

Cultural liaisons

More law firms opening offices in other countries to serve global clients more effectively

BY TOM SPRATT

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For Mark Nadeau, life as a global attorney means flying off to troubleshoot a legal problem in Dubai, solving challenges in Switzerland, England and China, then returning home for a teleconference with a trusted colleague in Spain.

Nadeau is co-managing partner of the Phoenix office of DLA Piper and liaison to its outposts throughout the world, from Brisbane to Shanghai to Budapest. The firm opened an office in Mexico City this year to compete in a growing market for legal services in Latin America.

“It’s pretty unbelievable,” Nadeau said of the challenges of soaring from country to country. “Phoenix is more international than people think of it as being.”



Ogden

Law firms with Phoenix operations are at the forefront of a global expansion. Littler Mendelson PC opened two offices in Mexico in December and is planning more in the Caribbean and in Central and South America. Greenburg Traurig LLP recently opened offices in Mexico City; Warsaw, Poland; and Tel Aviv, Israel. Perkins Coie LLP opened in Taipei, Taiwan. Fragomen, Del Rey, Bernsen & Loewy LLP opened a third office in China. Squire Sanders LLP opened in Singapore. Quarles & Brady LLP opened its first foreign office in Shanghai.

“Our expansion seems to be taking a life of its own,” said Mark Ogden, managing shareholder of the Phoenix office



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Even though communications technology is making the world ever smaller, global attorneys such as Mark Nadeau of DLA Piper are expected to travel to all corners of the world to meet with clients face to face.

of Littler Mendelson. “It’s a trend that is only going to continue to enlarge.”

The trend began in the 1990s and has picked up speed in recent years, driven by a boom in global business accompanied by countless legal questions that need to be resolved overseas. The international financial crisis that began in 2008 increased the global demand for legal assistance, demonstrating that the entire world is vulnerable to economic turmoil, Nadeau said.

“Almost every single business deals with international clientele,” he said.

Despite advances in communications

technology, clients want their lawyers to be available to negotiate in person, he said.

Major law firms for years have been expected to have a presence in cities such as London, Paris and Hong Kong. Now, they face pressure to expand into Mexico, China, Brazil, Norway and other countries.

Most of the overseas additions have been opened by international law firms with headquarters outside Arizona. But offices in Phoenix — and attorneys such as Nadeau and Ogden — play key roles in making the international approach work.

EXPANDING INTO MEXICO

The path to success can be complicated, requiring an understanding of local leaders, traditions and legal idiosyncrasies as well as the needs of American clients.



Sugich

When the Phoenix law firm of Snell & Wilmer LLP opened an office in Los Cabos, Mexico, in 2008, it turned to Carlos Sugich, a partner in the firm's real estate and commercial finance practice group. He has law degrees from universities in New York and Guadalajara, Mexico, and is licensed to practice in both countries.

The Los Cabos office was a natural expansion for the firm, which had been doing considerable real estate work for clients in Baja California, Sugich said. Snell works with contractors involved with the second-home market at the southern end of the Baja peninsula — high-end, single-family residential developments in and around Los Cabos.

Establishing the office was relatively easy, he said. The firm obtained authorization from Mexican authorities, leased a small office and began practicing.

The competitive advantage was immediate, Sugich said: Clients appreciated having an attorney present locally who knew the language, had ties to local businesses and government officials, and

who could respond immediately to legal needs.

Jim Gilbraith, CFO of an Arizona company that develops homes in Los Cabos, said understanding cultural sensitivities — and not being perceived as a “gringo” — is essential to success on the Baja peninsula. Sugich's local reputation helped overcome challenges such as dealing with property records and obtaining environmental permits, Gilbraith said.

“It's been a total game-changer ... the whole aspect of getting someone in the U.S. who also knows about Mexico,” he said. “It has really, significantly reduced my risk.”



Halpern

Snell views the office as a good strategic move that has been relatively inexpensive, said Barry Halpern, the partner who manages the foreign practice. Sugich's high level of acceptance within the community has been essential, he said.

Others agree that employing lawyers who understand and respect the local culture is essential to a firm's success in other countries.

“It is key that you don't underestimate the value of understanding the other culture,” said Juan Picon, managing partner of the DLA Piper office in Madrid. “This is a people's business.”

STRESSING FLEXIBILITY

International attorneys in Phoenix say flexibility has been another key to overcoming the challenges of practicing in foreign countries.

Consider attorneys' pay, for example. In many countries, compensation for attorneys is similar to what it was in the United States 100 years ago, Ogden said: Rather than paying on an hourly basis, foreign clients often insist on an overall project price that doesn't change regardless of the number of hours. That has forced U.S. firms to be less rigid in their approach to how they are paid elsewhere, many agree.

The difference in laws from country to country is less than what might be expected, Nadeau said. Many laws around the world are similar, he said, and the international legal system is

essentially a hybrid of laws from many countries.

He said substantial differences still exist, especially related to treaties and local customs. People who invest in Indonesia, for example, might be surprised they cannot get property rights locked up as they can with liens in the United States. Understanding such differences is a basic part of being an international lawyer, he said.



Cummerford

To help deal with the differences, DLA Piper has teams of attorneys who train to deal with specific aspects of international law. Its office in Palo Alto, Calif., for example, has a group that specializes in international tax law.

Greenberg Traurig works with overseas legal partners that are predominantly bilingual and bicultural, said John Cummerford, co-managing shareholder of the Phoenix office. That helps eliminate conflicts with local customs and laws.

AN OVERALL CHANGE

International attorneys say the expansion into foreign cities is part of a significant change in the culture of major law firms. Barriers between cities and countries have been removed. Lawyers work as closely with counterparts thousands of miles away as they do with colleagues down the hall.

“The beauty of this firm is that it is totally global,” Picon said. “The world is moving in that direction, and the firm is moving in that direction.”

Nine local firms have foreign sites

Of the 51 largest law firms with operations in the Phoenix area, nine have foreign offices. Snell & Wilmer LLP is the only Phoenix-based law firm with a foreign office. Snell chose to enter Los Cabos, Mexico, because its team of bicultural and bilingual lawyers believed it offered potential for a variety of legal services, including real estate, hospitality and infrastructure work. The office is staffed by rotating personnel.

— Danielle Verbrigghe

GOING GLOBAL

Items to consider before opening a foreign law office:

- Ask other firms that have opened an office in the city or country under consideration. What obstacles have they faced? How successful have they been?
- Determine whether the plan would be compatible with your current goals.
- Become familiar with rules and regulations related to the move and assess how difficult they would be to navigate.
- Compile a list of clients who would benefit from the move and whose fees you could count on. Candidly assess whether these needs could be met without opening a new office.