



# Competitive advantage

Many firms in mainland Europe have emerged from the recession in better shape than their UK rivals. *By Reena SenGupta*

**T**HOUGH THE CRISIS in the eurozone has cast doubts over the fiscal competence of some governments, it has allowed many lawyers in continental Europe to show their mettle. Work by law firms in Spain and Ireland – in advising savings banks and the financial bail-out, respectively – has contributed significantly to shoring up the stability of those countries.

The efforts of Luis de Carlos, managing partner of Spain's Uría Menéndez, were crucial to the successful reorganisation of the La Caixa savings bank, one of the largest financial groups in Spain. Keeping La Caixa operational as a savings bank was critical to many of the country's large companies, in which it was a significant investor, and to several important welfare projects.

Meanwhile, Pádraig Ó Ríordáin, managing partner of Arthur Cox, was busy behind the scenes advising the Irish government on the legal terms for that country's sovereign bailout under the European Financial Stability Facility. The firm's work will become a template for other countries such as Portugal.

Arthur Cox also continues to create legal firsts as it advises the Irish government on the restructuring of the country's banking sector to meet International Monetary Fund regulations.

Unlike their peers in the UK, continental European law firms have had a better time weathering the global recession.

They were not forced to make large-scale redundancies, and many continue to report that they do not feel the same downward pressure on fees that is inhibiting their counterparts in the UK and the US.

Many continental firms have used the past three years to consolidate and innovate without the burden of outside competition. In some cases, they have been able to narrow the gap between themselves and UK firms, which have traditionally been seen as more corporate in structure and better managed.

Spanish firms have consistently shown their ability to compete against the larger, more advanced UK law firms. Possibly as a result of this competition and their own national culture and tradition, the Spanish firms have developed into outward-facing legal businesses, able to work in emerging markets such as Latin America and China.

They have also begun to devise sophisticated compacts with their employees that rival – and in some instances exceed – those of the UK firms. For example, Cuatrecasas, Gonçalves Pereira has a strategic approach to cancelling out gender inequality and meeting the needs of Generation Y that is comparable to the approaches taken by other professional services firms such as accountants and management consultants. Many UK law firms are still merely tinkering with such issues.

The other type of firm that has been innovative in continental Europe is the boutique, a focused or newly established practice that has the freedom to create new ways of working and fresh approaches to client relationships.

Notable among these are Portolano Collelo Cavallo, the Italian media firm that continues to create and sustain its

competitive advantage through a self-awareness and commitment to innovation that is missing in many larger law firms. Its ability to innovate means it has enjoyed compound growth of 65 per cent

in turnover since the financial crisis and, despite a freeze on fee levels, its profits per equity partner increased by 47 per cent in 2010.

These impressive financials have been achieved through a relentless focus on strategy and on the implementation of forward-thinking accounting techniques. "We continue to think of and manage ourselves as a business," Portolano says.

Like many of the most successful European firms, Portolano saw the financial crisis as an opportunity to get closer to clients, and to redefine its

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offering in a repetitive and staid legal market. Assistenza Legale, another Italian firm, was born in the wake of the Bersani decree of 2006, which started the liberalisation of the legal market in Italy.

Founded in 2008 in Milan, Assistenza Legale, which calls itself a “disruptive innovator”, gives consumers and small businesses access to the law in an unintimidating environment. The first consultation is free, and with more than 20 offices and 100 lawyers, the firm has rapidly evolved into a provider of essential legal services to Italian business, 95 per cent of which have fewer than 10 employees.

Meanwhile, Germany-originated Noerr has gained significant recognition for its fearless approach to taking strategic gambles. Its establishment as a multidisciplinary practice, which includes consultants and auditors, and its recent conversion to an English limited partnership, are two of the signs that this firm is one to watch.

Unsurprisingly, its creative thinking has helped it come up with an approach to Generation Y called “Noerr 2015”, which it hopes will have changed the way the firm works by that year.

Broader-based practices that are leaders in their countries for innovation include PLMJ in Portugal. Similar to Garrigues and Eversheds, the archetypal Spanish and English law-firm innovators, PLMJ has a string of national offices.

It decided some years ago to diversify into markets outside Portugal, with offices in Africa and Latin America. In spite of its home economy’s troubles and the relatively small size of its legal market, PLMJ continues to be optimistic, and it recently opened an office in Mozambique.

The top-ranked continental European firm this year in the FT Law 50 is Garrigues. Its merger in 1997 with Arthur Andersen, the accountancy firm, reinforced a tradition of entrepreneurship. Every year the firm launches a string of insightful initiatives, such as multidisciplinary teams of professionals who can offer more rounded advice to clients.

Along with its European peers, Garrigues exemplifies a continental European legal profession that is unafraid to take bold decisions and experiment with structure and approach. ■



## CONTINENTAL EUROPEAN FIRMS

Firms (in alphabetical order)	2011 total score for all entries submitted	Number of stand-out entries in FT report	Number of highly commended entries in FT report	Number of commended entries in FT report
Arthur Cox	68	1	0	1
Assistenza Legale	19	0	1	0
Bredin Prat	41	0	0	1
Cuatrecasas, Gonçalves Pereira	263	1	3	2
De Brauw Blackstone Westbroek	36	0	1	1
Garrigues	264	1	3	3
Hergüner Bilgen Özeke	134	0	0	1
Kromann Reumert	60	0	1	1
Kyllingstad Kleveland	18	0	0	1
LABLAW	19	0	1	0
Legal Grounds	17	0	0	1
McCann Fitzgerald	124	0	1	0
MLGTS	18	0	0	1
NautaDutilh	17	0	0	1
Noerr	72	0	0	2
PLMJ	134	0	0	2
Portolano Colella Cavallo	41	2	0	0
Țuca Zbârcea & Asociații	200	0	0	1
Uría Menéndez	144	2	2	0
Vieira de Almeida	93	0	0	1
Wolf Theiss	16	0	0	1