

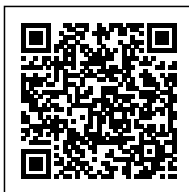
'I NEED VERY GOOD LAWYERS AT VERY GOOD PRICES'

Posted on 13/11/2017



Category: [Uncategorized](#)

Tag: [cat-clientview](#)



Grupo Pullmantur's Javier Somoza says clients do not have to go to top tier law firms to find high quality lawyers, with highly recommended legal advisers available at 'affordable' firms

Even in improving economic conditions, money is still an important factor when clients are choosing

an external law firm, says Javier Somoza, vice president and general counsel at Grupo Pullmantur in Madrid. "This year the economy is working better for us, but over the last three years, my legal budget has been reduced by around 20 per cent overall, and I do not expect the pressure on the budget to be reduced even if the economic situation improves" he explains. "This means I need very good lawyers at very good prices."

The legal department at Grupo Pullmantur handles all types of legal work except labour and tax. In the foreign countries where Pullmantur operates, most matters are outsourced; however, Somoza adds that there are three circumstances in which the company needs to outsource to external law firms in Spain: "Firstly, when the matter is urgent and, even if we have the expertise, we just cannot meet the deadlines. Secondly, for very new, specific or technical matters in which we are not experts. And thirdly, when Grupo Pullmantur is involved in a significant M&A transaction where we feel more comfortable seeking external advice."

The company uses different law firms depending on the matter in hand. With regard to "a law firm of choice", Somoza says the company does not have a preferred full-service law firm and instead hires different law firms depending on the nature of the matters. "For M&A, we like working with Pérez-Llorca, while for intellectual property we are currently working with Hogan Lovells," says Somoza. "We also work with other Spanish and foreign law firms and we have found very good law firms in South America, in countries such as Colombia (Phillippi), Costa Rica (BLP), Brazil (Demarest and MFT) and Chile (Claro). As a rule of thumb, we have no preference in terms of which country the firm is from, as what is more important is to have a good understanding and relationship."

However, what the economic crisis has done is to force companies like Grupo Pullmantur to look beyond law firms that "look the best on paper, or those listed at the top in the legal directories" to more affordable firms that "come highly recommended by people we trust," says Somoza. He adds: "What we have discovered is that you can find really good lawyers not only in top-tier law firms."

Somoza says that, possibly in response to this, some of the big law firms have altered their fees. "Even if they do not like to talk about it, we feel that they are making an effort to assist companies which are struggling, which we appreciate," he adds.

For Somoza, extracting maximum value from an external law firm is only possible if there is an open channel of communication and that also includes talking about fees. "Sometimes it happens that I may be happy with the job but not with the fees charged – if they are the right lawyers and we want to work together, we should not be afraid to talk about fees in an open way."

Money problems

Pre-empting money issues not only avoids misunderstandings and problems on both sides, but often provides an incentive for the external law firm to offer a better price, argues Somoza. This is also good because "when they pick the first number, they tend to stay around that number and it rarely goes up too much", he says. Unless there are circumstances that justify a fee increase, generally speaking it does not reflect well on a law firm to raise prices, argues Somoza.

Somoza says that, while he understands the position of law firms, honesty is important. "We have been doing this for a very long time," he says. "We know that mistakes can be made but it's also important to play clean – filing a low (unrealistic) proposal and later increasing it is just not fair since the chosen external firm might be taking the job away from another firm, which made the best real offer."

Somoza says: "We want to build open and long-term relationships in which we are able to talk things through." He adds that law firms need to understand clients' concerns in the same way clients understand the "huge pressure that law firm partners face". Somoza remarks: "This is why sometimes we try to compensate them by agreeing to give them future assignments instead of paying them additional fees. This needs to be a fair relationship for all the parties."