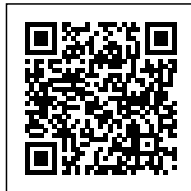


# INNOVATING OUT OF THE CRISIS - PLMJ

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## **Portuguese law firms are finally facing up to the economic environment, and acknowledging that cutting costs and a little imagination are a way out**

At the start of the crisis in 2008, US, UK and northern European law firms cut costs, dismissed partners and downsized. Iberian law firms, however, did not react in the same way, says Manuel Santos Vítor, Co-Managing Partner at PLMJ. "Many did not anticipate it would last this long or be so severe," he says. "We had been hoping things will improve."

But times have since changed dramatically. "Some law firms are fighting for clients on price alone, with probably 90% of mandates being won or lost on that basis," says Santos Vítor. And there are increasing cases of price dumping, he adds. "But those firms are sending the wrong messages; you get more in the short-term but you will suffer in the long-term." If law firms are not generating sufficient revenues or fees, he says, they need to cut costs, explore new avenues of revenue and, as a last option, downsize.

"We are managing costs in terms of operational matters, new investments and suppliers," says Santos Vítor, "but times are demanding that law firms come out of their shells." PLMJ are now doing transactions in places they wouldn't have been a few years ago, such as Latin America, non-Portuguese affiliated African countries and China. "We are also taking the lead in transactions, rather than relying on international firms to do so as in the past."

The big challenge is that law firms are being forced to turn their attention towards their people, says Santos Vítor.

“Everybody in the firm has to play an active role in overcoming the crisis. On top of delivering quality and timely service, lawyers have to be efficient, economic, bill timely and wisely, and collect.” Law firms also need to differentiate between lawyers, he adds, in terms of the results that they bring to the firm as a whole.