

VUELING AIRLINES: TAKING TO THE SKIES

Posted on 01/05/2006



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Vueling Airlines is one of Spain's current business success stories. Iberian Lawyer spoke to Richard Munden, the Barcelona-based Head of Legal and Government Affairs, to learn how the airline is managing such dramatic growth.

Despite only taking off in February 2004 Spain's budget airline Vueling, is already competing alongside Europe's leading airlines.

La compañía aérea Vueling es un ejemplo de éxito empresarial. Iberian Lawyer entrevista a Richard Munden, Director legal, en su sede de Barcelona. Richard inició su carrera especializándose en PI y derecho aeronáutico. Tras su paso por Virgin Atlantic Airways, ejerció en la firma Freshfields donde poco después fue contactado por Vueling. Su responsabilidad incluye todos los aspectos jurídicos relativos al desarrollo estratégico del negocio y a la relación con clientes. Richard lidera un

departamento pequeño pero con planes inmediatos de crecimiento. Cuenta con el apoyo de tres despachos, los cuales asisten en las necesidades jurídicas diarias, y para casos de mayor envergadura selecciona firmas mediante concurso. Richard Munden afirma estar muy satisfecho con la calidad de los servicios jurídicos recibidos, pero reconoce que para temas especializados (como la compra de aeronaves) suele buscar la experiencia de las firmas de la City en Londres.

Launched with an initial investment of €30m, and financed by Apax Partners, Inversiones Hemisferio (subsidiary of Grupo Planeta) and investors from JetBlue Airways, Vueling has already carried over 2.5 million passengers. A recent satisfaction survey saw it ranked highest among Spanish airlines.

Such success has prompted the announcement of expanding routes and new aircraft. Last year saw revenues of €136 million, and the unveiling of plans for a stock market flotation – possibly by the end of the year.

Long haul

Vueling is rather unique, but so is their Head of Legal, Richard Munden.

Richard is English but was raised in Spain. His father's career as a pilot in the Royal Air Force he says inspired an early interest in aircraft, but nonetheless he chose to study law.

Richard's early career was spent at London media and finance firm Harbottle & Lewis, where he specialised in IP and aviation law. This gave him an understanding of how central IP issues are to a business.

His interest in aviation was reinforced however by a lengthy in-house secondment to Virgin Atlantic Airways, a prominent client of the firm. On his return, he specialised in aircraft finance and leasing, subsequently joining the asset finance team at Freshfields Bruckhaus Deringer where he remained for five years.

It was while at Freshfields, in late 2004, that he was approached to join Vueling. His interview took place in the hotel near Barcelona airport from which the nascent business was being run. It was an opportunity he felt he "couldn't let pass by".

Win win

The legal team at Vueling comprises himself, an assistant in-house counsel, a paralegal and a seconded junior lawyer from the London office of DLA Piper Rudnick.

The secondment he says has allowed him the opportunity to manage day-to-day issues and to consider the size and role of the team going forward. The immediate plan he says is to recruit, and he hopes to appoint two new assistant counsel in the coming months.

But growth will not mean the end of the secondees programme, which he sees as a win-win situation for both client and law firm. The scheme offers additional resource when it is needed, and he believes, the opportunity for its advisors to gain a valuable insight into the airline's operations.

"As our profile grows and our panel firms have a clearer sense of our business needs, I'd hope to have more of them phone me to discuss secondment possibilities," he says. Nonetheless he believes that the use of secondments as a relationship tool is not widely recognised in Spain, and he certainly receives more positive feedback on the idea from the Anglo Saxon firms with whom he works.

A panel approach

Vueling currently maintains a panel of three outside law firms, explains Munden. With the majority of work shared between the two that were already on-board when he joined.

Barcelona-based Balaguer Morera & Asociados is responsible for the company secretarial work, and advises on certain compliance issues. While Perez-Llorca handles much of what work remains, its Madrid office acts as an overflow to the inhouse team, says Munden. It is an "outsourced in-house function" offering general commercial and regulatory advice.

Other legal work is tendered for when the need arises. Soon after he joined he invited a mix of international and domestic firms to tender for brand protection work. He was sufficiently impressed by the London office of DLA Piper Rudnick that it landed the role. A subsequent introduction to the firm's Madrid office has since seen it assist with aircraft leasing and other key commercial agreements.

✖ In general he says is pleased with the quality of the advice he receives. "What I find with external lawyers is that generally the legal expertise is a given. I would not want to instruct a law firm that did not know the relevant law."

However, he sees a tendency among some lawyers to occasionally produce dry, academic pieces of advice. "I don't have the luxury of reading through the jurisprudence. I want to know where we are going and what effect this will have on my business. I want lawyers to come to me with the situation and the solution," he says. A key role of the in-house lawyer he believes is to brief his advisers so they can deliver to this agenda.

In terms of pricing, Munden feels that there is little to differentiate between the international firms in Spain and the local firms. "The firms that stick out as the most expensive are the London offices, but you know that when you sign up with them."

But it is London, he says, he still has to look for aircraft acquisition expertise. "I am not clear that the range of capability and experience I want is currently available in the domestic market."

Enthusiastic

Munden is currently responsible for maintaining relationships with his internal clients, but he anticipates this will to change as both the department and the company grow. He is naturally excited by the prospects that a more strategic role and a larger team will bring. But the need to stay involved in the day-to-day work he feels is "a core function of the in-house role, and a prerequisite to identifying the strategic needs of the company".

✖ Having exposure to the entire breadth of the business, everything from aircraft acquisition, through business development and customer relationship issues, he says is a fundamental attraction of the role. It is this variety coupled with working as part of a "young, dynamic and very motivated team," he says, which keeps both his interest and enthusiasm strong.

In terms of the challenges facing Vueling, he highlights the growing impact of competition and regulatory work. "Slots are the key barrier to entry to our markets and we therefore need to keep a close eye on their coordination across our network."

Vueling plans to grow its fleet from its current level of 11 aircraft to 16 by the end of this year – although it's not every airline that names its latest aircraft after its twomillionth customer. While Vueling has looked at what other budget airlines do, Munden believes it continues to offer a better quality product and service – essential if it is to continue to fly high.

