

# Annual Report 2023

LawAhead Center on the Legal Profession



# Annual Report 2023

LawAhead Center on the Legal Profession



GARRIGUES



Pérez-Llorca

RocaJunyent



URÍA  
MENÉNDEZ



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Today, after 12 months of activity, we can proudly say that we have achieved our goal for the first year.

## Welcome from **Soledad Atienza**

One year ago, IE Law School and eight top Spanish business law firms launched the LawAhead Center on the Legal Profession, a research and debate center with the ambitious goal of making an impact on society by becoming a relevant forum of discussion on the future of legal services.

Today, after 12 months of activity, we can proudly say that we have achieved our goal for the first year. We have hosted several top speakers and held discussions on key topics for the legal profession, such as attracting talent, artificial intelligence, and gaining a deeper understanding of the US legal market. We have also launched two research projects: one on access to the legal profession in Spain for foreign law graduates and lawyers, and the other on innovation, technology, and interpersonal skills in the legal profession.

We believe the work undertaken by this center is valuable for legal services providers, including law firms, legal departments, and the public sector. In addition, we hope that LawAhead's work will be useful for academic purposes, helping law schools to better understand the current challenges of the legal profession, what the legal profession might look like shortly, and the ideal graduate profile for the current legal market. The knowledge generated by the center may be referenced by academics in the legal field for research and used for teaching and training purposes.

We would like to thank all of those who have contributed to LawAhead via debate, research, and ideas, and we are looking forward to welcoming new participants for this innovative and exciting center's second year. ■

**Soledad Atienza** / *Dean, IE Law School*





IE LawAhead Center aims to be a think tank that researches and analyzes the challenges and opportunities of business law worldwide(...)

## Introduction from **Luis de Carlos**

It is a pleasure to celebrate the first anniversary of the IE LawAhead Center on the Legal Profession and submit our first *Annual Report*.

When we launched IE LawAhead a year ago, we hoped that it would become a center for research and the dissemination of legal knowledge along the lines of the great centers in Harvard and Georgetown.

IE LawAhead Center aims to be a think tank that researches and analyzes the challenges and opportunities of business law worldwide so that Spanish law firms and companies might be up to date and apply the best international practices in the field. To achieve this, we aim to bring academics to Spain from leading universities, general counsels from large multinational companies, and senior or managing partners from leading global law firms. This will stimulate debate and provide information to the sponsoring law firms and a broader audience in sessions open to the public.

In our first year, we have achieved our goals and attracted guest speakers of the caliber of David Wilkins, director of the Harvard Law School Center on the Legal Profession, Madeleine Bernhardt, director of the Center on the Legal Profession at Bucerius Law School, Sergio Galvis, partner of the prominent New York firm Sullivan & Cromwell, Ikhlal Sidhu, dean of the IE School of Science and Technology, Horacio Gutiérrez, senior executive vice president, general counsel, and chief compliance officer at The Walt Disney Company, and James Jones, director of programs on Trends in Law Practice at the Georgetown Center on Ethics and the Legal Profession.







The IE LawAhead Center on the Legal Profession is sponsored by eight major Spanish law firms (...) We are very proud to have the support of these prestigious law firms and very grateful for their collaboration.

## Introduction from **Luis de Carlos**

We are also engaged in two research projects, one concerning how foreign nationals can practice law in Spain and the other on interpersonal skills in the legal profession and the impact of innovation and technology. Furthermore, Moray McLaren, associate professor of IE LawAhead, published a very interesting article in *The Practice* entitled *The Perfect Partner*, which has generated much debate.

The IE LawAhead Center on the Legal Profession is sponsored by eight major Spanish law firms: CMS Albiñana & Suárez de Lezo, Cuatrecasas, Garrigues, Gómez-Acebo & Pombo, Pérez-Llorca, Roca Junyent, Sagardoy Abogados, and Uría Menéndez. We are very proud to have the support of these prestigious law firms and very grateful for their collaboration.

We are already developing the program for our second year and are very excited about it, hoping that we may contribute with our activities to the excellence of the Spanish legal profession. ■

**Luis de Carlos** / *President, LawAhead Center on the Legal Profession*



# Mission & Vision

The LawAhead Center on the Legal Profession works closely with law firms and businesses to respond to these challenges efficiently, providing a neutral space for sector stakeholders to work together to jointly create and disseminate acquired knowledge to society as a whole.

This Center's mission is to be a research and dissemination hub focusing on the relevance of the legal sector. Its purpose is to unite legal professionals to have a decisive long-term impact on society, advocating for the essential values of the legal profession.





**The way society is evolving poses new challenges for companies and law firms:**

- | The enormous impact of technology.
- | Challenges in attracting and retaining talent.
- | Regulatory changes.
- | Environmental, social and governance (ESG).
- | Cybersecurity and data protection.
- | Crisis management and reputational risk management.
- | Changes in corporate governance.

**The Center aims to:**

- | Be a national and international benchmark in legal research, development, and innovation, with connections to other centers in Europe, the United States, and Latin America.
- | Have a decisive impact on society, leaving a lasting mark with its long-term activities.
- | Be a transformative center that influences and works with other organizations in decision-making, contributing to Spain’s reputation through its activities.
- | Be a hub for various academic disciplines.
- | Be a place of inspiration and a privileged meeting point between the academic, professional, business, and legal institutional worlds.

**The Center has three areas of activity:**

- | Seminars and events.
- | Outreach articles.
- | Applied research projects. ■



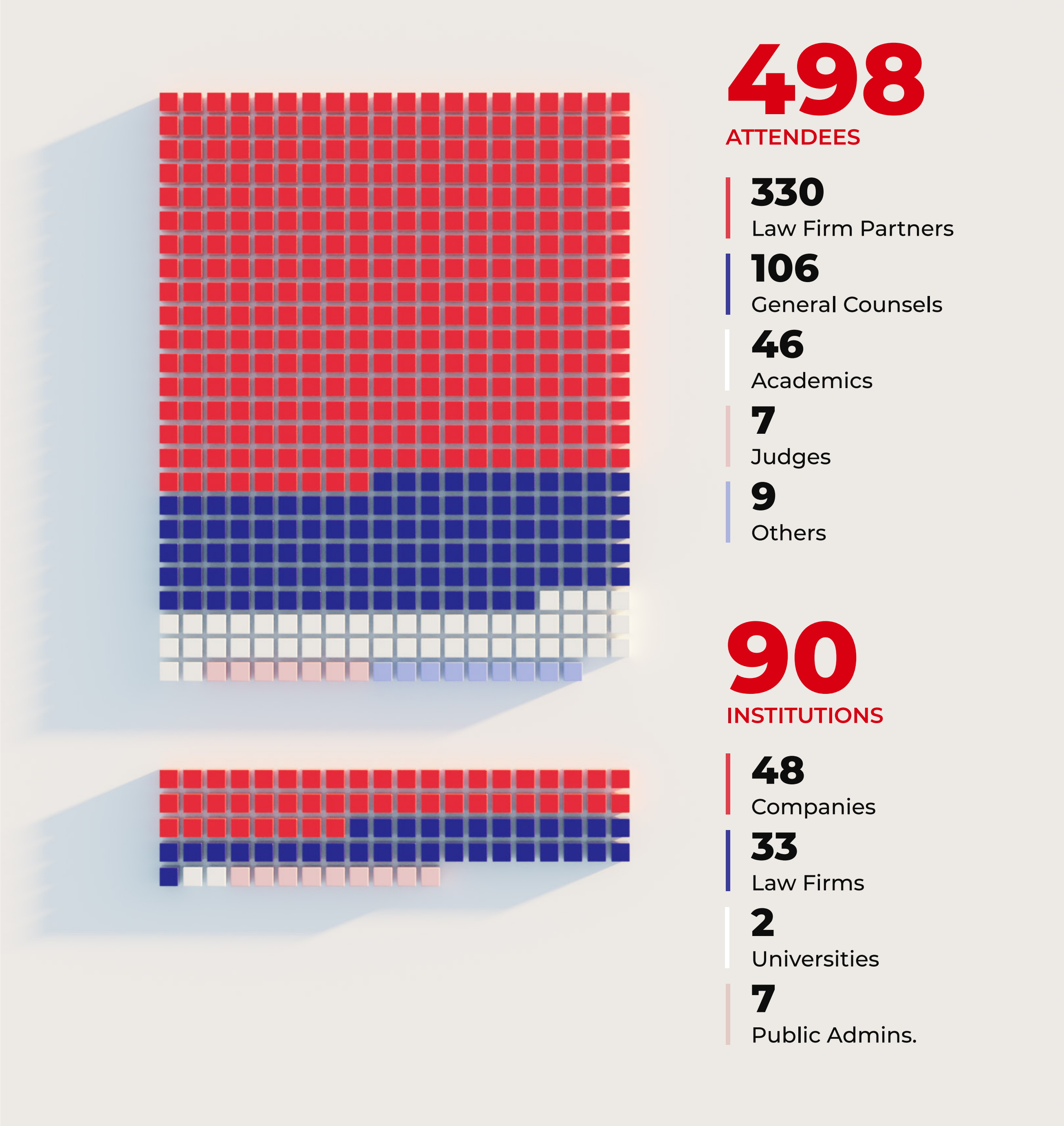
# Seminars and Events

At the LawAhead Center on the Legal Profession of IE Law School, we work to disseminate the knowledge we generate, reaffirm the academic value of our activities, and have an academic and social impact. IE University has a long and close relationship with the most prestigious media outlets nationally and internationally to disseminate the knowledge generated by the Center. In the Center's first year, the various sessions organized and the invited experts have been covered by the media in various national, economic, and legal outlets. To this end, we have generated informational opportunities through news coverage, articles, and interviews with invited experts in the mainstream media such as *Expansión*, *El Confidencial*, and *Europa Press*, among others.





This third-party communication has always been reinforced through posts on IE Law School’s social media and on the social media of the law firms that comprise the Center, ensuring that the Center is promoted using a range of communication channels. ■





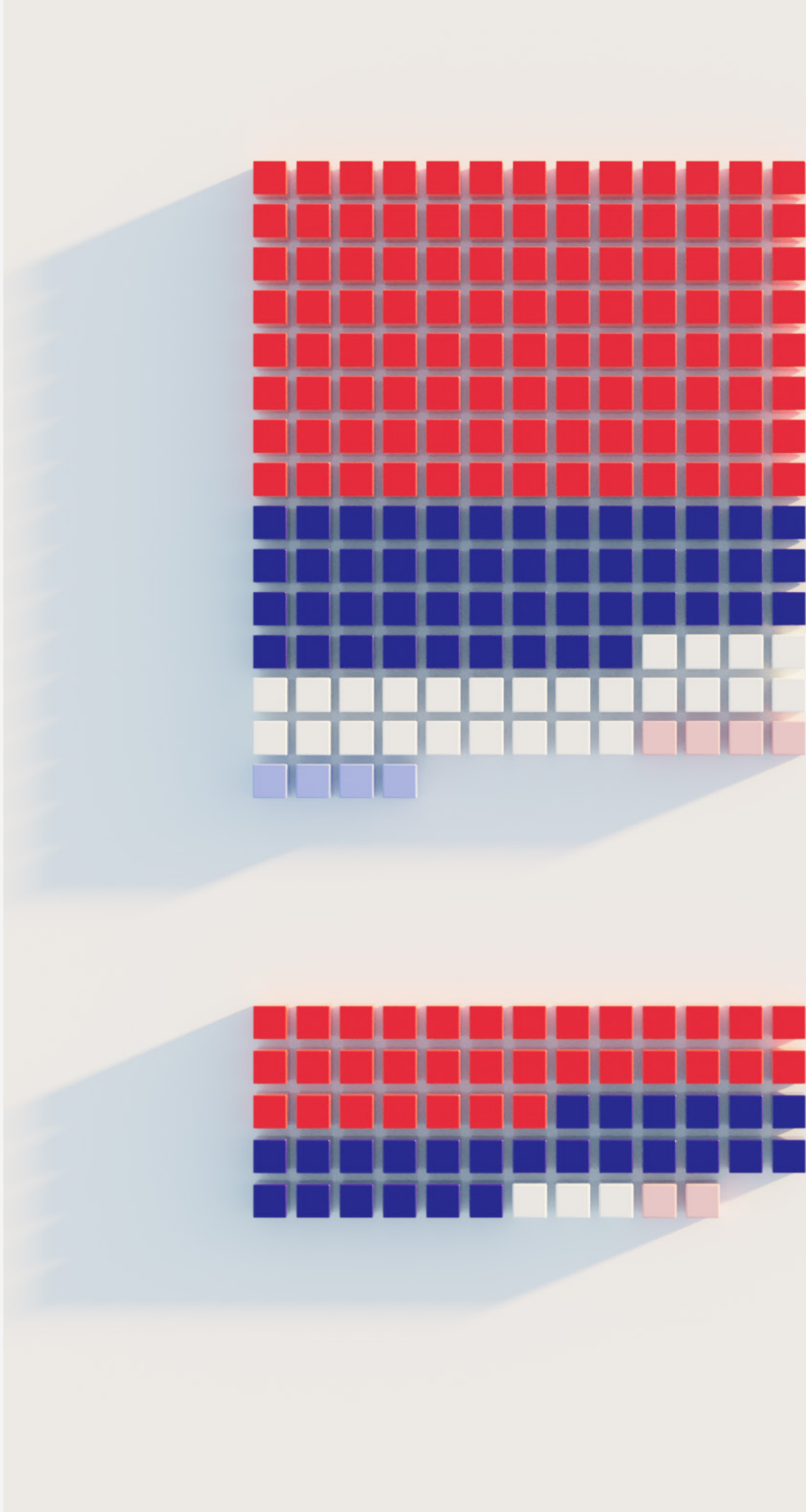
**“A commitment to innovative thinking and practices will be essential for law firms aiming to respond to immediate challenges and lay a solid groundwork for sustained success and growth in a rapidly evolving legal industry.”**



**Fernando Vives**  
*Executive Chairman and  
Managing Partner*  
Garrigues

# OPENING CEREMONY

The *opening ceremony* was held on January 31. This event was a major milestone for the Spanish legal community, bringing together prominent leaders and professionals from the legal and business sectors. It was attended by Soledad Atienza, dean of IE Law School, who introduced the initiative through an enriching conversation accompanied by valuable perspectives on the legal profession, shared by Luis de Carlos, chair of LawAhead Center, and Pablo Isla, chair of the Board of IE University and former chair of Inditex.



186

ATTENDEES

- 104 Law Firm Partners
- 48 General Counsels
- 26 Academics
- 4 Judges
- 4 Others

61

ORGANIZATIONS

- 33 Companies
- 25 Law Firms
- 3 Public Admins.
- 2 Universities



# Opening Ceremony

During the discussion, Isla emphasized the role of in-house lawyers, highlighting their strategic involvement in the company and how necessary it is to integrate them into an organization’s structure.

De Carlos, as chair of LawAhead, outlined the project’s mission, emphasizing the successful trajectory of the Spanish legal profession. He underscored the uniqueness of the Center and its potential to position Spanish law firms internationally.

Responding to the question about the regions of greatest expected influence, De Carlos pointed to Latin America, expressing interest in strengthening collaboration with the European Union and the United States.

Throughout the session, the Center’s lines of activity were described, including the publication of articles, research projects, and an annual report, in collaboration with the





# Opening Ceremony

Center’s founding law firms (CMS Albiñana & Suárez de Lezo, Cuatrecasas, Gómez-Acebo & Pombo, Garrigues, Pérez-Llorca, Roca Junyent, Sagardoy, and Uría Menéndez).

Monthly seminars were also announced with the participation of prominent academics, professionals, companies, and international law firms to address relevant issues and encourage interaction.

The opening ceremony previewed key topics such as business law, talent retention, technology, and artificial intelligence. These topics will be addressed in future sessions, reflecting the initiative’s commitment to improving and growing the business law sector in Spain, as emphasized by Dean Atienza, who highlighted the fundamental role of lawyers as guarantors of constitutional rights, transcending their profession. ■



# Opening Ceremony



From left to right: Ignacio Grangel, Íñigo Sagardoy, Joan Roca, Luis de Carlos, Soledad Atienza, Pablo Isla, Jesús Remón, Cristina Andrés, Constanza Vergara, Rafael Fontana, Álvaro López-Jorrín, Íñigo Erlaiz.



**“Those who enter the Spanish legal market, are under pressure to outperform you. If others do better than you, they can take your place, making you work harder to excel. This is an advantage; it’s something that keeps you on edge.”**



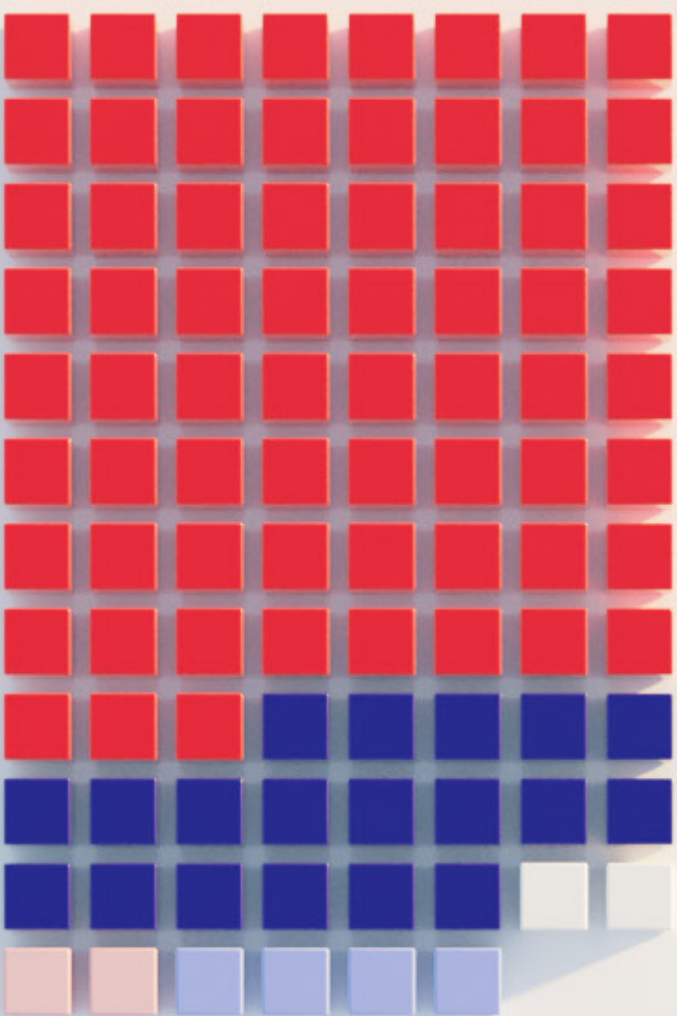
**Íñigo Erlaiz**  
*Managing Partner*  
Gómez-Acebo & Pombo



# LAWYERING IN THE ERA OF SUSTAINABILITY, STAKEHOLDERS, AND SOCIAL JUSTICE

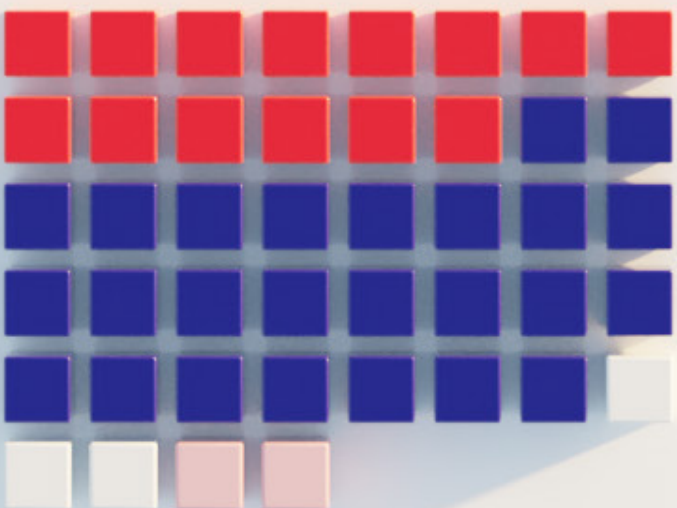
On February 22, 2023, we held two seminars on *Lawyering in the Era of Sustainability, Stakeholders, and Social Justice* with David Wilkins, director of the Center on the Legal Profession at Harvard Law School.

On this occasion, two sessions were organized with Professor Wilkins. One exclusively for the Center's founding partners, attended by two professionals per firm, and an open session where partners from other law firms, in-house legal directors, and academics were invited, creating a key space for exchange.



94  
ATTENDEES

- 67 Law Firm Partners
- 19 General Counsels
- 2 Universities
- 2 Public Admins.
- 4 Others



44  
INSTITUTIONS

- 14 Companies
- 25 Law Firms
- 3 Public Admins.
- 2 Universities

## Lawyering in The Era of Sustainability, Stakeholders, and Social Justice

Professor Wilkins, a distinguished speaker at the event, addressed the transformation in the legal field following the COVID-19 crisis. He pointed out that this situation has generated a significant volume of new work, ranging from the creation of laws and programs to the redesigning of institutions, along with a surge in public-private collaboration. This context has questioned the traditional notion of lawyering, demanding new skills and responsibilities beyond the provision of legal services.

The evolution of the legal profession stems not only from the pandemic, but also from various challenges such as the climate crisis, economic instability, and the growing importance of sustainability, stakeholders, and social and racial justice. The professor highlighted gender disparity in leadership roles in the sector, despite the majority of law students now being women.

The legal ecosystem is undergoing substantial change, with new providers competing and contributing to reshaping the boundaries, norms, and practices of the legal practice. This shift requires lawyers to recognize the need to adapt, with the transformation of individuals, especially the millennial and Gen Z generations, being one of the greatest challenges.

The session facilitated a broad discussion on the crucial topics raised by Professor Wilkins, stimulating discussion among legal professionals from various institutions and fostering reflection on the fundamental changes underway in the legal world. ■



**“In terms of the essence of this profession, which is knowing the law and providing quality and reasoned advice to the client, I believe nothing will change. However, in terms of service provision, technology is having a significant influence. I do believe that we are on the brink of a radical transformative change with artificial intelligence.”**



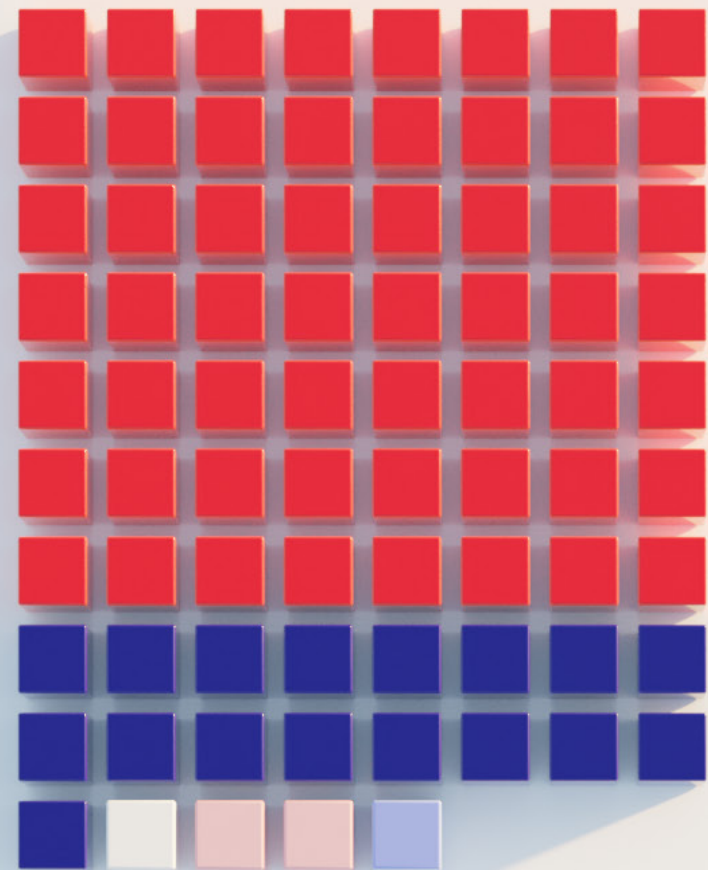
**Salvador Sánchez-Terán**

*Managing Partner*

Uría Menéndez

# THE FUTURE OF LEADERSHIP IN THE LEGAL SECTOR

On March 23, Madeleine Bernhardt, co-director of the Center for Legal Professions at Bucerius, was invited to the LawAhead Center on the Legal Profession to discuss her study *The Future on Leadership in the Legal Sector*. On this occasion, we also enjoyed two sessions with Professor Bernhard, one for the founding partners of the Center and another where representatives from the legal sector (law firms, companies, and public administrations) were invited.



**77**  
ATTENDEES

- 56** Law Firm Partners
- 17** General Counsels
- 1** Academic
- 2** Judges
- 1** Other



**41**  
INSTITUTIONS

- 12** Companies
- 25** Law Firms
- 2** Public Admins.
- 2** Universities



# The Future of Leadership in the Legal Sector

Professor Bernhardt began by describing the three levels of leadership that will be essential qualities in tomorrow's leaders: Reflect, Relate, and Connect. She emphasized the importance of integrity when engaging people. She highlighted that a key element for successful leadership, especially regarding organizational transformation, is being aware of the impact of one's own thoughts, emotions, and communication on behavior in complex situations. Additionally, she pointed out that effective leaders must reflect on their role as role models to enable change and growth in others, using their own experiences to make better decisions and underpin their behaviors.

Ensuring that others can grow and thrive in complexity requires a psychologically safe and collaborative environment. To truly relate, future leaders must be conscious of whether their impact on others is beginning to diminish, despite their best intentions and efforts. An adaptive culture empowers people and drives innovation.

Leading is connecting, the professor emphasized, fostering conversations among peers to learn from each other, while

proactively seeking changes or threats in the ecosystem that has been created, as well as innovative strategies for future growth.

These three levels of leadership are interdependent, creating a complex scenario for leaders that can lead to uncertainty and impatience—a danger to effective leadership. Traditional leadership behaviors may include presenting too many ideas, discouraging others from sharing theirs, or taking on work that should be delegated to others. On the other hand, traditional leaders may push their teams so hard that they exhaust them, worsening their performance instead of improving it. The professor urged leaders to take specific measures to combat these harmful behaviors, such as critically examining our own thoughts, not acting impulsively, and filtering our own beliefs.

The last measure recommended to leaders by Professor Bernhardt was accepting the opinions of their teams and guiding them instead of coaching them. The worst thing they can do is face a challenge assuming that previous successful solutions will work again or do nothing. ■

**“We are convinced that in organizations like ours, in such a competitive and dynamic market, if you stand still, you go backwards.”**



**Rafael Fontana**  
*President*  
Cuatrecasas



# THE PERFORMANCE OF THE US LEGAL MARKET UNDER CHANGING ECONOMIC CONDITIONS

On April 18, Sergio Galvis, partner at Sullivan & Cromwell, visited us to talk about *The Performance of the US Legal Market Under Changing Economic Conditions*. In this session, Galvis began an analysis of the period between 2010 and 2019, where the US legal market experienced steady growth, marking an upward trend since the 2007-2008 financial crisis. During this decade, revenues showed a slight increase compared to expenses, resulting in improved average profitability.





# The Performance of the Us Legal Market under Changing Economic Conditions

This period was characterized by moderate growth in aggregate demand, mainly driven by increases in billing rates. Firms adopted cautious management of the number of equity partners, allowing limited net growth. Additionally, leverage models experienced an increase, shifting towards a more senior model.

However, 2020 marked a significant change in the landscape of the US legal market due to the global COVID-19 pandemic. Despite initial fears of a massive crisis, governments, including the United States, injected liquidity into markets through fiscal and monetary policies. This had a notable impact on the demand for legal services during the period 2020-2022, although there was some regression in 2022. Throughout 2019-2022, industry profitability improved, but expenses began to put pressure on profits for 2022. The so-called "war for talent" raised lawyer costs, and the growth of operating expenses returned.

Regarding different business models, some firms opted for more traditional approaches, while others adopted more aggressive strategies. Those with a more aggressive approach managed to drive revenue growth by capturing incremental demand, supported by considerable investments. Both types of firms participated in lateral hiring, but the more aggressive ones integrated it as a fundamental part of their growth strategy and culture.

As we move into 2023, some firms have already adjusted their staff growth, and the intensity of the "war for talent" seems to have decreased. Firms are preparing for the possibility of a recession in the United States and continue to focus their efforts on creating effective hybrid work models that foster the collaboration and mentoring necessary for excellence in the legal sector. ■

\* This session was an exclusive event for the law firms sponsoring the Center. Therefore, the attendees were partners from the respective firms.



**“It is impossible to provide the best service to clients if you do not have the best professionals.”**



**María González Gordon**  
*Managing Partner*  
CMS Albiñana & Suárez de Lezo



# CHATGPT, AI AND IMPLICATIONS FOR LAW

On May 23, the Center organized a new session on *ChatGPT, AI, and Implications for Law*. This time, Ikhlaq Sidhu, dean of the School of Science and Technology at IE, joined the LawAhead Center to offer an enlightening session on ChatGPT and its impact on law firms. During this meeting, Sidhu delved into the implications of ChatGPT in the legal industry, allowing participants to understand how this technology is shaping work and efficiency in law firms and explore strategies to adapt to this change.





# ChatGPT, AI and Implications for Law

The session addressed various key aspects related to ChatGPT and its implementation in the legal field. The quick response capability of ChatGPT was highlighted, as answers are provided in approximately 30 seconds thanks to its transformer-based architecture designed specifically to predict the next word in a sequence of words.

The process of generating responses from ChatGPT was explained in detail, emphasizing its ability to understand and generate coherent text on various legal topics using attention and context techniques. The capabilities and limitations of ChatGPT were also addressed, highlighting its ability to provide contextually relevant answers but recognizing the danger that incorrect information might be conveyed due to the limitations of data-driven learning.

The presentation included an introduction to the basic functioning of ChatGPT, highlighting its transformer-based structure and its focus on predicting words in sequences. Additionally, important aspects were explored, such as the need for human supervision and review given the possibility of incorrect responses.

The session not only focused on the technology itself but also presented practical examples of how artificial intelligence can be applied in the legal field, illustrating specific cases and legal concepts enhanced by the integration of technologies. The synergy between artificial intelligence and the web in the legal context was discussed, exploring how these technologies can collaborate to improve efficiency and decision-making in law firms.

In summary, the session provided a comprehensive insight into ChatGPT, from its capabilities to critical considerations about its limitations. The transformative potential of artificial intelligence in legal practice was highlighted, emphasizing the importance of supervision and understanding the scope and limitations of this emerging technology. ■

\* This session was an exclusive event for the law firms sponsoring the Center. Therefore, the attendees were partners from the respective firms.



**“The younger generation is more prepared than ever. They are highly ambitious, full of enthusiasm, strength, and a strong sense of vocation. It can be challenging to find this kind of talent, but when you do and it aligns, it’s a pleasure.”**



**Íñigo Sagardoy**  
*President*  
Sagardoy Abogados



# THE ERA OF CORPORATE DIPLOMACY

On October 2, Horacio Gutiérrez, senior executive vice president, general counsel, and chief compliance officer of The Walt Disney Company, visited us to talk about *The Era of Corporate Diplomacy*. During the session, Gutiérrez emphasized the relevance of traditional legal principles in the current technological context. He addressed topics such as the need to adapt these principles to the new reality and explored the legal challenges that companies face, with a particular focus on technology companies.

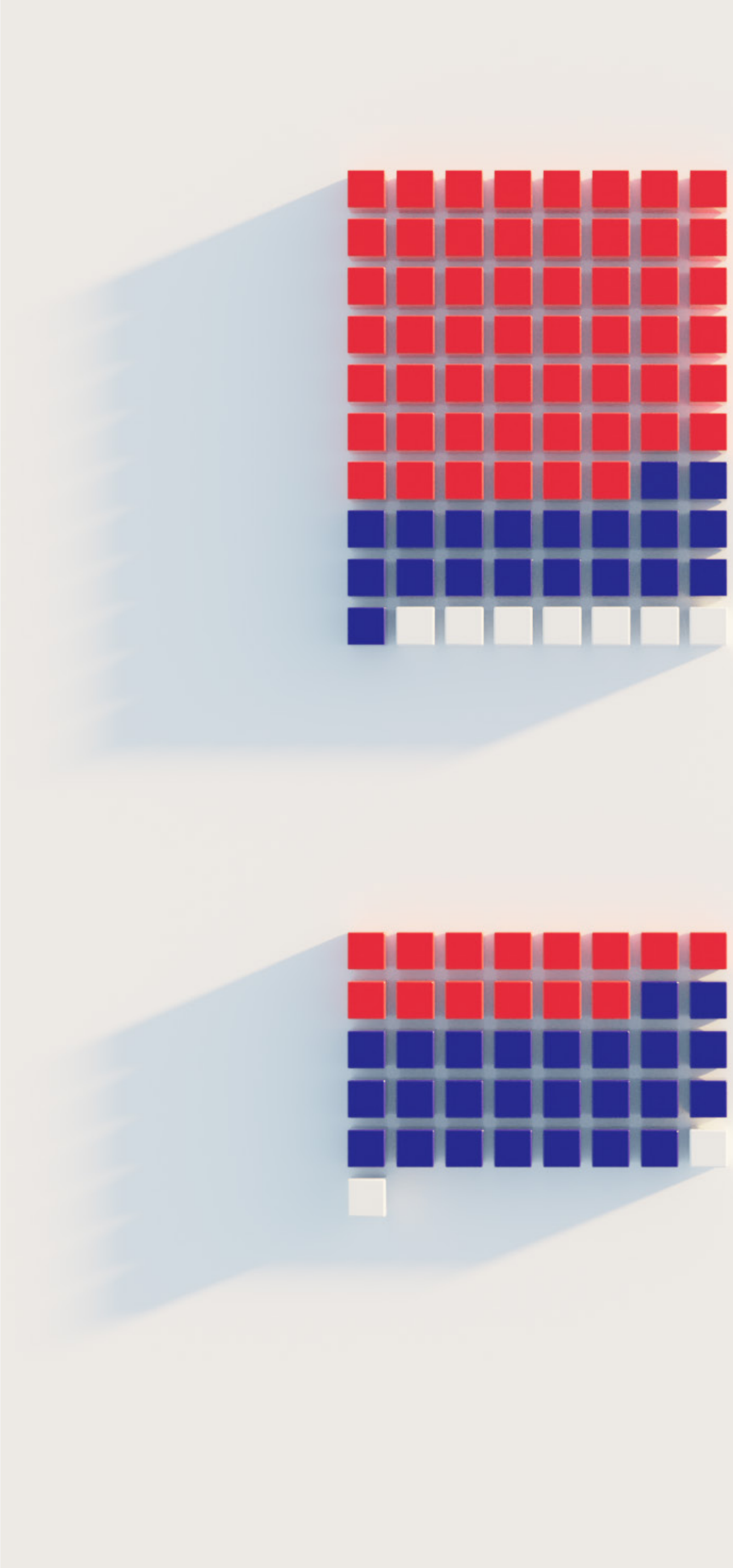
The presentation highlighted the importance of anticipating problems rather than reacting to them and analyzed the evolution of the role of in-house lawyers in companies, especially in the technology field. Issues related to globalization, challenges of global legitimacy, and the changing role of the general counsel and the in-house legal department to meet changing expectations in the business environment were also discussed. The presentation also mentioned the relevance of corporate diplomacy in the technological era, emphasizing the need to establish alliances and negotiate with various external actors. In summary, the session addressed key issues at the intersection of law, technology, and business management. ■

\* This session was an exclusive event for the law firms sponsoring the Center. Therefore, the attendees were partners from the respective firms.



# THE STATE OF THE LEGAL MARKET: FIRMS FACING THE CHALLENGES OF FUNDAMENTAL CHANGE

On November 14, James Jones, senior fellow of the Center for Ethics and the Legal Profession at Georgetown, presented his study on the state of the legal market in the USA: *The State of The Legal Market: Firms Facing The Challenges Of Fundamental Change*. The report analyzes in detail the situation of the legal market in the USA based on data from Thomson Reuters Financial Insights and its quarterly statistics on law firm performance.



80  
ATTENDEES

- 54 Law Firm Partners
- 19 General Counsels
- 7 Academics

41  
INSTITUTIONS

- 14 Companies
- 25 Law Firms
- 2 Universities



# The State of the Legal Market: Firms Facing the Challenges of Fundamental Change

According to Jones, the transformative changes occurring in the legal market can only be understood by carefully analyzing the events of the past fifteen years. These changes originated from the 2007-2008 financial crisis when some trends that had remained latent until then began to solidify. The report follows the evolution of the legal market from that initial turbulent period, through the subsequent stage of relative stability, and into the volatility of the global pandemic. The last 15 years should be divided into three blocks: the Great Financial Crisis, the Transactional Decade, and Pandemic Volatility.

As Jones explains, "The first change was moving from a seller's to a buyer's market." This transformation was characterized by a demand for value understood as efficiency, profitability, and predictability, something that had never concerned law firms before. While the effects of this stage may not have been immediately felt, Jones argues that "they were absolutely irreversible." A decade of stability followed, marked by low interest rates that favored transactional practices such as corporate finance and mergers and acquisitions. These operations allowed law firm revenues to remain stable despite the changes transforming the market. "AI is not going to

disappear. People are already using it, so we must learn to use it intelligently." The resulting pressures were exacerbated by the global pandemic. Faced with increasing market competitiveness, companies that failed to adapt to this new situation found it much more difficult to stay afloat. The report analyzes the strategies adopted by different types of firms in confronting the effects of the changes. For example, hiring rates were much higher in boutique and mid-sized firms than in the larger firms included in the Am Law 50, 100, or 200 rankings. This growth strategy is yielding results, and now smaller firms are increasing their profits at almost the same rate as larger ones. With the advent of generative AI, the legal market faces a new challenge. "While the scope of the changes that AI will bring in the next two years is overestimated, the impact of this technology in the next ten years is also greatly underestimated. I am convinced that in the legal market, it will be so," said Jones. The pace of adoption of this new technology is unprecedented. AI promises to transform the daily work of law firms, forcing them to adopt new pricing and leverage models and, ultimately, it will revolutionize the legal market. ■





Lawyering in the Era of Sustainability, Stakeholders, and Social Justice.  
David Wilkins, director of the Center on the Legal Profession at Harvard Law School.





The Future on Leadership in the Legal Sector.  
Madeleine Bernhardt, co-director of the Center for Legal Professions at Bucerius.





The Performance of the US Legal Market Under Changing Economic Conditions.  
Sergio Galvis, partner at Sullivan & Cromwell.





ChatGPT, AI, and Implications for Law.  
Ikhlaz Sidhu, dean of the School of Science and Technology at IE University.





The Era of Corporate Diplomacy.

Horacio Gutiérrez, senior executive, vice president, general counsel, and chief compliance officer of The Walt Disney Company.





Study on the state of the legal market in the USA: "The State of The Legal Market: Firms Facing The Challenges Of Fundamental Change".  
James Jones, senior fellow of the Center for Ethics and the Legal Profession at Georgetown.



**“Transformation requires all of us to think about how we will encounter the world in 5 or 10 years. There will be some very significant changes for us to face.”**



**Joan Roca**  
*Managing Partner*  
Roca Junyent



# DEFINING THE PERFECT PARTNER

**Moray McLaren /**  
*Professor, IE LawAhead Center on the Legal Profession*

In the year 2023, Moray McLaren, a professor at the Center, has written and published *Defining the Perfect Partner* in the journal *The Practice* - Center on the Legal Profession at Harvard Law School.

This article has also been published in *The Lawyer*, *Expansion*, *Latin Lawyer*, and *Global Legal Post*.

Two ideas structure my thinking when working with law firms as they review and update their approach to partner remuneration – namely profit-sharing and defining what it means to be the “perfect partner.” Both ideas require change. Emerging from the COVID-19 period, I have seen more openness to change in the previous three years than in the past 30. But will this impetus carry over for the long term?

To help us understand the key issues, my colleague at Lexington Consultants, Stephen Revell, and I surveyed law firm remuneration trends for the law firm management committee of the IBA. Survey respondents identified five areas for attention:

**1: Accountabilities are still the major challenge**

Although leaving each partner to their own separate business is much easier than aiming to give a sense of direction to a group of senior professionals, our research tells us that defining and understanding the behaviors of an ideal partner is still the number one challenge.

Any firm without a strategy is at the mercy of its remuneration model – in fact, individual incentives make a firmwide strategy irrelevant – leaving a vacuum when it comes to developing common approaches to client relationships or people. Our IBA survey shows that the top





five remuneration priorities all revolve around defining accountabilities.

**2: Clearly defining partner contribution with formal key performance indicators (KPIs)**

In line with the results of the IBA survey, it is clear that firms are rethinking what partner contribution means and updating their KPIs.

Approaches are still led by financial KPIs, but there is a growing understanding of the importance of non-financials, even among eat what you kill (EWK) firms. Of those respondents who identified themselves as EWKs, more than half said they are rewarding partners based on financial and non-financial criteria. Of the lockstep firms that award a bonus, 37.5% award these on financials only and 62.5% on a mixture of financials and non-financial KPIs.

A focus on purely financial metrics is unwise – finding the right balance is key, as is using the correct financial metrics. This has spectacularly misfired in the firms using the wrong financial metrics, such as billable hours and income, as opposed to financial contribution and profit margin.

The most common categories of non-financial performance are anchored around developing your people, stronger client relations, plus management and leadership. An increasing number of firms are now seeking to define the values required from partners.

Despite the work invested in redefining performance indicators, financial performance is still the main driver for partner rewards.

**3: Introducing guardrails within tighter performance bands**

Agreeing performance indicators is one challenge but understanding how to coordinate them is another. In addition to moving away from only financial KPIs, both EWK and lockstep firms are adopting performance bands with guardrails.

In pure EWKs, partners are vulnerable to market changes, so some have adopted hybrid approaches, such as using equity bands. Partners are assessed and moved up and down bands according to three-year results, and this provides greater stability.

Lockstep firms have their own particular cultural challenges. A pure lockstep works on a simple assumption that with each year, the

size and profitability of a partner’s practice will increase. This may not always be the case.

Less than half (44%) of the law firms identifying as lockstep in the survey describe their approach as “automatic progression.” Many are introducing a bonus to reward their high performers (modified lockstep) and performance gateways (managed lockstep).

**4: The case for reinforcing governance**

Reviewing a partner’s financial success is straightforward but evaluating fellow partners on non-financials (e.g., motivating their team or building the firm reputation) is more nuanced. And there is a reluctance to move to a system requiring judgment over fellow partners. Some 46% of respondents said they have a remuneration committee, 16% leave this role to the current leadership and the others say they are decided “purely on financial metrics.”

The partner paradox is clear – firms in which partners enjoy a high level of independence, light-touch management, and a ‘first-among-equals’ approach to leadership have some significant barriers to overcome.





**5: Moving from partner evaluation to partner development**

With partners now expected to be more than ‘just’ excellent technical lawyers, many firms are failing to prepare lawyers for partnership. New partners are frustrated because they have not been given the skills to build their practices and firm leaders are irritated when they fail to progress from being good technical lawyers to fully contributing partners.

Another unforeseen consequence of COVID-19 was the group of unprepared seniors who were sucked into partnership (for all the right reasons, such as busy workload). On the positive side, firms have invested financially in making up the next generation, but they need to help them develop the skills necessary to increase firm profitability.

Proper partner KPIs are key to achieving this, as they define both the development competencies of the potential partner group and a firm’s partner selection criteria.

**Conclusion**

So, will what brought us here, get us there? Our results show that a lot of firms believe the answer is “no.” The move away from financial metrics continues with today’s requirement for performance management striking at the heart of the partnership model – finding an acceptable balance between professional autonomy and the rights and duties of co-owners in a business.

But firms do not want to go back to where they were either, with an increasing number of firms agreeing that tightening KPIs helps growth.

Being a law firm leader is far from easy and is characterized by the presence of enormous responsibilities with minimal authority. Any leader must receive a clear mandate for change. ■



# REPORT ON ACCESS TO THE LEGAL PROFESSION IN SPAIN FOR FOREIGN STUDENTS AND LAWYERS

**Johanna Jacobsson** / *Professor, IE Law School*

The report explores the regulations governing the practice of foreign lawyers in Europe, with a specific focus on Spain. The number of foreign lawyers in Spanish law firms remains relatively modest, in line with many other European jurisdictions. However, given the growing need to attract new talent and keep pace with the globalization of legal practice, Spanish law firms are increasingly considering hiring foreign law graduates. The report analyzes how open the Spanish legal system is to foreign professionals, both in terms of formal rules as well as informal practices.

The rules governing access to the legal profession in Spain have undergone a radical change in the last decade. Before 2011, law graduates from Spanish universities could practice as lawyers based on their five-year degree, which granted them access to the bar association and full practice rights, without the need for additional studies or exams. From 2011 onwards, Spanish lawyers must have completed a four-year degree and then a practical master's program (Master's





of Access to the Legal Profession) lasting a year and a half. Additionally, enrollment in a bar association now requires the successful completion of an aptitude exam organized twice a year by the Spanish Ministry of Justice.

This reform pursued three goals. Firstly, the intention was to align Spain's university education system with that of the rest of Europe and introduce new degrees corresponding to the bachelor's and master's structure (the so-called Bologna Process). Secondly, the reform aimed to make requirements to access the legal profession more demanding, thereby contributing to the quality of Spanish lawyers. Finally, it sought to reduce the number of registered lawyers in Spain (in 2013, the number of lawyers was more than twice that of France, for example).<sup>1</sup>

There were reasons behind each of these goals. Furthermore, the reform aligned the Spanish system with neighboring countries. Lawyers must qualify in a similar manner in France, Italy, and Portugal. However, the stricter rules meant

that the path to practicing law in Spain suddenly became much less attractive for foreign law graduates, especially those with previous master's degrees and/or work experience. Now, these foreign lawyers must complete lengthy additional studies in Spain, including the validation of their foreign law degree by completing a bachelor's degree at a Spanish university. In addition, they must complete the 18-month practical master's program, regardless of the previous work experience they may have by then.

These practices made Spain a less attractive destination for foreign lawyers and do not indicate an aspiration to become a globally accessible jurisdiction for practitioners from other jurisdictions. The report suggests that even slightly more open access to the legal profession could enhance Spain's reputation in the global competition for exceptional legal talent and position it as one of the global hubs for legal transactions and operations. ■

<sup>1</sup> Source: CCBE Lawyerrs' Statistics, 2014. [Link](#)



# RESILIENCE AND AGILITY: THE KEY TO MARKET SUCCESS

**Mari Cruz Taboada /**  
*Professor, LawAhead Center on the Legal Profession*

In the first LawAhead overview of the legal market, Mari Cruz Taboada finds that Spain's largest firms are enjoying continued growth while also addressing issues of change and uncertainty.

The leading Spanish law firms have been experiencing a surge in growth despite the turmoil of the COVID-19 years and ongoing global geopolitical uncertainties.

A focus on agility and resilience has been the cornerstone for success in these unpredictable times.

As we shall hear from the law firm leaders themselves, recent years have been better than predicted. However, this success is not without its challenges. Firms report that they are at a clear reflection point.





The continued growth of commercial legal services in Spain, according to IBISWorld now valued at €12.6 billion, the fourth largest market in Europe, is a testament to the sector's resilience and strategic agility. Geopolitical uncertainties loom large, while technological disruptions offer both hurdles and opportunities for innovation.

This article focuses on the keys to this success, as well as the longer-term future-proofing required of firms – the intricate balance between their market position, fostering talent, embracing technology, and maintaining profitability despite rising costs.

Over recent years, lawyers across Spain have had to continuously rethink their strategies, aiming for consolidation and growth amid a more competitive and complex market.

Firms have had to be agile, adapting faster than before. Leaders such as María González Gordon, managing partner at CMS Albiñana & Suárez de Lezo, highlight the importance of managing

uncertainty and adapting to change while maintaining high-quality services.

Despite increasing competition from international and global law firms, the data shows how independent firms have managed to grow and consolidate their position. Law firm leaders also address the specific challenges of the transition from “founders-to-firm,” requiring institutionalization across client relations and people development while updating ownership, governance, and new approaches to profit-sharing.

There is overall agreement among leaders on the need for law firms to invest during times of change, with a focus on long-term returns. They highlight the challenge of attracting and retaining top talent amid intense competition.

Managing partners, particularly Joan Roca of Roca Junyent, acknowledge the growing demand for legal services in Spain's evolving economy and emphasize the importance of a business-oriented approach to law.





**1. Achieving growth in a volatile environment**

The last five years (2018-2023) have been challenging in many ways for everyone, and reflecting on last year reveals that it has not become any easier for major firms. The post-summer slowdown, combined with pessimistic forecasts from the United States and the United Kingdom for 2024, along with the absence of positive indicators on the horizon, have significantly tempered expectations for the upcoming year.

Based on an examination of *The Lawyer's* European 100 ranking, 21 firms within the ranking reported growth by the end of last year, ranging from 20% to 29.9% over five years. When looking at financial performance, Spain and Luxembourg were the only countries in Europe to record a double-digit increase in aggregated revenue.

Although not all of these firms have consistently expanded, the prevailing trajectory is upward. A noteworthy quarter of the European 100 firms has experienced a rise in turnover of 10% to 19.9% over the past five years . This subset encompasses some of Europe's largest legal firms, including Garrigues, Cuatrecasas and Uría Menéndez.

Therefore, we must ask ourselves whether the Spanish legal market is overcrowded and whether we will see the arrival of more international firms.

“The market's growth has a limit, but that doesn't mean the door is closed to others,” states Iñigo Erlaiz, Gómez-Acebo & Pombo's managing partner. “Those who enter are under pressure to outperform you. If others do better than you, they can take your place, making you work harder to excel.” Erlaiz continues, “This is an advantage; it's something that keeps you on edge. It's a very competitive market. You have to figure out how to align with your client's needs to make your part of the cake bigger, and that is increasingly challenging.”

Additionally, Salvador Sánchez-Terán, managing partner at Uría Menéndez, declares, “I believe that there will be new players in Spain. However, each player, depending on their strategy, can either grow or stagnate. I think competition is good; it has forced all of us to improve.”

In that respect, Pedro Pérez-Llorca, managing partner at Pérez-Llorca, states, “My concern is not so much about the competition but the demographics. When examining the age of our partners and associates, you can better understand the urgency to hire younger lawyers. The demographic landscape is changing dramatically in Europe and Spain, with an

inversion of the age pyramid, so now more than ever, we need to open doors to law students from other nationalities to enable them to practice law in Spain.”

Among the top 10 independent law firms in Spain, it is remarkable how some have managed to grow – up to 50% – in revenue per partner (RPP) over the last five years. Certain firms adopt organic growth strategies, exemplified by Uría Menéndez, Garrigues, Gómez-Acebo & Pombo, and Sagardoy, while others such as Pérez-Llorca, CMS Albiñana & Suárez de Lezo, Roca Junyent or Cuatrecasas have been expanding with lateral hires growing both in size and RPP. Pérez-Llorca has achieved the highest rate of growth of any major domestic firm, announcing in 2023 significant lateral hires from global firms as well as new office openings in Brussels, Lisbon, and Singapore.

When examining independent firms over specific periods, one must consider the life cycle of each firm. In cases where founding partners are still active or in transition, the institutionalization of internal structures and governance often takes two to three years. While the top three law firms undertook institutionalization over a decade ago, establishing a systematic leadership succession plan, others such as CMS Albiñana & Suárez de Lezo, Gómez-Acebo & Pombo, and Roca Junyent have found themselves in a period of generational change in the last five years.





## 2. Talent as the cornerstone of success

Managing partners unanimously emphasized the pivotal role of talent, surpassing even the importance of leadership. The majority believe that the foundation of any successful law firm lies in its talent pool. “It is impossible to provide the best service to clients if you do not have the best professionals,” states González Gordon.

In their collective view, leadership provides direction, but it is the collective prowess of a talented team that propels an organization towards greater quality and service. Law firm leaders focus on different dimensions of talent management, emphasizing recruitment, development, and ongoing investment in nurturing a motivated and experienced team. This approach takes into consideration the importance of understanding the efficiencies and financials of a law firm.

Firms are noting a rise in turnover but also costs – profits are being squeezed. Profitability is not always clearly understood by partners, so leaders at law firms are increasingly seeking to educate partners to have a better understanding of financial data. Building strong partnerships capable of navigating through the competitive market has been key, some say.

When analyzing the growth of elite firms over the last five years, we see how they have proven to be extremely resilient.

Is growth a motivating factor in attracting talent? “Our people are motivated by many factors,” states Fernando Vives, executive chair and managing partner at Garrigues. “These include the quality of the work, the relevance of our clients, the complexity of the issues they deal with, and the recognition that Garrigues is the largest law firm in the EU in terms of revenues and headcount.”

Considering the above, law firms in Spain have performed exceptionally well. When interviewed, the leaders are well aware of the opportunities and threats ahead and are swiftly developing strategies to ensure the best chance of success. “The last few years have been extraordinarily busy,” says Iñigo Sagardoy, president at Sagardoy Abogados. “As one of the leaders of the firm, I realized that our people were working extremely hard, so we had to ensure that we focused on their well-being too. We are learning to develop a more people-focused (humanistic) leadership approach, where more importance may be given to issues that were less vital in the past, and I think that our teams are more cohesive than ever.”

Law firm leaders have adapted to unforeseen circumstances using various strategies to ensure resilience in the face of challenges. “It's challenging to serve clients well if you don't take good care of your people,” states Rafael Fontana, president of Cuatrecasas.

Strategic expansion emerges as a key agenda item for law firms aiming to secure and nurture talent while increasing their share of legal work. Over the last five years, the elite Spanish firms have been busy with their international strategy, with particular success in Latin America, especially Cuatrecasas, Uría Menéndez (PPU), and Garrigues, gaining access to key transactional work in Mexico, Colombia, Chile and Peru.





### 3. Looking after our people

While leadership is deemed crucial, managing partners unanimously emphasized that talent is even more critical for organizational success.

Managing partners anticipate intensified competition for legal talent. “Growth will come from understanding those who will drive changes in the 'new economy.' That's why I believe that an important aspect is knowing how to invest in young people, who can often better connect with the 'new generation' of clients,” says Roca.

Clear organizational values were highlighted as essential guiding principles, shaping decision-making processes and fostering a culture of commitment and responsibility.

“We have transitioned from a purely surgical type of lawyer to a somewhat more preventive lawyer who needs to establish guidelines and policy foundations that the company will have to implement in the coming years,” declares Sagardoy.

Additionally, the ability to adapt to unforeseen circumstances, such as the COVID-19 pandemic, became a crucial feature that distinguished resilient law firms from the rest. “My takeaway is that you have to assume that unexpected

things will happen along the way and that you will have to adapt to those things. However, things are so complicated that you need full internal alignment to gain greater strength,” stressed Erlaiz.

Investing in talent development programs emerged as a consistent theme. The commitment to ongoing training, support, and ensuring teams stay abreast of the latest industry trends and technologies are seen as essential for fostering growth and adaptability. The question is how law firms structure and implement these programs to ensure their teams remain at the forefront of legal expertise.

“The younger generation is more prepared than ever. They are highly ambitious, full of enthusiasm, strength, and a strong sense of vocation. It can be challenging to find this kind of talent, but when you do and it aligns, it's a pleasure,” says Sagardoy. “Unlike in the past, these individuals are well-versed in new technologies, fluent in multiple languages, have international experience outside of Spain, and, on top of that, bring experience from other law firms and have additional personal interests.”

Here we see the strategies employed by law firms to create positive work environments, encourage idea-sharing, and ensure effective communication channels that enhance overall

team dynamics. Teamwork emerged as a key theme, emphasizing the importance of building cohesive teams and fostering collaboration. Effective communication was identified as a critical factor in building strong teams.

“Looking to the present and future, flexibility and teamwork are key,” insists Roca, adding: “Maintaining a rigid structure may not help to develop a strong firm culture.”

Effective leadership is characterized by the ability to set clear goals, provide guidance, and inspire team members. However, leaders unanimously acknowledged that without a robust talent base, organizational success would be compromised.

“I believe that young people have more opportunities. If you look at Madrid, when I started in 1993, I began at the second-largest firm, Uría, and I think we had 60 lawyers. And now you have many firms, large firms, with more resources, support for people, technologies, and opportunities,” emphasized Pérez-Llorca.

González Gordon adds that at a partner level, “Law firms need to be open when incorporating partners, both internally, seeking excellence and meritocracy, and externally, looking for the best talent in the market.”





Leaders need to strike a balance between providing direction and leveraging the collective prowess of their teams. “Compensation influences the behavior of lawyers, but I don't believe it is decisive in attracting and retaining talent,” suggests Sagardoy.

Values, as articulated by managing partners, constitute a compass that guides the decision-making process. There are clear values that law firm leaders believe need to be fostered, such as commitment, responsibility, and ethical conduct within law firms.

“At Garrigues,” says Vives, “our commitment to environmental, social and governance (ESG) and our innovative approach to digitalization are factors that support our firm’s values.”

“We aim to guarantee the best legal advice with high ethical standards and professional quality, anticipating our clients' needs. To do this, we need to have the best talent in the market, ensure the future of the organization through sustained and profitable growth, and make sure that our people are prepared to face various potential future scenarios.”

In addition, these values contribute to building trust with clients, employees, and stakeholders, thereby enhancing the firm's reputation and positioning in the market.

“I believe that retention occurs when you have people excited,” adds Fontana, and he continues, “So, you have to be very attentive, taking care of both the individual and the team. A good lawyer must have a vocation, but it is important for us that they are also good people. Partners must be consistent and practice what they preach, setting an example to retain credibility.”

Creating a positive work environment that encourages teamwork and collaboration is deemed essential for achieving organizational goals. Managing partners stressed the significance of teamwork in realizing growth and maintaining high-quality services. Insights gleaned from interviews reveal a widespread transition to permanent flexible working arrangements, although managing partners argue that lawyers in Spain generally prefer to be at the office.

“A great team needs a great project. The best talent wants to take part in relevant matters. It is a feeling of being involved in something ambitious and significant,” says Pérez-Llorca.

#### 4. Adapting to the technological evolution

Rapid advancements in artificial intelligence, particularly generative AI, have prompted law firms to strategize and adapt. “We are convinced that in organizations like ours, in such a competitive and dynamic market, if you stand still, you go backward,” suggests Fontana.

The focus is on leveraging technology to enhance business processes and deliver legal services more efficiently. Law firms are preparing for the transformative impact of AI and the strategies employed to successfully integrate these technologies into their operations.

“In terms of the essence of this profession, which is knowing the law and providing quality, reasoned advice to the client, I believe nothing will change,” says Sánchez-Terán. “However, in terms of service provision, technology is having a significant influence. Technology has changed our lives, and I think we are now on the brink of a radical transformative change with artificial intelligence.”





## 5. Pricing pressure and rising costs

In the wake of heightened cost pressures, law firms are expected to maintain a focus on managing the increased costs of running a legal practice. Additionally, pricing pressures are anticipated, posing challenges for firms to strike a balance between profitability and client expectations. The pandemic has compelled firms to reconsider their approach to the use of technology and overall operational strategies.

Looking ahead, Vives stresses, “I believe that the more easily automated and programmable activities of legal players are going to undergo a major transformation due to the enormous opportunity represented by its complete digitalization in terms of efficiency and quality of service. The conversion of some activities into 'self-service' and the transformation of clients into users of legal solutions for basic needs can be significantly accelerated with some of the technologies that are beginning to consolidate in the market.”

In tandem with this shift is a heightened emphasis on efficiency. Despite the strain on capacity experienced last year due to a significant increase in transactional work, firms did undertake recruitment efforts. However, the overarching goal remains focused on elevating revenue per lawyer (RPL) rather than merely expanding the workforce.

“Transformation requires all of us to think about how we will encounter the world in 5 or 10 years,” stresses Roca. “There will be some very significant changes for us to face,” he concludes.

The changing nature of economic trends significantly influences rate conditions. Therefore, it will be key to assess pricing value to maintain competitiveness, particularly in evolving market conditions. Yet, while understanding fair value is vital, it is just the beginning. A comprehensive pricing strategy is crucial for effective rate execution both in prosperous and challenging times.

Adaptability requires a willingness to learn, to experiment, and to take calculated risks. Leaders stressed the importance of being proactive in identifying potential challenges and opportunities, and of being agile in responding to them.

Vives insists, “Those who do not understand the nature of the transformation that clients are demanding from us will be at risk of being left behind. A commitment to innovative thinking and practices will be essential for law firms aiming to respond to immediate challenges and lay a solid groundwork for sustained success and growth in a rapidly evolving legal industry.”





## 6. Conclusion

By focusing on talent management, leadership dynamics, organizational values, adaptability, and teamwork, law firms are fostering resiliency to better navigate the challenges of 2024 and beyond.

The insights from managing partners highlight the key factors shaping the future of law firms in Spain. The leaders emphasize that these factors are interlinked and that achieving the right balance between them can increase the chances of sustainable growth. Overall, the message is that standing still is not an option. ■

## Methodology

This research is based on interviews carried out by Mari Cruz Taboada, an associate professor at the LawAhead Center on the Legal Profession at IE Law School, at the close of 2023. We are grateful to the following members of the Advisory Board for participating: Fernando Vives, executive chair and managing partner, Garrigues; Iñigo Erlaiz, managing partner, Gómez-Acebo & Pombo; Iñigo Sagardoy, chair, Sagardoy Abogados; Joan Roca, managing partner, Roca Junyent; María González Gordon, managing partner, CMS Albiñana & Suárez de Lezo; Pedro Pérez-Llorca, managing partner, Pérez-Llorca; Rafael Fontana, chair, Cuatrecasas, and Salvador Sánchez-Terán, managing partner, Uría Menéndez.



**“A great team needs a great project. The best talent is eager to take part in important matters. It is all about being involved in something ambitious and significant.”**



**Pedro Pérez-Llorca**  
*Managing Partner*  
Pérez-Llorca



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## Editors

**Cristina Andrés Fernández**

*Head of corporate development at IE Law School*

*Executive director at LawAhead Center on the Legal Profession*

**Mari Cruz Taboada**

*Professor at the LawAhead Center on the Legal Profession*

*Partner at Lexington Consultants*





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