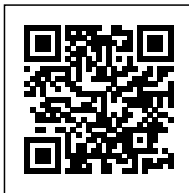


# RAISING THE BAR

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**With one of the best-paying law firms in the world, Latham & Watkins, looking to boost its team in Madrid, rival firms are bracing themselves for a fight as they look to retain their top talent – however, some observers say money alone will not make partners jump ship**

"Latham & Watkins is in hiring mode in Spain." These are the words of one M&A partner based in the Madrid office of a rival Magic Circle firm and they are enough to strike fear in the hearts of managing partners at firms across the Spanish capital. Given Latham's reputation as one of the best law firms in the world to work for – at least in terms of the amounts lawyers can earn – it's a pretty safe bet that they will be able to make offers that will prove severely tempting to pretty much any partner in the Spanish market. Profits per equity partner (PEP) at US-headquartered Latham hit \$3 million in 2016. One managing partner at a leading law firm in Spain says Latham's new Madrid managing partner Juan Picón could be earning up to €4 million per year in his new role. This could be wild speculation, some say that this is more likely to be the size of the pay packets of Latham partners based in London. However, other partners at law firms in Spain – some of whom claim to have been approached by Latham in the past – say that such stories may not be too far away from the truth.

### **Charismatic rainmaker**

Latham currently has 25 lawyers in its Madrid office, but a source close to the firm says the plan is to at least double the headcount in Spain, and maybe even hit the 60-lawyer mark. The firm got the ball rolling by recruiting a new managing partner for its Madrid operation – hence the arrival of DLA Piper's senior partner and global co-chairman Picón, whose move was confirmed in October last year. One senior M&A partner in Madrid says that Latham sounded out a number of highly respected partners at Madrid firms for the role, so why did the final decision go Picón's way? Lawyers in the Spanish market say a number of factors were involved, including the fact that Picón has a very loyal client following, as well as having a reputation for being a rainmaker with a charismatic personality who knows how to look after clients well. Picón was not the only DLA partner to defect to Latham – also joining him were corporate partners Ignacio Gómez-Sancha and José Antonio Sánchez-Dafos.

But the hiring spree will not stop there, with the firm looking to bolster a number of practice areas. A source close to Latham says a banking partner (see box), an employment partner and a real estate partner are among the priorities. And the result is that rival Spanish firms are now gearing up for a fight as they look to keep hold of their top talent. As one corporate partner at a leading firm in Madrid puts it, "this is a challenge for all of us [the top firms in Spain] – lawyers at Latham earn a lot of money." The partner adds: "They are able to offer the top rate and they want more people; this could affect more law firms."

### **Banking on success: Who has Latham & Watkins got its eye on?**

Sources say one of the top priorities for Latham & Watkins' Madrid office is the recruitment of a top banking partner. So who would be the likely candidates? Below is a list of some of the most esteemed banking lawyers in Spain. Could one of them soon be feeling the allure of Latham? Time will tell, but some market sources say that the partners generally most likely to make a lateral move are those close to the end of their careers, or those who are much younger who are willing to make a completely new start at a new firm. Leading banking lawyers in Spain as recognised by Chambers and the Legal 500:

**Carlos de Cárdenas Smith (Uría Menéndez)**

**César Herrero (DLA Piper Spain)**

**Ignacio Ruiz-Cámara (Allen & Overy)**

**Iñaki Gabilondo (Freshfields Bruckhaus Deringer)**

**Javier López Antón (Jones Day)**

**Jesús Zapata (DLA Piper Spain)**

**José Guardo (Clifford Chance)**

**Juan Barona (Linklaters)**

**Juan Hormaechea (Allen & Overy)**

**Pedro de Rojas (Linklaters)**

**Rafael González-Gallarza (Garrigues)**

**Sebastián Sáenz de Santa María (Uría Menéndez)**

### **Under pressure**

Sources say that Latham is currently attempting to entice partners and senior associates away from rivals, particularly the Magic Circle firms. "They're calling our people, even our senior associates," says one partner at a Magic Circle firm in Madrid. Such firms are now under pressure to pay their senior associates more to stop them jumping ship. "We need to be sure we can cover the gap [between what we pay and what Latham pays]," says one partner, who adds that Latham are likely to be offering senior associates at other firms a 20 per cent increase in their current remuneration. The view that Latham's rivals could be forced to increase the level of remuneration they offer their lawyers is shared by some recruiters. Stephanie Greaves, managing consultant at Laurence Simons, says that if there is one firm in the market offering significantly higher remuneration packages to lawyers it may "lead to other partners having much higher expectations in terms of what they want in terms of remuneration, but whether firms respond to these demands is another question". She adds that, in such circumstances, partners "may shop around and may try for a significant rise".

### **Being sensible**

However, other market observers argue that the impact of Latham's hiring spree on the Spanish legal recruitment market in general will be minimal. Silvia Pérez-Navarro, managing director of Iterlegis Legal Staffing Solutions, says: "Top law firms have their own hiring strategy and I do not expect that they will change it for one specific move in the market." She adds that the battle for legal talent is always being fought and Latham's recruitment drive does not change the underlying dynamics. "Top law firms want to have the best partners and recruit them when and as they need," she explains. "I do not think that this particular case will have a specific impact."

Pérez-Navarro also doubts that law firms will, in general, begin offering associates bigger remuneration packages. "Firms have their own remuneration schemes and I doubt that they will change them," she says. Pérez-Navarro adds that, while law firms are offering attractive remuneration packages, they will not be increased substantially and will remain "sensible". However, Pérez-Navarro says that lateral hires at partner level in Spain are on the increase. "The economy has very good prospects in Spain, we recovered from a dramatic recession and so law firms wish to increase their teams to respond to client demand." She adds that, in general, "very reputed partners with a large client portfolio" are in demand, but firms are also looking for more junior partners who may have smaller client portfolios, but also have the potential to develop them. "All of our clients demand that the individual fits into their firm's culture," Pérez-Navarro says. "Real estate, corporate, capital markets, IT law and criminal law are the areas where there is the highest demand nowadays, and a good banking partner is always welcome too."

### **'We are not afraid'**

However, there are doubts about whether a strategy of offering lawyers at rival firms more money to persuade them to join your ranks is one that always pays off. While remuneration is a key consideration when partners move between law firms, there are other factors that influence lawyers when deciding their next career move, according to Pérez-Navarro. "In our experience, salary is an important factor, and should be in line with lawyers' profile and value, but it is not the only factor partners consider when they move," she says. "Other non-tangible and very important factors are the new firm's culture and values, its market reputation and its market and client strength."

One leading corporate partner in the Madrid office of a Magic Circle firm sums up his reaction to Latham's desire to recruit top talent thus: "We're not afraid, we pay well, but firms who don't pay at that level may be more worried."