THE TWO FACES OF BAKER & MCKENZIE

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The current economic situation is presenting new prospects for Baker & McKenzie in Spain believe Luis Briones and Esteban Raventós, respectively the Managing Partners of the firm's Madrid and Barcelona offices. There is now a window of opportunity within which to expand its profile

among the country's major domestic businesses, they say, and they are starting by making high profile hires. The original "global" law firm, the start of the decade saw some question its cohesion, but recent years have seen renewed focus on re-applying the glue binding offices.

"We have a very deep penetration among multinational businesses for who we manage a very broad range of Spanish legal issues. But we are still perceived by some in the domestic market as a foreign firm and who therefore question the type and scale of the work we are doing – our aim now is to alter those perceptions," says Briones.

Baker & McKenzie first arrived in Madrid in 1965 two decades before any other major international law firm. After 45 years of operation it currently counts around 200 lawyers across its Madrid and Barcelona offices. But despite this long local history Briones and Raventós recognise that the firm has perhaps maintained a lower profile than some of the more recent London or New York law firm arrivals.

"We have never gone chasing headlines or had an overt transactional focus. We have always had a much more balanced practice and that is why the vast majority of our clients use us," says Raventós.

The firm's practice focus has therefore always encompassed the range of corporate, commercial, litigation and tax issues, they say, the latter both Briones and Raventós' own area of specialisation.

"Being perceived as a top firm is for some reason associated by some with featuring in the largest M&A transactions, but these are no longer happening in any significant volume. In order to be close to the client we have always felt you have to

have more than transactional expertise," says Raventós.

They accept that there is however now more competition in the firm's better known areas of expertise, as the larger international and domestic firms have sought to diversify their practices. But the current business climate is helping Baker & McKenzie to level the legal playing field, they believe. It is now looking to raise its transactional profile and placing greater emphasis on targeting Spain's major businesses.

La actual situación económica ofrece nuevas oportunidades para Baker & McKenzie en España, según Luís Briones y Esteban Raventós, socios directores de las oficinas de Madrid y Barcelona respectivamente. Entre las grandes empresas nacionales hay un abanico de posibilidades de expansión de negocio, y para responder a estas necesidades el despacho ha hecho fichajes de alto nivel.
"We recognise a need to make a bigger push domestically, to play a larger role in complex transactions, and to compete head-on with the other major UK and Spanish firms," says Briones.

Notable in Madrid has been the appointment of Briones' predecessor Maite Diez as Head of Corporate, after six years leading the office, as well as the recruitment of corporate partner Luis Casals from Gómez-Acebo & Pombo.

Undoubtedly most high profile however has been the appointment of Manuel Pizarro as Principle of the Madrid office. A former Chairman of Endesa, the Madrid Stock Exchange and Ibercaja, recent years

have seen him in politics, as a member of Congress for the Partido Popular.

"Manuel is interesting not merely for having a political background but significantly he is able to combine legal and business expertise. He brings a very deep market knowledge and is able to connect with some of Spain's leading business leaders, it is a perfect fit with our strategic goals," says Briones.

Global changes

The downturn now affecting Spain has helped play to some of Baker & McKenzie's existing strengths, they say. It has not experienced major revenue falls precisely because there was no over-reliance on corporate activity. Labour and tax now account for almost two-fifths of the firm's Madrid revenues, says Briones.

The wider global impact has however helped prompt a re-evaluation of Baker & McKenzie's international strategy and structure. The geographic spread of the firm has helped keep global revenues stable, but there has been recognition of the need to change certain processes including unifying pricing structures across offices.

"The global situation has impacted on the way we are now working and interacting with our clients. But a significant emphasis has also been placed on driving internal efficiencies, to reassess our pricing structures, and to look more strategically at how we can leverage off clients' current and developing needs," he says.

Internally, the focus may have been on better cost control and to understand the way past deals have been structured – you cannot accurately cost matters if you have no previous experience – but Briones especially believes that it is not merely cheaper legal services that clients require. Or that lower fees can help turn around struggling law firms' fortunes.

"We see clients looking to reduce the number of law firms they are using and this will inevitably impact on the market. We are already seeing some of Spain's 'top tier' firms being very aggressive on pricing but that is not a sustainable business model. You cannot build a larger

market share on price alone."

Co-ordination

What clients are looking for is experience, expertise and greater flexibility, believe Briones and Raventós. Their firm's four decades in the Spanish market means that its lawyers are truly plugged into both the domestic legal and business reality but are also uniquely placed to help those businesses now looking to expand internationally.

"The past two years have shown us that we have to adjust to clients' changing needs and demands. We have to be more flexible in the way we work and part of this is communicating how clients can better work with us."

The firm is increasingly being asked by Heads of Legal to suggest ways in which their own departments can function more efficiently and to better align internal and external legal provision, they say.

"Legal departments are service providers and well aware of what does and does not constitute value. But it is important to know when and to whom to ask the right questions. We have to work in partnership and for a firm like ours it can help a great deal if the client also has a well-organised structure," adds Raventós.

Co-ordination is also an important element of how Baker & McKenzie itself works. There is no single Spain Managing Partner and the Madrid and Barcelona offices remain two separate entities. But this reflects the firm's founding principles, says Briones.

"Baker & McKenzie is not colonial. There is no New York or London headquarters telling us what to do. The growth and success of the firm is instead the direct result of recognising and understanding local differences." Collaborative working goes to the heart of what the firm does on both a domestic and international level. It clearly helps however that more emphasis is now being placed on communication between the offices, and that Raventós and Briones get on well on both a professional and personal level.

"Baker & McKenzie is not necessarily organised along geographic lines. Local Managing Partners are more akin to facilitators and instead there is greater emphasis on practice level co-operation. In any event, we want to be very close to our clients and to do that in Spain you need to have both a Catalan and Castellano face."

Curious democracy

Baker & McKenzie is a curious democracy, says Briones. Despite having 700 partners and 3,900 lawyers worldwide emphasis is constantly placed on building a consensus. "Democracy is not necessarily easy but it is the way in which we work."

Post-Enron the firm changed its structure to a Swiss Verein, giving greater local autonomy while at the same time focusing on greater practice integration. This intention may have also been to counter the perception of the firm as a franchise, say others. Nonetheless Baker & McKenzie's Managing Partners now meet more regularly and while costs may be measured locally there is a central profit pool.

"There is a constant demand on partners to vote on proposals and some pretty complex calculations to determine the firm's financial well-being. But the aim always is to ensure that the glue that binds the offices remains strong," says Briones.

An advantage of being a truly global firm and the emphasis placed on practice area co-ordination is that teams can take advantage of both geography and time zones. Likewise Baker & McKenzie can use its economies of scale to drive further efficiencies.

"Clients use us internationally because we can handle their needs wherever they may be. We are truly able to flow matters and issues between offices. But this also means we are able to take a very broad look at how we work, what support we need, and how and where this can best be delivered," says Raventós.

The firm's Manila-based Global Services centre came as a surprise, admits Briones, when he first joined Baker & McKenzie in 2002 but it is an integral part of the firm's infrastructure. A Philippines office was first established in 1963 but the country is also now utilised as a global IT, marketing, business research and document management facility, with similar support centres also now functioning in Mexico and China.

"There has been a lot of coverage recently about legal process outsourcing and how best to manage 'back office' functions but we have been doing this for almost a decade already," he says.

Likewise, Baker & McKenzie is placing growing emphasis on regional Steering Committees to cover practice across the US, Asia and Latin America – with

which the Spanish offices inevitably have a strong interaction, emphasises Briones.

He may prefer not to take on the Madrid Managing Partner role full-time, half of his time is still spent with his tax practice – "Day-to-day the running of the firm is largely done by the support and professional staff, they do not need me to tell them what to do" – but he recognises the importance of focusing on the continued reshaping of Baker & McKenzie's focus.

"My role, and that of Esteban, is to help develop the strategy of the office and implement this within the demands of the larger network. The next Chair of Baker & McKenzie will be a Brazilian lawyer, in Spain as elsewhere in the world we see new and expanding possibilities."