

A Land of Opportunities

The legal profession in Brazil continues to grow as the country experiences immense corporate progress and development.

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In this land, anything you plant will grow. These were the words Pero Vaz de Caminha wrote to the king of Portugal on his return after the discovery of Brazil. More than 500 years later, this country of continental dimensions is well known for its open and flexible attitude toward new ideas and opportunities coming from the most different sources.

In recent years, several economic, political and environmental factors have contributed to turn into reality the prediction made by that pioneer. Today, Brazil's domestic economy and foreign trade are growing at a fast pace. This prosperous scenario has had a direct impact on the corporate legal world, made up of law firms and legal departments that must be in tune with corporate progress and development.

The expansion of corporate and commercial activities in Brazil has boosted the demand for legal advice. The greater competitiveness among companies, the increase in business volume, and the variety of activities developed in Brazil have increased the importance of in-house and outside counsel, as the legal services provided by them have assumed an important role in the organizations' results.

Capital market and consumer rights are two areas that reflect this warming of the legal market. While some law firms have hit records in IPO participations, others have multiplied their staffs to manage portfolios with more than 100,000 consumer litigation cases. This increase in demand has led law firms and legal departments to be suddenly faced with non-legal matters related to the practice of law.

Recruiting, management and motivation of the team; financial control and analysis of profitability of clients and projects; marketing and strategic planning; logistics to manage large portfolios of cases in hundreds of different locations; and the use of technology as an indispensable working and production tool were subjects that attracted the attention of lawyers to what is called legal management.

In the early stages of this transformation of the legal market, many law firms opted to entrust one of their own lawyers with management activities as well. Although these lawyers were willing to do the work, they lacked the knowledge to carry out administrative activities. The education of lawyers in Brazil is technically oriented, in

that it is aimed at preparing lawyers for legal careers and, therefore, is restricted to subjects such as substantive and procedural law, sociology, philosophy, and economy.

Seeking to fill in this gap in legal education, since 2002 the Getúlio Vargas Foundation (FGV) – one of the most respected teaching institutions in Brazil – has been offering a legal management course for lawyers. According to Simone Viana Salomão, coordinator of the FGV course, classes include both lawyers coming from law firms and legal departments of large organizations who wish to learn about management and managers who wish to learn about specific aspects of the legal world.

There are only three regular legal management courses in Brazil, all offered at a specialization level. Those unable to attend these courses may learn about the subject in short-term courses offered by professionals who work in the legal management field.

Seeking to continue with their studies, a group of FGV alumni has founded the Center of Studies on Management of Law Firms and Legal Departments (CEAE), which today comprises approximately 100 professionals from all over Brazil. Frederico Prado Lopes – a lawyer, legal administrator, and President of CEAE – defines as essential the role played by the association. According to Lopes, “The monthly meetings attended by all members and the periodical meetings of the study committees offer professionals excellent opportunities to update their knowledge and keep abreast of the best market practices.”

CEAE has the following Study Committees: Financial Management, Legal Department, Human Resources, Information Technology, and Marketing and Strategic Planning. Monthly meetings follow a study schedule defined by the Committee itself.

The Financial Management Committee, coordinated by Mario Leandro Campos Esequiel, Director General of one of the largest law firms in Brazil, studies the application of

the best financial management tools to the firm's revenues and expenses. There are still many law firms, however, that have not professionalized their financial area because their partners prefer to handle these matters personally.

With this picture in mind, Esequiel warns that, "The time spent by a partner performing the duties of a legal administrator prevents him from doing what he does best, which is to practice law. In other words, he is failing to generate revenues while doing something for which he is not prepared. If this activity is developed by a professional, the partner will be free to practice law, and I dare say that the cost of this professional will be less than that of the partner who failed to generate revenues for the firm."

The same need for professional management has also reached legal departments. Maurício Camargo, Legal Administrator of a multinational company and coordinator of the CEAE Legal Department Committee, notes that, "Like any other area of the company, the legal department

To avoid OAB warnings, many law firms rule out any procedures aimed at prospecting new customers, taking no action to increase their customer portfolio but waiting for the telephone to ring. In fact, this course of action has resulted in the closing of several law firms, because while some just stand still, others engage in research, studies, plans, and strategic actions aimed at prospecting new customers.

What many attorneys and administrators in Brazil do not know is that a lot can be done without breaching any OAB ethical rules. Law firms need information, knowledge, and, above all, professionals to advise them on the decision-making process.

According to Sergio Fadel, Administrative Director of CEAE and advisor in this segment, "There is a very strong demand for specialized advice on law firms, including legal marketing. This happens because attorneys are having ever greater access to articles, lectures, and courses on the matter

Mario Leandro Campos Esequiel, *CEAE Financial Management Committee*

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should be committed to attaining business goals and objectives, particularly by increasing revenues and reducing costs. Therefore, while having a strategic action centered on business, with its results assessed through goals and performance indicators, the legal department has rapidly gained importance within companies."

Among the spectrum of activities of the legal administrator, legal marketing is the most controversial issue. Despite not having any provision on marketing of law firms, the Code of Ethics of the Brazilian Bar Association (OAB) imposes numerous restrictions on the advertising of legal activities. Were it not worrisome, a funny example would be the use of colors in an attorney's visiting card. Although most attorneys use color visiting cards, under the OAB code they must be black and white. This simple example has repercussions on all marketing tools available. Web sites are hardly used as a marketing tool, whereas blogs and podcasting are still far from being a reality in the Brazilian legal practice scenario.

and finding out there is a long way to go. Further, becoming specialized in a certain area is important for whoever wishes to stand out in such a highly complex and competitive market." Fadel also notes that CEAE has made its own part by promoting monthly meetings, annual seminars, and diverse specialized texts.

Another phenomenon in legal marketing that has caught the attention of the Brazilian legal sector is the enormous growth of some law firms. While most law firms need decades to grow and consolidate, some law firms organized less than two years ago (created out of a pool of attorneys from large law firms) currently have structures comprising more than 200 attorneys and branches nationwide.

The professional management of a law firm shows results rapidly, although the return on this investment is ensured in the short, medium, and long run. When speaking about the benefits of engaging a specialized professional, João Biazzo Filho, a lawyer and Vice President of CEAE, pointed out that "the benefits range from faster



banking transactions to correct strategic planning.”

How to explain the successful development of these law firms? There is only one answer: running a firm that adopts legal management concepts and strategies.

While attorneys regard the legal profession (or, better, legal science) as a subjective matter where no formula or rule can be established to define its result, this does not apply to legal management, which is an objective cause-and-effect activity. The results:

- Changes in the Brazilian economic scenario have been reflected in corporate legal practice, which is calling for an ever increasing professional approach to legal management;
- Old law firms that failed to bring their practices and methodologies in line with current trends were unable to move forward, having thus stagnated or shut down; and
- Within this large picture, a few law firms – structured and managed as companies – reported huge growth in revenues and market share and are now ready to face the new challenges of the legal market.

Many other conclusions may be drawn from these assertions. However, no other assertion is so strong as that made in the beginning of this article: Brazil is a land of opportunities – in the legal management area as well. There is room for courses, consultants, books, specialized professionals and, of course, plenty of work, the more so because in Brazil, as said in the past, “anything you plant will grow.” But, adding to that, “plant wisely and harvest effectively.” ♦

about the author



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ABOUT CEAE



CEAE – Centro de Estudos de Administração de Escritórios de Advocacia, the Law Firm Management Studies Center – is a

non-profit organization comprised of professionals dedicated to the management of legal services in law firms and corporate legal departments. Founded in 2003, CEAE, based in Brazil, brings together the heads and partners of law firms, heads of legal departments, legal administrators, consultants, and professors of courses geared toward the field of Legal Services Management.

CEAE offers the following Study Committees, set up to foster more in-depth discussion and study of issues that are of interest to members: Financial Management, Legal Department, Human Resources, Information Technology, and Marketing and Strategic Planning.

For more information, visit <http://www.ceae.org.br>.