

# LAW FIRMS FORCED TO 'RAISE THEIR GAME' AS SPANISH COMPANIES GO INTERNATIONAL - BAKER & MCKENZIE

Posted on 09/05/2016



Category: [Uncategorized](#)



## **Companies doing business in multiple jurisdictions 'prefer to work with law firms that are global players' rather than working with a range of different firms**

Spain's economic crisis has forced businesses to expand beyond the country's borders, and that has, in turn, forced law firms to raise their game and do the same, says Javier Menor, a M&A and private equity partner at Baker & McKenzie in Barcelona.

Spanish companies are now highly valued for their geographical diversity – many are operating in Latin America and the Middle East, for example – and consequently law firms that operate globally will always have an advantage, Menor argues. "Companies operating in multiple markets prefer to work with law firms that are global players, rather than dealing with multiple firms," he says.

"Companies seek solutions and global legal partners – they require advice elsewhere with the same level of quality and they expect their legal partner to know their business perfectly and, most importantly, their way of thinking."

### **Madrid and Barcelona in competition**

The recovery is continuing, according to Menor, who adds that 2015 was a “strong year”, while 2016 has also got off to a good start. However, he remains cautious and warns that many are still in a “wait and see” mode regarding the potential for rebounding investment volumes. Menor describes Madrid and Barcelona as being “neck and neck” with regard to attracting investment and adds that both cities were equally affected by the crisis. Though the political crisis in Spain is not yet perceived as an impediment to investment, Menor warns that it could become so in the event that it is prolonged, and particularly if the new government creates policies seen as being an obstacle to investment. Menor says that industrial investors are now competing with private equity firms – not only for distressed assets, but also in an effort to acquire companies that have growth potential. And the private equity funds vying to buy Spanish businesses are both local and foreign, the latter mainly coming from the US. Private equity funds from overseas are taking the view that, with domestic funds looking to acquire companies in Spain, this is a good indication that the country’s economy is on the road to recovery.

### **Investors see Spain as growth market**

With finance becoming more easily accessible, the likelihood of deals being completed is increasing. “There is more willingness on behalf of banks to loan, and that new availability of credit gives an impulse to M&A activity, allowing companies to compete with private equity funds,” Menor says. He adds that investors’ motives have also changed, with investment no longer driven by an opportunistic search for bargains, but rather, an acknowledgement that Spain is once again a growth market and that competition for investment is starting to push up prices.

The crisis, in addition to the increased interest in Spain being shown by private equity funds, has had the effect of making clients more demanding in terms of what they want from their legal services providers. This represents a healthy change, according to Menor, as it has had the effect of increasing the likelihood of clients choosing different external law firms and, as a result, this has obliged law firms to raise their game and improve the services they offer.

Menor says that before the crisis it was more common to see clients remain loyal to one particular law firm, but now they are increasingly likely to work with several firms as they seek a range of solutions to the issues or problems they may have.

In addition, the lawyers’ role and their relationship with their clients is evolving, Menor says. “Rather than simply offering legal advice, lawyers are now becoming business advisers too, with more involvement and participation in a company’s business strategy,” he adds. As a result, Menor says law firms are now obliged to offer a wider range of services, but in addition, it can also give firms an opportunity to increase fees where added-value advice is provided. He says: “Change is something that nobody likes at the beginning, but it makes law firms more efficient, innovative and business-oriented.” Menor believes that, although it was a tough time, the crisis benefited law firms by obliging them to take on new projects and provide a different and more complete service.