not be the largest law firm in Portugal but its practice is nonetheless significant, he emphasises. While the firm does not record the geographic split of all of its work he suggests that around 50% is of domestic Portuguese origin.

"If we had wished to increase our domestic profile then clearly we could be more aggressive but that is not in line with our goals. We have the exact opposite of a 'growth' strategy. We want our lawyers to operate better between practice groups and for there to be greater co-ordination between our offices."

The firm has been cautious about its media profile, he admits. When a firm is recognised for something that is unusual in the market then it is hard to avoid clichéd headlines, or to rise above what may be outdated perceptions. Indeed, competitors Iberian Lawyer spoke with were surprised when told of the firm's relative size.

"The dramatic pace of the developments being undertaken in many of these countries is inevitably headline-grabbing. Mozambique is seven times bigger than Portugal, Angola is twelve times bigger, and Brazil is bigger still."

Agostinho Pereira de Miranda



"It matters very little, when looked at as a whole, though whether the Miranda Alliance's head office is in Lisbon, Luanda or Maputo, so long as our clients are happy" says Amendoeira. "We are not concerned about being the biggest law firm in Portugal. In fact we believe that such a preoccupation is a distraction away from better working."

In any event, the scale of the opportunities presented by the lusophone countries means that it is perhaps inevitable that there may often be a greater profile towards the work that is done there, suggests Pereira de Miranda.

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But whether Miranda is measured by quality, size or revenues then Amendoeira is also confident that it is undoubtedly within Portugal's top tier by size and revenue. He may dismiss the strategic relevance of Portuguese law firm offices outside of Lisbon but the firm has in the past year however opened a second domestic office in Funchal, Madeira.

Such a move was though entirely opportunistic, he says. "Two lawyers from another firm became available and the office presented a relatively low cost way to enhance the scope of our African practice – the firm's operations there are predominantly confined to facilitating clients' use of Madeira as an entry point."

Future growth

Although some law firm leaders in Lisbon might have once questioned Miranda's status as a credible domestic competitor, few doubt the strategic counter-cyclical comfort of its international practices. African projects work may prove more profitable than domestic Portuguese work. Indeed, some suggest that the firm would make an attractive merger target.

Miranda remains content to develop along its own lines albeit in the current economic environment, Portuguese businesses and the law firms that advise them will increasingly have to look outside of Portugal's own borders for new opportunities, believes Amendoeira.

"Miranda's growth will undoubtedly now be focused outside of Portugal. There is little sense in us focusing on a market such as Porto, when clients place a much higher value on our ability to offer top level international expertise across Africa," he says.

He is though unconcerned by the threat of increased competition from his peer Lisbon firms in, for example, Angola. "Ten years ago we were the only credible Portuguese law firm in the market, but we always accepted that this could not last and that other Lisbon firms would have to launch there. What surprised us was that it took so long for them to do so."

Among the leading Portuguese firms now with a formal Luanda presence include both PLMJ and Abreu Advogados, whilst a number of others have informal connections.

The rate of economic development and the scale of opportunities being presented there and elsewhere across Africa means that there is clearly room for more players, says Pereira de Miranda.

"It is already a large market but one that is getting ever bigger. If in Angola our market share should fall then the increasing size of the pie will more than make up for it."

In any event, Amendoeira acknowledges that there is little the firm can do to prevent an increase in competition. "The rule I have in life is that if you cannot influence the situation then do not worry about it. The issue for us is to keep our focus on our practice and to maintain our levels of quality and service, and not to get distracted by events we have no influence over."

Only a few years after the end of a war in Angola, for example, the firm is now advising on investment flows out of the country including into Portugal. Angolan investors have reportedly built stakes in BCP Millennium and Galp among others, albeit to date most foreign Angolan investment has been made through the state oil company, Sonangol.

"Europe is expensive, relatively unknown and a long way away for most Angolan investors, and there are proving to be many attractive options on the doorstep, in neighbouring South Africa, Mozambique or Congo," notes Amendoeira.

Own criteria

It is important however to accept the issues and challenges that the firm's core markets present, believes Amendoeira. The firm cannot therefore afford to be distracted by fluctuations, for example, in the price of oil, gas and other commodities that underpin many of the economies in which they now operate.

"It is not credible to worry about stock market valuations on a daily basis. You have to believe that there are strong and continuing reasons to focus on the markets on which we focus."

The current global economic situation may inevitably have an impact on the pace of the firm's future growth but it has not removed its targets altogether, he emphasises. "It is perhaps not the best year in which to undertake large investments, but we continue to assess our options in commodity rich countries close to where we already operate."

What is important is to be able to set your own targets and criteria, he says. "Our future emphasis must be in Africa, and our target countries rich in natural resources. The legal system must be based on civil law, we accept that we cannot compete in common law countries, and we must have existing clients already operating in them."

In addition, he says, any new office must be close to an existing office, so that we can build on infrastructure and communication synergies. "There are a few African countries who meet all of these criteria."

This approach, he accepts, is not within the general scheme of most Portuguese law firms, let alone international law firm, strategies. "People might say we are crazy, that Africa is an unstable part of the world and a difficult place not only to develop a practice but even in which to do business. And that is the primary reason we have it as our focus."

Miranda has made the decision to commit to the markets in which it now operates, to maintain the level of its operations in both the good and the difficult times, and to potentially expand further into Africa, he says.



"The flip side of the opportunities that these markets present is the risk involved. At the end of the day, as long as we have a clear strategy and the commitment to make it happen, then there can be huge opportunities."

The firm's strategy may seem unorthodox when compared to its Lisbon peers, but it remains happy to fly the lusophone flag albeit its ambitions now look to be extending beyond the relative comfort of the Portuguese sphere of influence.