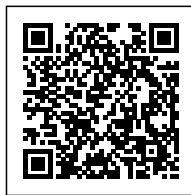


# YOU WIN SOME, YOU LOSE SOME - CMS ALBIÑANA

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**In the current climate where Iberian markets are in crisis, some say the only way to survive is by having a strong international presence either through own offices abroad or being part of an international organisation.**

For Rafael Suárez de Lezo and César Albiñana, who first came together as Albiñana & Suárez de Lezo, the route they choose was to join the CMS organisation – made up of 54 offices in 28 jurisdictions and around 2,800 lawyers.

Some, however, question if the firm has suffered a subsequent loss of position in the domestic market and whether the CMS network has indeed managed to bring together finest law firms from each jurisdiction. But with names such as CMS Bureau Francis Lefebvre (France), CMS Cameron McKenna (UK) and CMS Hasche Sigle (Germany), however, according to Albiñana and Suárez de Lezo, current Managing Partners of CMS Albiñana & Suárez de Lezo, they are in very good company.

## **Starting small**

The story begins back in late 1978 when Suárez de Lezo joined the law firm Melchor de las Heras. At that time, it belonged to an international organisation of law firms led by the-then Coward Chance, including Portugal's Gonçalves Pereira.

"There was little competition in Spain when it came to dealing with foreign investors," says Suárez de Lezo, "few law firms serviced foreign clients and we were working with the lion's share of US and UK clients doing business in Spain." As an example, they worked on five out of seven IPOs involving Spanish companies listed in New York: Banco Central, Banco Santander, Banco Bilbao Vizcaya, Endesa and Repsol.

"At the time we were more profitable than Uría Menéndez, but that was a long time ago!" says Suárez de Lezo with a smile. The market, however, didn't understand why they were so successful with only 25 lawyers. But that didn't stop all the domestic law firms, bar Garrigues, from inviting them to merge.

But then Coward Chance became Clifford Chance and left the network, and things began to change. Instead of being a colleague, the law firm became a competitor, and Suárez de Lezo says they lost many foreign clients as a result. So they had to quickly adapt to the situation, and change their approach and business model. "We were specialists in M&A, litigation and taxation of transactions – a boutique. And we needed to become more of a one-stop-shop." Even so, they still managed to maintain a level of high profile foreign clients, however, including representing the Investment Office in all Chapter 11 bankruptcy proceedings.

### **Bigger is better?**

In 1995, the firm was joined by César Albiñana and became Albiñana & Suárez de Lezo. Albiñana had previously been, among other positions, legal adviser to the Minister of Economy and Treasury and General Secretary of Banco de Crédito Industrial. And his management expertise, and new ideas of ways to adjust the firm's delivery of services, was, says Suárez de Lezo, a stroke of luck. "We improved dramatically!"

They branched into new areas, and became very involved in public tenders including advising Canal + in the context of the privatisation of the public TV service, the second telephone GSM licensing of Airtel (now Vodafone), advising Mercedes on the privatisation of Enasa, Spain's biggest truck manufacturer, and also Arbed in the privatisation of the steel industry.

Albiñana also, little by little, convinced Suárez de Lezo to make small adjustments that, he said, would get bigger rewards, including introducing 'Catedráticos' (professors), to bring another dimension to their knowledge base.

Suárez de Lezo, however, believed that while Catedráticos knew a lot about the law, they were not lawyers, as, aside from knowing the law, lawyers need to achieve the goals and objectives of their clients. But, after some persuasion, he saw that the combination was proving very powerful.

"Sometimes it's good to be wrong!"

Albiñana also introduced new departments, including labour, which they say has proved to be one of their most successful areas.

It was when advising one of their clients, Mercedes, that the firm encountered Germany's Hasche Sigle, now also part of the CMS organisation. One of their lawyers, Klaus Sachs, a well-known arbitrator, encouraged them to join law firm network CLA – Commercial Law Affiliates, now Meritas. But soon after, another call from Sachs introduced them to the CMS organisation.

"At that time we had offers on the table from auditors and Spanish law firms wanting to merge, but we weren't attracted by the prospect of a full merger," says Suárez de Lezo. But little by little they began to warm to the potential benefits when it came to raising competitiveness and international profile, and after numerous investigations and meetings, Albiñana & Suárez de Lezo finally joined CMS.

### **Benefits and drawbacks**

It was the attraction of the loose CMS model that sealed the deal. "We liked the idea of a group of independent law firms that were united in terms of coordination," says Suárez de Lezo. Acting as a single firm when needed, keeping their independence, he stresses, was of key importance.

With CMS, they say, their capacity to adapt to the local market is much easier as the big decisions are taken locally. "With Anglo Saxon firms, decisions made centrally maybe right for the whole organisation but you lose opportunities to adapt locally," explains Suárez de Lezo. "And for an English law firm, an English-based company may be rather more important than the local competitor, for example, and that conflict doesn't happen within CMS."

CMS is based on being a non-profit organisation, with each law firm paying the central office – CMS

Legal – a set percentage of their turnover. And it is divided by practice areas and industrial sectors rather than jurisdiction, with global heads. Fernando Bazán López, for example, the Spanish Head of Employment is also Co-Head of CMS's Employment Group.

The biggest advantage, they say, is having the benefits of an international firm and their capacities while maintaining control at a local level. But they are standardised across the board when it comes to fees, so that when each CMS firm is pitching for pan European work they can factor in possible referrals for their colleagues.

Referrals are, of course, a benefit of being part of the organisation. But, some say, having teamed up with a network that has offices in 28 jurisdictions the firm no doubt lost out on referrals from other law firms in these jurisdictions as they are now perceived as direct competitors just by being part of CMS.

## **Challenges**

When it comes to the struggles managing partners in Spain are facing, Suárez de Lezo answers with a smile: "Many!"

As managing partners, there is the challenge of balancing fee-earning work with the responsibilities of leading the firm. While Suárez de Lezo credits his position to his seniority and kind opinion of their partners, he points to Albiñana as balancing that with his experience as a great lawyer and his management expertise.

"But to be a good lawyer, you must have one key priority: the client," says Suárez de Lezo. "So we still adhere to that." And inherent to being a lawyer is the fact that you are not owner of your time, he adds, and that doesn't leave them much time for managing, although they are able to delegate tasks to their internal General Manager

But they stress the importance of law firms being run by lawyers. "A professional manager partner is someone who needs to understand the business of legal services and the practice involved," says Suárez de Lezo, "and unless that person is a lawyer, then people in the firm will struggle to accept their views".

As for the qualities managing partners need to have, they say that it is key to maintain tight control of management, because these are very competitive times, and clients are also very demanding. Suárez de Lezo points, as examples, to Rodrigo Uría and Emilio Cuatrecasas as managing partners that led the way in this approach.

One thing they have instilled is that every lawyer in the firm is trained in litigation. "We believe that to advise on a mortgage agreement, for example, you cannot do it well if you don't know how to enforce the mortgage itself, or how a court would react to non-performance," says Suárez de Lezo. To be a good lawyer you need to know, for instance, how to enforce the obligations of 'doing', he adds. "And there are many out there who have no idea what to do when it comes to non-fulfilment of a contract or non-performance." This is something, he says, not many other law firms do.

## **Going all the way**

Being part of an organisation that is ranked seventh out of European international law firms and twenty-third in the world in terms of turnover no doubt has its advantages. But there are questions as to whether the firm stands up to its previously strong domestic reputation now that it is part of CMS's international organisation.

Albiñana and Suárez de Lezo, however, say they understand this presumption by the market given that they are a 20-partner firm in comparison to their peers of Cuatrecasas, Uría Menéndez, Garrigues, Gómez-Acebo & Pombo, among others "But you only need to look at our client and deal portfolio to understand why this is a misconception," says Suárez de Lezo.

They are day-to-day advisers of Iberdrola, for example, and are advising Pescanova, the Spanish Shipping Company, in their high profile insolvency and actions against their auditors and advising on general corporate matters alongside other international firms. They also, worked on the public tender of Itinere (the toll road business) advising Citibank Infrastructure funds, and advised on

Endesa's €41bn public tender, signed at their offices.

If the game plan is to remain a domestic powerhouse, some in the market say that the firm is in danger of neither being small enough to be niche, or big enough to be one of the major Spanish firms, and that while the alliance provides many benefits it does not have the advantage of a full merger with profit share. Others, however, say they have the best of both worlds, benefiting from quality international referrals, while keeping their Spanish face for the local market.

While a full integration into a CMS unified global firm may be an option in the future, for the moment, the firm remains happy where it is and CMS is not currently considering the possibility. They have no doubt that being part of an organisation has made them far more competitive than before. "It's far better in my opinion," says Suárez de Lezo, "to be Spanish law firm belonging to a network than being the Spanish office of an English law firm."

En este clima económico, donde el mercado ibérico está en recesión, algunos afirman que el único modo de sobrevivir es con una fuerte presencia internacional, ya sea con oficinas propias o como parte de una red internacional. Para Rafael Suárez de Lezo y César Albiñana, que iniciaron su andadura como Albiñana & Suárez de Lezo, la ruta que decidieron seguir fue la de unirse a la red CMS.