

INTEGRATION, EXPANSION AND A NEW DIRECTION FOR SIMMONS & SIMMONS

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Simmons & Simmons was among the first UK firms to arrive in Spain, and while it may have enjoyed early success the time has come, says the Madrid managing partner Richard Armitage, to move things on. Recent client successes have signalled the need for an enhanced service offering, and better integration with the firm as a whole – a process that has begun with the merger of Mochales & Palacios.

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Simmons & Simmons fue uno de los primeros despachos en aterrizar en España, y aunque los inicios pronto dieron sus frutos, el socio director de la oficina de Madrid, Richard Armitage, considera que ha llegado el momento de incentivar el cambio. El éxito reciente con algunos clientes clave ha marcado la necesidad de incrementar el abanico de servicios que ofrecen y la necesidad de mejorar

la integración de la firma de forma mundial- un proceso que se ha iniciado con la fusión de Mochales & Palacio.

Simmons & Simmons' new Madrid offices are a statement of intent, and of a renewed focus for a firm that has been in Spain for seven years already. Now located on Calle de Miguel Angel, Simmons has two floors and double the space of its previous offices in Marqués de Villamagna.

"As a firm we took the decision to increase the presence in Madrid in 2006," says Richard Armitage, formerly global head of Simmons' projects group, and since March 2007, managing partner of the Spanish practice.

"Some of the firm's most important work recently has come out of Madrid and the feeling was that we must try to build on that," he says. "We decided that we need the critical mass to be able to provide the range of services here that an international law firm expects to be able to provide."

Among the notable successes to which he alludes, include acting for Telefónica in its 2005 £17.7 billion (€25.5 bn) acquisition of UK mobile operator O2, and subsequent £2.015bn (€2.9 bn) sell-off this year of O2's stake in the UK emergency services network Airwave. The firm was also retained by Telefónica to lead its first foray into the Asian market, and strategic alliance with China Netcom.

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International

One immediate outcome of the office move is to bring to a conclusion the firm's March merger with local corporate and litigation boutique Mochales & Palacios.

The tie-up virtually doubled the size of Simmons' existing practice, adding four partners and eight associates, to bring total lawyer numbers to 29.

"We had the opportunity to grow with Mochales & Palacios, which we took. I am very happy that the firm's have integrated well, and obviously that we are now all in the same place," says Armitage.

For Andrés Mochales, a founding partner of Mochales & Palacios, his firm's alignment to Simmons importantly enables his lawyers to plug directly into an international practice, with all the associated client benefits that brings.

"We started together in March 2007, but only now has it truly become a reality," he says. "Despite the two firms' obvious differences, what has brought us together is our very similar outlook, we all see ourselves as 'Iberian'."

The ultimate goal is to expand the combined firm's service offerings. "We are now able to act for the same clients but from opposite ends," says Mochales. "We are able to offer our own clients expertise that only a few months ago we couldn't. They now have the comfort of having a truly international firm behind them."

Integration

One of the key reasons behind the relatively smooth merger process, says Mochales, has been the presence of Armitage. "Richard being in Madrid has proved essential, helping us to understand Simmons' culture, the sector approach and practices."

Armitage's arrival comes at a time however when other UK firms have withdrawn their English managing partners, in favour of local management. Ashurst, for example, recently saw the return of Steven Fox to the firm's City base.

Some suggest that Simmons has not yet managed to make the same impact of similar London firms, such as Lovells and Ashurst, and that the Madrid practice has not enjoyed the same reputation as it

does in London and elsewhere. While the firm enjoys a good reputation for corporate work in London, some in Madrid were surprised at its appointment on the O2 deal. Telefónica however, say they were very pleased with the work provided.

Armitage's assumption of managerial control in Madrid has meant the standing down of the incumbent, Luis Felipe Castresana – who helped launch Simmons in Spain in 2000 – to concentrate on client development.

“Luis Felipe operates at an extremely high level within government and business, and as a former abogado del Estado has some vital relationships,” says Armitage.

The strength of personal relationships has dominated how business has operated in Spain, says Mochales, but things are changing. “It is important to have strong relationships, but it is now common for clients to go to firms of a similar tier and ask only for prices – this would have never happened in the past.”

Expansion

Although he may therefore be the last Englishman to lead a Madrid office, Armitage is keen to emphasise that his arrival is not simply a case of London imposing itself on its Spanish office.

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“What has been important, with the firm's expansion, is for me to be able to take a wider view. To ensure that people are not reinventing the same wheel or digging holes. I am able to point people here in the right direction. There is a huge amount of willingness to help and support colleagues across the firm, but first you need to know where to look for it, and who to pick up the telephone and talk to.”

His responsibilities continue however to include his projects role, which inevitably means that he will retain an interest in developments in London. “The largest body of projects lawyers is clearly still in London, however we are looking to diversify teams internationally,” he says.

He points to the Middle East as a notable area of emphasis, and where fellow projects partner Paul Simpson recently relocated to lead the Dubai office. He also notes the success of former financial services head Richard Slater in integrating the firm's Italy practice – and from where, says Armitage, Madrid is seeing an increasing flow of work.

“To be honest, Spain is a pretty good place for a projects lawyer to be based, and not just for domestic PPP and PFI work,” he says.

The major Spanish construction companies are all significant players in the international projects arena, he notes, including Ferrovial, which is a member of the Tube Lines consortium upgrading the infrastructure of the London Underground under a 30 year PPP contract. Additionally, Simmons is looking to support an emerging Madrid PPP (public private partnership) Association – which will comprise constructors, sponsors and banks.

“The firm as a whole is sector driven, and our ability to take a wider international view is clearly in line with our clients who are looking for a cross-border approach,” says Armitage.

“A lawyer's physical location is now much less important, but of course you need to be in the right places in the first place.”

Reinforce

Armitage is keen to emphasise therefore that while Simmons' origins may be in London, almost half of the firm's revenues, and its lawyers, now derive from outside the UK.

"I am keen to reinforce the links between London and Madrid, but equally important are the links between Madrid and Milan, Germany, and of course Lisbon, from where we now have a lawyer on secondment."

The strength of Simmons' Portugal practice, says Mochales, was an important attraction to the firm. "Previously our clients would have gone to a separate Portuguese firm, and in a number of cases it would have been better if we had been able to use our own lawyers."



Simmons remains one of only two international firms in Portugal, where it has offices in Lisbon, Porto and Funchal. Armitage emphasises however that while he is keen to develop stronger ties, and build on existing strengths, his management role runs only up to the border.

"There is inevitably a great deal of interest in Madrid from Portuguese clients, and the size of the Madrid office is important for the success of both the Spanish and Portuguese practices," he says.

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Another key area of integration is integrating the Madrid practice into Simmons' back office technology. The firm is currently undergoing a major technology revamp, which will reach Madrid in October.

"People currently have access to the firm's systems, but it is via a rather indirect route, it is key for people to be able to see all of what is available in terms of databases and know how," he says.

Armitage is a firm believer that through plugging into the firm's institutional knowledge, Simmons' lawyers can work more efficiently, while it can also help in the development of junior lawyers.

"Technology can be a good thing or a bad thing, lawyers can get a lot out of it, but if it doesn't work as you expect then you may be less inclined to contribute to its further development. It is very important to ensure that we have full access, and can give as much as we receive."

On track For the time being, Armitage's focus is firmly on developing and consolidating Simmons' Madrid practice, better integrating the lawyers in the Spanish capital with those in Lisbon, and ultimately the rest of the firm.

Simmons' new offices clearly allow for further expansion. "We are looking to build a critical mass, with the basic plan to increase our size up to around 50 lawyers in the next two or three years," he says.

While the firm's Iberian footprint may be a little broader in Portugal, Armitage is not however contemplating geographic expansion in Spain. "There are no current plans to open in Barcelona, the idea is firmly to consolidate Madrid and take advantage of the opportunities that this presents."

The Mochales & Palacios merger has expanded the firm's corporate and litigation capabilities, but he believes that there remains room for further growth, in areas such as funds, tax and restructuring, but also in competition, where he sees a number of opportunities.

"Spain has new competition and antitrust legislation, and this is clearly an area in which the firm has a strong European reputation. But in all of these areas we will be able to draw on the firm's wider resources."

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The firm's merger may have prompted a review of the Madrid office's management function but it has clearly renewed the direction of the Spanish practice, and generated a momentum on which Armitage is now keen to capitalise. More lawyers and a wider offering will he believes enable the firm to make the impact in Spain that its international client portfolio demands.



Despite recent fluctuations in the international finance markets, and more immediately in Spain's economy, Armitage remains confident therefore of Simmons' new direction.

"What you usually find is that it is events outside of a firm that make things change, but currently we see no reason to alter our plans, we are very much on track."