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# FRANCE

SPECIAL ADVERTISING SECTION

## Anastasia Hancock reports

**W**HILE some European countries batted down the hatches as their markets weathered the storm, in contrast France saw record levels of movement in its legal market. The past year saw not only some significant partner and team moves, but also witnessed the opening of a number of new players, such as Wragge & Co, French domestic Quadrige, Hoyng Monegier, and Canadian firm Heenan Blaikie.

However, France, as one of the most mature markets in Europe, is still in a state of recovery and restructuring of both companies and law firms alike is continuing apace. Thierry Bernard, one of the founders of new firm Quadrige, which opened in 2010, explains that this theme began in earnest last year. 'An important trend of demergers, which is still going on in 2011, has affected a number of large or medium-sized business law firms while a creation stage of new business law firms is currently under way. If the reasons for such trends partly lie in the history of each concerned law firm, there are deeper reasons as well'.

Although the French legal market is undoubtedly a mature one, the majority of true commercial French business law firms are relatively young compared with the London and US market. 'Methods for perpetuating and handing over a firm have not been found yet. Obviously, a number of firms' founders did not succeed in establishing management rules that could allow the forty-something generation that has been appointed as partners in the last past ten years to find their place' says Bernard.

This would certainly go some way towards explaining the number of boutiques that have sprung up over Paris since the downturn took hold. 'Most of them decided to create their own law firm made up of five to ten lawyers, which has reactivated the market as this type of structure is probably more adapted to an economic crisis period' adds Bernard.

The French legal market has been dominated by a real shift, and while this does not make for a stable law firm model, recruitment levels have gone through the roof.

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This is good news in part – if law firms are willing to shell out the costly fees to take on new teams, or if young partners have enough capital to start up their own outfit, then liquidity must be improving. ‘There have been a lot of senior associates leaving large global firms to start their own firm or join a smaller local firm’ observes FTPA founding partner, Serge-Antoine Tchekhoff. ‘We have found we can recruit these people much easier than in the past. The crisis has created a closing of possibilities. These young lawyers have looked at the opportunities they have and realised that it’s harder and harder to make partner and they don’t necessarily want to operate in a cut-throat environment’.

One of the key issues facing the market currently is the move toward a much more disparate environment. It’s got to be good news for clients, who are faced with a much broader scope of advice. However, it means that competition between models – at the very basic level, between domestic and global firms – is peaking.

Gide’s senior partner Pierre Raoul-Duval says that it was the firms who opted for quick investment at the height of the market that will be suffering most. ‘The firms that adopted a strategy of easy investment – making a fast buck and investing in areas that yield a quick profit, struggled when the market went down’ he explains. ‘Global firms have suffered more than local firms, who, on the whole, have been more prudent, partly because they have less money. The pace of growth is the difference’.

It is certainly true that the smaller firms can adopt a much more reactionary approach when there are signs that deal flow is dropping, and the advantages of lower overheads, salaries and pressure to support flailing offices is well known. ‘There is pressure on associates to bill and bill and bill’ says Tchekhoff of the global firms. ‘With our billing structures, we give freedom to partners to fix whatever hourly rates they want. They don’t have to refer to partner committees. We want to give flexibility’.

However, international firms – and the brand that is associated with them – operating in such an important market clearly hold allure for some of the biggest, and most desirable, global companies. The old marketing adage, ‘nobody ever got fired for buying IBM’ still holds true for some. ‘Big ticket work still goes regularly to larger outfits’ says Christoph Maurer, managing partner of Marccus Partners, ‘not because of quality but merely due to the size of teams available at very short notice’.

And this issue of resources is something that the necessarily smaller independent firms are forced to recognise when giant companies need a huge deal turned around

fast. However, Maurer points out that the opportunity for clients to be much more knowledgeable about the legal advisors operating in their target market is more prevalent than ever. ‘GCs are indeed becoming more sophisticated about choosing their external counsel, however, this is not a US phenomenon but a global one’ he

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explains. ‘Generally speaking, the GCs tend to go to larger outfits in remote jurisdictions and to boutique firms in their home countries’.

With a strong ratio of French to non-French clients at around 60/40, Raoul-Duval agrees. ‘The crisis has had an impact on that and has resulted in an increase in French activity. In times of crisis you are strong in your home market’.

Nonetheless, if France has developed its legal market so quickly that it has become a rival to the strength of the UK and US markets, then it is partly, at least, thanks to the powerful presence of these global names. ‘It’s a good education for French lawyers’ adds Tchekhoff.

In a market dubbed ‘Darwinian’ by August & Debouzy’s co-founder Gilles August, independent firms are being given unprecedented access to a new scale and prominence of deal.

‘It certainly has helped clients to focus on their needs and budgets and often given us a chance to pitch for work and win respective assignments where previously we would not even have been invited to submit a proposal’ notes Maurer.

France’s coexistence of international and independent law firms definitely has a future, but its past has largely been built on the economic turmoil it has had to face. August euphemistically dubs the new market ‘glocal’ but knows that the bottom line is the demands of the client. ‘GCs are demanding. Most have served in big law firms or have worked closely with them, so they know that it’s all about quality. Essentially, they seek efficiency: that is paramount at the end of the day and it doesn’t really depend on brand’. ■