

VIP Area

Law firms in Iberia have increased their levels of recruitment in recent months due to an increase in transactional and finance work, however the bad news for younger lawyers is that access to equity partnership is becoming increasingly restricted

The legal recruitment market in Iberia has experienced an increase in activity in recent months, according to recruiters. Alejandro Kress, Iberia head at Shilton Sharpe Quarry, expects recruitment levels to grow this year as the economic upturn in Iberia continues. He says that this winter has already been one of the most active in recent years due to the "restructuring of a number of law firms as well as a more favourable economic and political climate".

With law firms enjoying an increase in work, particularly in terms of transactional and finance-related matters, the hunt for the top lawyers in these practice areas is on. Luis Díaz-Obregón, a senior consultant at recruiter Hudson, has observed growth at international law firms in particular. "The presence in Spain of investors, transactions, and active private equity funds makes it possible to grow in terms of lateral hires in the M&A/ restructuring and banking & finance practice areas," he adds.

For some firms, the preferred recruitment strategy is a blend of organic growth and lateral hiring. Maite Jócana, human resources officer at Ashurst in Spain, says: "On the one hand, our current trainee students from the *Access Masters* will be joining as junior lawyers and on the other, we may hire experienced lawyers in different practice areas before our fiscal year begins in May." Jócana adds that the main challenge is "attracting talent in a hot market". She continues: "Usually all the international firms are trying to strengthen the same areas at the same time, so good candidates



receive several offers resulting in longer recruitment processes, more rejected offers and high salary expectations."

In-house roles in demand

Lillian Bishop, director at recruiter at Armstrong Bishop, says competition is increasing for in-house roles too, despite the fact that the salary and packages on offer may not necessarily be as lucrative as in previous years. "Candidates' motives for moving job have changed," she says. "They are much more interested in doing a job they will enjoy and be recognised for, as well as wanting to feel part of a great company and team – promotions might not always be upwards but they are keen to know how their role could grow within the company as a whole."

Consequently, laws firms have to increase the incentives on offer to lawyers in order to attract them. Díaz-Obregón says that being "more attractive in comparison with other law firms" in terms of the package deal on offer – such as a better work-life balance – is as important as the salary requirements. Successfully recruiting the best lawyers in the market can reflect well on a firm and send out a message that a

high level of client service is a top priority. Juan Manual Chicote, human resources director at Gómez-Acebo & Pombo, says: "Capturing and hiring the best professionals in the market implies excellence and quality of service offered to our clients."

Lisbon-based Abreu Advogados will be on a recruitment drive in the coming year, according to the firm's managing partner Duarte de Athayde. "We are growing in a sustainable fashion and we plan to continue hiring lawyers who fit into the profiles we look for," he says. "As the core areas of practice – commercial, tax, finance and litigation – grow, we will certainly reinforce these teams with lawyers." Athayde adds that an increase in demand from clients for intellectual property and IT-related advice means that Abreu will also recruit lawyers in these practice areas. In addition, Athayde says the firm's real estate practice will also be strengthened.

Although, Abreu is determined to bolster its ranks in the coming year, the firm is unlikely to use the services of recruitment agencies. "This [using recruitment agencies] is not common practice in Portugal," says Athayde, who adds that, due to the small size of



the market, "most lawyers know each other". He says that the firm has had many mergers in the past, which did not involve recruitment agencies.

While some firms are keen to bolster their ranks in 2016, the indications are that Hogan Lovells' Madrid office will not be expanding in the coming year. The firm's managing partner in Madrid, Lucas Osorio, says: "After a decade in Spain, we have reached a size which allows us to provide a full service to the market and to our clients in all practice areas and industries – we are no longer looking to grow exponentially, even though we are always open to new opportunities provided that they present an interesting business case and enable us to add more value to our clients."

Home-grown partners

Firms are not, in general, tempted to make lateral hires simply because they are being overloaded with work. Experts say lateral hires should only be made



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when they fit within the overall strategy of the firm, whether that be in terms of internal growth, expansion into new areas of practice or reinforcing existing practice areas. Indeed, some firms prefer to keep lateral hires to a minimum. Uria Menéndez secretary general Iciar Rodríguez Inciarte says the firm's strategy is to recruit the best young talent, train them in-house and offer a clear career path to become a "home-grown partner". She adds: "Uria Menéndez makes very few lateral hires – a lateral hire is usually strategic in order

to strengthen a particular area of expertise, the challenge is to recruit the right profile who will share the firm's values, culture and work ethic."

The surge in law firm recruitment is starting at ground level with many leading practices in competition to secure the best young talent straight from universities to ensure their future growth.

"Every year, we take on about 90 new graduates and offer over 250 internships," states Ignacio Escobar, human resources director at Cuatrecasas, Gonçalves Pereira. "We have never ceased to hire young graduates, even in the worst years of the recession, although then it was in smaller numbers, however, the number have been increasing since last year."

However, there are concerns in Portugal that there may soon be too many candidates on the market. Rita Alarcão Júdice, PLMJ partner and board member responsible for human resources, says that recent changes to the Bar Association's training

regulations reduced the professional training period with the result that a much higher number of trainee lawyers than expected will be admitted to the Bar Association. She adds: "This means, specifically in relation to the lateral hiring of more junior lawyers in 2016, that

our focus will be on integrating our trainee lawyers and not on actively seeking new lawyers in the market."

Organic growth 'insufficient'

Despite this abundance of young talent, Filipa Mendes Pinto, CEO of Portuguese recruiter Find, states that organic growth is "no longer sufficient" to meet client needs. She says that firms continue to hire at the associate level because they still prefer to integrate an associate with the capacity to become a partner: "From a general point of view,

we agree with such a strategy," Mendes Pinto says. "However, due to the close relationship that we develop with the majority of our clients, we have been increasingly experiencing demand to identify partners in the market that could fit in with their strategy."

However, law firms that place an emphasis on recruiting new lawyers are warned that they must continue to focus on their existing associates and partners or risk losing them to competitors. Caitlin Bookless, senior consultant at recruiter Taylor Root, says law firms are working harder to retain associates considering lateral moves. "Increasingly, firms are trying to 'buy back' candidates who have had offers with other firms," she says. "Good quality candidates are in high demand and therefore these types of candidates will usually receive multiple offers. Law firms need to work hard at differentiating their offers to these candidates with incentives such as increased salaries and additional benefits."

At the other end of the scale, law firms are keen to prune their teams and move on lawyers – particularly those at partner level – who are not producing. There are ever more partners who are not able to generate and preserve business, and they are being invited to leave their firms. Kress says: "This tendency towards improving the profitability of law firms and moving towards a more stable level of sustainability is widespread." Why is this a key consideration? "If law firms are not capable of improving their profitability they will not be able to attract the best talent in the market," Kress explains. "In general, it is clear that the number of partners being promoted to equity partnership at major law firms in the near future will decrease, as has been the case over the last few years." He adds: "Promotions to partnership – and not just the equity partnership – have decreased across many firms, and this will continue to be the case."