

THE MANY FACES OF GARRIGUES

Posted on 26/04/2007



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Despite the imminent departure of their President, Antonio Garrigues, Spain's biggest law firm is still planning to get bigger.

Este año viviremos la jubilación de Antonio Garrigues Walker, un hombre considerado por muchos como uno de los pioneros del mercado de la abogacía de la Península Ibérica. Aunque es reconocido como el artífice de la transformación de Garrigues como la firma de abogados independiente más grande de Europa, él insiste en que su despedida hará poca mella. En una entrevista con Iberian Lawyer, predice que en el futuro sólo veremos diez grandes bufetes de abogados de escala internacional, con oportunidades en América Latina, lo que permitirá a Garrigues convertirse en el primer gabinete de abogados Iberoamericano de ámbito mundial.

The coming months will see the retirement of Antonio Garrigues Walker, a man seen by many as a pioneer of the Iberian legal market. While he is credited with transforming Garrigues into Europe's largest independent law firm, he insists that his departure will have little impact.

The future will see only ten global law firms, he predicts, with opportunities in Latin America enabling Garrigues to become the world's first Ibero-American law firm.

A pioneering spirit

Founded in Madrid in 1941 by brothers Joaquín and Antonio Garrigues Díaz- Cañabate, Garrigues has subsequently been a pioneer of legal principles and practice.

The firm is now the largest in Spain, as well as the largest independent law firm in Europe by number of lawyers. But while Garrigues may have looked outside Spain for opportunities almost since its formation, the firm's current international spread is only an indication of its global ambitions.

The man largely responsible for the evolution of Garrigues from a small commercial practice to an aspiring international giant is the President, Antonio Garrigues Walker. The son of founder Antonio Garrigues, he joined the family firm at 19.

The core of the firm's subsequent success, he believes, has been the emphasis on building an institution. Spain has never been short of excellent lawyers but too few realised the importance of creating a partnership, and instilling a lasting culture.

Garrigues Walker's mother was American and from the outset Garrigues was fortunate to be involved in US-Spanish issues. It was this transatlanticism, he says, that instilled in him the desire to build a "modern" law firm.

"Through my mother we had connections with the US embassy and with Americans coming to Spain. When I joined the firm it counted around 12 lawyers, big for Spain, but when I went to the US I saw firms of 200 – 300 lawyers, which was just incredible."

He decided that Garrigues should become a practice-led American-style firm. "But I was also certain that it should be the property of partners, not a single person, and that each lawyer would have to have a career."



But not everyone within Garrigues was happy with the firm's expansion. "My uncle Joaquín disliked it tremendously," explains Garrigues Walker. "One day I was saying that we needed more departments and more specialisation, and he said 'Antonio, you are trying to make a factory'. But he was mistaken."

The firm's managing partner, José María Alonso, admires such foresight. "I think we have now the most complete law firm in the Spanish market," he says. "We are clearly within the top league, although naturally we think that we are the leader, and involved in the most important corporate deals in this country."

Many faces

Despite the tremendous size of Garrigues' modern operation – counting in total 1,660 legal and tax professionals, and revenues reaching €223m – Alonso is keen to emphasise that it remains a traditional law firm.

"I describe this firm as polyedric – it has many faces. It has the face of the traditional law firm, doing the high end deals, it also has the tax capability, and we have many local offices."

While detractors may question the wisdom of a "law firm" that comprises almost 450 tax professionals, Alonso is adamant that the firm's structure makes perfect sense. "Our tax capability is the best in the market – it is something that we inherited, but which now accounts for almost 30% of our revenue."

Such a large number of professionals is largely the result of Garrigues' merger with the mighty Andersen in 1997, and the subsequent short-lived membership of the Andersen Legal network, an adjunct to the Andersen global tax and audit practice.

"At the time tax was considered to be something for the accountants, not for lawyers, but Andersen was already doing commercial law, and we were doing practically nothing in tax, so the synergy was perfect," explains Garrigues Walker.

Even the firm's strongest competitors acknowledge that it survived the scandal that surrounded the collapse of Andersen extremely well, many even going so far as to suggest it was fortunate, allowing Garrigues to recover its name and independence within the Spanish market.

No other Spanish firm, says Alonso, offers the same depth of expertise under one roof. "Tax lawyers are door openers, they are the closest to clients, and are prepared to see opportunities for the rest of the firm. Strategically, the practice is extremely important to us."

Seville to Shanghai

Alonso is equally forthright as to the rationale behind the firm's extensive domestic spread, which extends to 25 domestic offices, although he acknowledges that the strategy confuses some.

Andersen he admits encouraged Garrigues to focus on only the major Spanish cities. "They wanted a strategy focused on what they called 'the northwest corner' of the market – strictly blue chip clients and high-end deals. But we correctly predicted the political and economic development of this country, which has become increasingly decentralised."

As a result, he says, Garrigues has been able to ride a national wave of expanding mid-size companies. "Often we lead with tax advice, but subsequently advise in areas such as corporate M&A, litigation, labour, and now public law – more important as new operators enter the autonomous regions."

Alonso is equally surprised by the firm being characterised negatively as a giant. He notes that in many other areas of business, notably banking, bigger is inevitably seen as being better. "Probably the legal field is the only one in which being the largest does not always equate to being the best. This is something that I cannot understand: if we have more lawyers, more offices and more revenues than any of our competitors, might this also mean we are actually better than the rest?"

The firm's lawyers or tax professionals in Badajoz, Seville, or Shanghai, are no less capable or important as those in Madrid he emphasises. "But I think this is the perception. Some say that tax is a second-class practice. We are involved in most of the major deals taking place in this country, and I have to say the tax aspects of those are crucial."

Going global

For all the firm's domestic growth, both Alonso and Garrigues Walker believe that the future of Garrigues will be shaped by opportunities outside of Iberia. Over the past two years alone the firm has opened offices in China, Morocco and, most recently, Poland. Some suggest that their next international move will be to open a London office.

The international arena is one however, in which Garrigues started early. Garrigues Walker recalls that in the mid-1960s he created a pan-European club of law firms – Club de Abogados. "In 1966 we were an isolated country, under the Franco dictatorship. Nobody would come here, everyone was

worried, but the Common Market was being created and I felt we had to look outside Spain to present our services."

By the mid-1970s he says, the firm's international outreach had proved sufficiently successful that the firm had a virtual monopoly on inward investment. He recounts an anecdote. "Henry Ford came to Spain in 1974 to establish a Ford factory in Valencia and said, 'I have heard so much about Garrigues I did not know you were a man, I thought you were some kind of a tax'."

But Garrigues' international affiliations ended with the Andersen tie-up, he says. "At that time the auditors were considered a danger to everybody, the law firms turned against them. The auditors were penetrating the legal market, and that was the price we paid, and it was a substantial price."

As a result of the Andersen break-up, Garrigues had to rebuild its own international network, which currently counts seven offices in six countries, including two in neighbouring Portugal. Additionally, the firm has secured a presence in six key Latin-American countries through Affinitas, the Garrigues-led alliance of law firms created in 2004 that encompasses Mexico, Colombia, Peru, Brazil, Chile and Argentina.



"We probably have a more aggressive international strategy than the rest of our competitors, and I have to say probably because we are also more powerful," says Alonso. "Our domestic size and revenues are higher, so we have more strength from which to develop a strategy."

Alonso emphasises the role of Garrigues Walker in pioneering the firm's international ambitions. "Can you imagine opening an office in New York in the early 1970s when Spain wasn't even a developed country." Garrigues has subsequently been the first Spanish firm to open in Brussels, Casablanca and Warsaw. Further high profile openings are currently being planned.

The strategic international goal of Garrigues now is to be the leading law firm in the Spanish and Portuguese speaking world. "We think there is room and it is a role we have to play. For us it is absurd to try and compete with the Anglo-Saxon firms in markets where they clearly dominate," says Alonso.

"How many global law firms will there be?" questions Garrigues Walker. "Maybe 10, we want to be one of these."

The Latin link

The key to Garrigues' global aspirations is Latin America. The region's increasing economic importance and strong links with Iberia, and the lack of Anglo-Saxon firms, offers a huge strategic advantage to any firm able to establish a leading regional presence.

Affinitas, says Alonso, is therefore more than a mere alliance, it is the key to an enlarged Garrigues. "Our target is to become the first Ibero-American law firm."

Such a strategy is the result of considerable analysis, Alonso emphasises. It has meant ensuring that the US law firms, key players in Latin America, do not perceive an enlarged Garrigues as a threat. "Most of our partners in Latin America get much of their work from the US, so naturally they were concerned about the reaction there."

US firms he now believes are content to concentrate on regional deals. "They don't want to assume country risks, and they don't see themselves competing with the domestic firms for domestic clients, and we don't see them competing for Spanish clients there either."

Latin America may not be a profitable enough proposition for the US firms and those targeting Spanish clients, he notes, are actually placing more emphasis on Madrid than Latin America.

Looking forward

Alonso is convinced that, despite the criticism, the shape and size of Garrigues will continue to prove successful, and continue to grow. It is looking to replicate its domestic model internationally, and over the past year has notably made a series of Portuguese hires to better align the practice.

He knows however that global ambitions require an open-minded and flexible approach. "For our alliance partners to see us as a new Hernan Cortes would destroy us," he says. "We accept the idea that in some years' time someone from Latin America may lead the firm. Why not?"



What is certain is that the future of Garrigues, the firm, will be without Garrigues Walker, the man who helped build the institution. He has announced that he will soon stand down to concentrate on the work of the Garrigues Foundation.

Even in retirement he hopes to remain focused on the big picture, and to pioneer new thinking. A move to Pamplona will bring him closer to the work of the Garrigues Chair in Global Law, which Garrigues has sponsored at the University of Navarra since 2003 – its mission to explore the establishment of global judicial institutions and a global law.

As to life at Garrigues without him, he is clear the firm will achieve great things without him. "People here know I am not the one who decides things any more. I am merely a trophy bride," he jokes.

Nor is he concerned about leaving the firm without any members of the founding family, one of his aims has always been to institutionalise the firm along modern lines. "When people ask me how Garrigues will be without Garrigues – I ask where are Mr Clifford or Mr Chance?"