

WHAT'S IN A NAME: CUATRECASAS GONÇALVES PEREIRA

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Manuel Castelo Branco is clearly a man of patience. Almost 15 years after he first explored the possibility of creating a truly Iberian law firm, his vision was finally realised this year with the creation of Cuatrecasas Gonçalves Pereira – the name signalling the final integration of his own Lisbon-based Gonçalves Pereira, Castelo Branco & Associados (GPCB) with Spain's Cuatrecasas.

"We were always very clear from the outset that our aim was to build a combined firm. We did not want to send out the message that we were mere subjects of a foreign law firm or to give any form of sign that we had been bought," he says.

A former Assistant to the Secretary of State for Finance, Professor of Law at the University of Lisbon and Lisbon Free University, and a UN Counsellor between 1978 and 1982, Manuel Branco helped found GPCB joining Gonçalves Pereira in 1981.

The agreement Castelo Branco brokered in 1996 with the then Managing Partner of Cuatrecasas, Emilio Cuatrecasas, foresaw a process of gradual integration of two like-minded firms. At the time GPCB counted around 40 lawyers with Cuatrecasas slightly larger at around 80 lawyers, the vast majority of which were located in its Barcelona headquarters.

Imperial

The fact that Cuatrecasas at the time had less than 15 lawyers in Madrid was significant as to how any future integration may go, says Castelo Branco.

"We never saw Cuatrecasas as a Castilian firm, perhaps not even a Spanish one, but instead a regional firm – with a dominant profile in Catalonia, Pais Vasco and Valencia."

Such a profile inferred from the outset that the emphasis would be towards respecting lawyers' differences and with a focus on regional autonomy, he says.

"We recognised Cuatrecasas' already established diversity as an excellent model for combined growth. It had experience of managing a multicultural and geographically diverse practice and this could be felt from the top to the bottom of the organisation."

Castelo Branco also found comfort in the fact that he and Emilio Cuatrecasas were in agreement about the future direction of Europe, and what this would mean for Spanish and Portuguese law firms.

"We foresaw that there would be greater economic integration and flows of crossborder business and investment, and that Europe's borders would become increasingly porous. We understood the concept of 'Iberia' with perhaps 65 million people and Madrid as its natural centre."

A formal merger agreement was signed in 2000 with the firms officially joining together in 2003. "Our intention was to eat from the same plate. It was then we became a single firm, with a single profit centre, and full back office integration," says Castelo Branco.

Such a merger may have arguably presented fewer cultural issues than might be found in a merger with an Anglo-Saxon firm – earlier this year Cuatrecasas Gonçalves Pereira chose not to merge with

London-based Herbert Smith.

Manuel Castelo Branco es un hombre paciente. Casi 15 años después de que contemplara la posibilidad de crear un verdadero despacho "ibérico", su idea se ha hecho realidad con la creación de Cuatrecasas, Gonçalves Pereira – el nombre marca la integración final de su despacho de Lisboa Gonçalves Pereira, Castelo Branco & Associados (GPCB) con el despacho español Cuatrecasas. Castelo Branco insists however that the firm is not defined by individual names but by the value each brings to the combined entity. "Gonçalves Pereira, Castelo Branco was a very well-known Portuguese firm and one that could trace its roots back to 1928. Cuatrecasas was known in Spain but not at all in Portugal," he says.

The decision may have originally been therefore to play to their own domestic strengths but the past year has seen the two firms create a common identity.

"Name changes and brand building can be difficult steps, but we felt that if we were to expand as an Iberian firm we could only do so with an Iberian name. We didn't want to be perceived as a Spanish firm with a Portuguese office."

The name change was agreed by a unanimous partner vote, he says proudly. "That was when I felt that the firms' merger was truly cemented. It helped demonstrate a degree of confidence and trust in what both sides could bring to the equation."

Some suggest that losing his name meant a personal sacrifice by Castelo Branco but he is content that the firm he now helps to lead is not only the first – and still the only – truly Iberian law firm but also the first truly Iberian business.

"We are totally and truly integrated and a leading player in both Spain and Portugal, but we are also proud to demonstrate that we do have differences – Santander Totta is merely Santander in Spain."

GPCB and Cuatrecasas however continue to maintain their own local identities and to operate distinct websites, and that has brought about marketing issues.

As one Spanish partner commented, there were inevitably personal sensitivities. "We couldn't expect him to lose his own name on his website and email, but the truth is GPCB is too long for a website and inevitably we may drift towards just Cuatrecasas in time."

Castelo Branco questions the validity of other Spanish firms' commitment to the Iberian ideal by continuing to project their national identity – Garrigues, Uría Menéndez and now Gómez-Acebo & Pombo all operate in Portugal. Others go so far as to say that in Portugal a Spanish name still does not play well to the major domestic corporate or public clients.

"It remains very difficult for Spanish law firms to convince Portuguese lawyers to join them solely for them to manage a branch operation. There can never be the same degree of autonomy," he says.

Castelo Branco now sits as co-Managing Partner of the combined firm, alongside Spanish partner Rafael Fontana, which is led by a seven-member Executive Committee, with Emilio Cuatrecasas acting as Executive Chairman.

"We wanted to build a big full-service firm and to reinforce all of the major practice areas. We have been patient but there has been full dedication on both sides – we are really pleased with what we have achieved over the past 15 years."



“ We embrace the idea of commoditisation because our strategy is not built on presuming we know all the answers. ”

Hugo Écija

Paradise found

Cuatrecasas Gonçalves Pereira now counts 226 partners and 776 associates, with two offices in Portugal, 14 offices in Spain and offices also in Brussels, Casablanca, London, New York, Paris, Sao Paulo, and Shanghai. Last year it recorded revenues of around €240 million.

The geographic and practice spread of the firm, and shared revenues, has clearly helped stave off the worst effects of the financial crisis, believes Castelo Branco.

"We thought 2009 would be much worse than it was, but Portugal and Spain are clearly experiencing different economic cycles – to an extent we have been able to hedge against the worst effects of the crisis."

Portugal may not have enjoyed the same boom as Spain but it has clearly also not suffered the same bust. In any event, Castelo Branco is adamant that the economic pain now being suffered by law firms should be absorbed by the partners and not the associates or staff. But he nonetheless believes that while the first half of 2010 will likely see many businesses still in survival mode, and law firms will also be taking a measured approach, he senses that in Portugal at least there should be signs of economic recovery by the latter half of the year.

Such optimism has also prompted him to temper his earlier belief that the crisis might have signalled the potential end for large multi-practice law firms such as his own. "The clients started to come back to their law firms," he says.

There is though greater demand for a return to a more ethical way of practice, and of business he believes, with clients placing greater emphasis on service and quality, and for firms to return to a more collegiate way of practising.

"I have been in situations previously where I have had to tell clients I cannot sign off a deal because of the implications and conflicts involved – the role of the independent lawyer remains a powerful one and which we must now reassert."

There may not yet be any stand out good news about the Portuguese economy, but there is significantly less bad news, he says. "I am adamant that the excesses we saw over the previous decade will not return, but 2010 will likely be less difficult than 2009. All the signs are that the worst of the recession is over."

He is aware though that the role of lawyers in deals may be changing, and that firms have to demonstrate the real value they can bring to transactions.

"Fifteen years ago, a client would not do anything without their lawyer signing the matter off. Now clients hold commercial meetings that exclude them. We have to show that we can bring value – arguably some of the financial crisis came about because some financial institutions thought they could act without their lawyers' advice."

Deals are though emerging in Portugal, he says. The banks are more stable and have started lending again, and some companies are contemplating growth. "From standing on the verge of the abyss we are now back out on the plains and looking out to sea again. Let us hope that people are not becoming greedy again."

At 56 it is not yet time for him to hang up his practice, he says, but he is aware that having helped build a strong and stable institution he must think about a new generation of leadership ultimately taking over.

"Emilio and I are both aware that there will come a time for us to move on but that the names Cuatrecasas Gonçalves Pereira will continue to thrive, even without us. For our part, the next few years will see us putting the relevant mechanisms in place – we have already achieved more than we thought we would. More than I thought we ever could.'