

# THE IMPORTANCE OF BEING FOCUSED

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**Linklaters is one of only two Anglo-Saxon firms to operate in both Spain and Portugal, and is regarded as among the leading players in both. Such success, say the firm's lawyers, comes from the belief they have in the firm's strategy: premium work for premium clients.**

Linklaters es una firma que provoca opiniones diversas, sin embargo, pocos cuestionan la calidad que muestran sus abogados o el éxito que tienen en la captación de clientes. A pesar de que en Madrid sólo hace 8 años que abrieron sus puertas, y en Lisboa 5, Linklaters ha conseguido visibilidad regularmente debido a su involucración en las más grandes operaciones en la Península Ibérica. El éxito, afirman sus abogados, se debe sobretudo al hecho de centrarse estrictamente en el trabajo de alto nivel para clientes de alto nivel.

The Irish playwright Oscar Wilde is quoted as saying: "The only thing worse than being talked about is not being talked about." In this respect Linklaters has little need to worry. It is often a topic of conversation within Iberian legal circles.

While some competitors might take issue with Linklaters' "aggressive" growth over the past few years, what gains most attention however is the evident quality of the firm's lawyers and its client success.

"They speak our language and know our business. It takes one call and they hit the ground running," says one Madrid banking client.

The past year alone has seen Linklaters' Madrid team act on virtually all of the domestic IPOs, including acting as adviser to the underwriters in last October's €3.45bn debut of La Caixa's investment vehicle Criteria Caixa Corp, and representing Iberdrola Renovables in its December €4.5bn December IPO – Spain's largest ever. In addition, the firm has had considerable success in private equity, real estate and competition, acting for clients including Permira, PAI Partners, FCC, ACS, Gas Natural, Metrovacesa, and Telefónica.

In Lisbon the firm acted for Banco BPI in its defence of Millennium BCP's €5.32bn hostile merger bid, and in the past year the subsequent friendly approach by BPI for BCP, as well as Barclays Capital on a US\$3bn revolving credit facility for Energias de Portugal (EDP), and advising the financiers behind the US\$800mn (€550mn) acquisition financing of Mozambique's Cahora Bassa

## **Blueprint**

With 30 offices in 23 countries, around 540 partners and over 3,000 lawyers in total, Linklaters is among the top ten largest law firms in the world by size, and reportedly number two by turnover – with revenues of around £1.12bn (€1.5bn) in 2007.

In Spain and Portugal however the firm has chosen to remain small. With only 12 partners and 85 associates in Madrid, and six partners and 33 associates in Lisbon, being so compact also, say some, helps make it among the most profitable law firms in Iberia. Performance that is clearly impressive, but all the more so for a firm built from the ground up and which only opened in Madrid in 2000 and in Lisbon in 2003.

Despite such success Linklaters' arrival was not however straight forward, admits Miles Curley, the partner who first led and subsequently oversaw the development of the practice in Spain, and had a significant hand in its development in Portugal.

First established in London in 1838 as Dods & Linklaters, it took however another 150 years before Linklaters & Paine made a concerted effort to expand internationally. "It was a strategy paper written in 1996 by a tax partner, Tony Angel, that set the blueprint for Linklaters' international expansion and subsequent global success," explains Curley. It was a strategy that Angel also ultimately oversaw, serving as managing partner of the firm for a decade until he stepped down last January to be replaced by former Head of Asia, Simon Davies.

## **Jilted**

"By the mid-1990s Linklaters was to an extent playing catch-up with some of our London 'magic circle' rivals that had already expanded successfully into Europe, so we clearly needed to do the same," says Curley.

The firm's European strategy was initially focused around its membership of the Alliance of European Lawyers, to which it had been introduced by Spanish member Uría Menéndez. Curley had spent the early 1990s on secondment with Uría Menéndez and it was to the firm's offices in Madrid that he relocated in 1997 to act as the Linklaters liaison partner. "Spain was identified early on as a priority market and where we saw a real strategic need to open," he says. Linklaters' early ambitions were fulfilled through the 1998 creation of Linklaters & Alliance, and subsequently mergers with German member Oppenhoff & Rädler, Lagerlof & Leman in Sweden, and De Bandt van Hecke Lagae

& Loesch in Belgium – it failed however to convince Italian member Gianni Origoni Grippio & Partners and De Brauw Blackstone Westbroek in the Netherlands to join the enlarged entity, while France's Jeantet & Associates also went its own way.

By June 1998 Uría Menéndez too had pulled out of the Alliance. "Merger negotiations reached an advanced stage but it was clear that Uría had become disillusioned with the Alliance concept," says Curley. Linklaters thus faced the question of what to do in Spain.

"We talked to a number of firms informally and I think we were regarded as a pretty attractive bride, but our policy had been to merge with leading firms. If this was not going to be the case, then we were left with no option but to develop our own operation."

Curley admits that he was personally very disappointed with the breakdown of talks with Uría Menéndez, although professionally he was excited by the challenge now on offer. "I still believe we would have been a great combination. But the alternative meant that I had the opportunity to create something entirely new."



## **Build it and they will come**

Curley thus went out to the market to recruit, which he acknowledges caused waves at the time. "There had been very little partner level movement until we arrived and we were targeting ambitious and senior people. We were not looking to build a local branch office but a leading national practice."

Among the first to make the move across was Alvaro Sáinz in 2000, a corporate partner at Garrigues. "It was the attraction of the Linklaters project that persuaded me to join," he says. While Garrigues had built an international practice focused on inward investment there was an emerging need to cater to Spanish companies' international expansion, he says. "Linklaters at the time offered a unique platform to manage those investment flows, and was clearly a very serious operation."

"Some people may call our growth aggressive, but I regard it as having been ambitious," says Curley. "We purposely sought out lawyers that we considered capable of developing a Linklaters practice, and we have been proved correct."

Pedro de Rojas, co-head of banking in Madrid, admits to a degree of adjustment following his arrival as an associate in 2001. "Obviously I already had international experience but at Linklaters I felt that things were back then a bit more advanced. The clients were more sophisticated, and the transactions were more cross-border."

Curley disputes any belief that the firm's lateral hires have had however to improve their performance to prosper. "The people we attracted were by definition very highly motivated, already doing similar work, and were very successful where they were."

## **Practice development**

But if Curley had little doubt that Linklaters could attract the right talent, it was, he admits, more of a challenge to convince potential clients of the credibility of the firm's new operation. "Good people attract other good people. But the issue early on was how to get our brand known among the domestic Spanish banks and corporates, which was vital if we were to build a national practice."

Sáinz agrees that the early sale of Linklaters was not always straight forward. "Linklaters was clearly well known in legal circles but not in domestic business circles. To make an impact on the local market it helps to have the support of a big network, but you also have to convince that network that

you can match their expectations locally."

The firm's success, they say, has been a product not only however of the quality of its senior hires but also the ability to spot emerging talent. Among those to have joined as associates include partners Ignacio Paz and Rafael Molina, now head of real estate.

It hasn't however been one way traffic. The firm has lost talent too, notably managing associate Javier Fernández-Samaniego to open Bird & Bird's Madrid office. And some firms hold Linklaters to blame for the change in work status of lawyers from self-employed to employed, following the dismissal of an associate in 2004 who subsequently claimed severance pay.

"We are very direct with people about the opportunities on offer and don't play with people's expectations. The demands made are very high, but the quality of those that make the jump to partnership is also very high," says Sáinz.

Despite suggestions of a tough culture, de Rojas points to the unity of the partnership. "One benefit of having grown through lateral hires is that there is no baggage here, no legacy culture or clients. The Linklaters culture is very tangible. The founding partners of the office get on very well and we all believe in the project."

## **Premium product**

A recurring theme for Linklaters is its demand for efficiency, in both management and practice emphasis. Over the last decade it has increasingly focused operations towards premium work for premium clients. "We are very efficiently managed as a firm, and at the same time very profitable. We want to remunerated for our services," says Curley. "Admittedly there are some that don't want to pay our fees, but that at the end of the day is their choice."

Among the international clients that are willing to pay include Morgan Stanley, Royal Bank of Scotland and ING, alongside local clients including Banesto, La Caixa and Iberdrola.

The ability of the Madrid office to draw on the cushion of the firm's wider global network is clearly an advantage, says de Rojas. "But we have to keep focused also on the domestic market – we are after all Spanish lawyers."



The Madrid office is a good example of how Linklaters works outside London, he says. "We are closely aligned to how London operates, but have replicated that practice and client emphasis on a local level."

## **Management role**

Clearly there is much analysis that goes into Linklaters' strategic decision-making. But despite the significant impact of partners such as Tony Angel on the firm as a whole, and Curley in Iberia, and unlike in Lisbon where Pedro Siza Vieira leads the office, there is now no figurehead in Madrid.

Since Curley stepped down as managing partner in 2005 operations have been overseen by a management committee currently comprising, Sebastián Albella Amigo, Conrado Tenaglia and Rafael Molina.

"Even while I was managing partner I always operated with a management committee, and an important role of mine was to create a management structure capable of running the office without me," explains Curley.

It is important to give people the opportunity to develop, and to spread the management load in an effective way, he says. "Besides no one stepped up and said they wanted to replace me."

Among the demands placed on partners also is continuing professional training, for which Linklaters has an agreement with Harvard Business School. Rafael Molina is among those to have attended a course at Harvard.

"It is certainly challenging but what I took most of all from it was the importance of having a clear simple strategy, of believing in it and having the courage to fulfil it: premium work for premium clients," he says. "It is not always easy to say 'no' to work and clients that do not align."



## **Future perfect**

While the current economic issues may seem troubling for some clients and law firms, Sainz nonetheless believes that Linklaters will adapt. "The nature of deals is clearly changing, there are acquisition opportunities for healthy companies, while less healthy companies are looking to make divestments, restructure or refinance."

De Rojas agrees, "We have the correct size and shape without being oversize. There is still money being spent but the due diligence will clearly take longer, while many finance clients are demanding closer attention and the restructuring of syndicated deals."

Linklaters is clearly not looking to put its growth plans on hold, says Sainz. "The quality of the people we have means that we have the flexibility to develop new products, and the pipeline of managing associates here assures me of our future success," he says.

Success ultimately comes down to the need for excellent lawyers, the right clients, the right work, and to deliver the best service, says Molina. "If you get these things right then everything else should follow."

And despite suggestions that he has returned to London, Curley remains in Madrid although his role as global co-ordinator of the firm's Transport and Logistics Group means that he earns more than his fair share of air miles, he says. "The Group is closely aligned to what the firm wants to do internationally, and I am currently happy to be back in full-time practice."

To borrow from Wilde, despite media predictions that the economy may be heading downwards Linklaters nonetheless continues to reach for the stars.