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CONSTRUCTION AHEAD

A photograph of three people in a construction site. In the foreground, a woman with short brown hair, wearing a blue blazer and a pearl necklace, looks towards the camera. In the background, a man in a dark suit and red tie stands with his hands clasped. To his right, a woman with long brown hair and glasses, wearing a black dress, stands with her hand on her hip. The background shows scaffolding, a ladder, and construction materials.

Scharf Banks Marmor
builds a model for
majority women ownership



By Roy Strom

Building dollhouses was not something Stephanie Scharf expected to enjoy.

She didn't even want to do it, years ago, when her 11-year-old daughter — as 11-year-olds do — decided on a new hobby: assembling intricate miniature homes, complete with wallpaper, electricity and roofing tiles.

These aren't houses for dolls. They are mansions for shrunken aristocrats.

Despite being a busy litigation partner at Kirkland & Ellis at the time, Scharf conceded. The mother-daughter duo failed on their first attempt at home-building, so they went to a weekend dollhouse workshop.

With her daughter, Meredith — now a second-year law student at Northwestern — Scharf spent two years' worth of Saturday mornings building a 14-room miniature house.

The teaching paid off, and Scharf has developed into a seasoned dollhouse hobbyist.

In her professional life, she is in the midst of a far more complex construction project — building a thriving women-owned law firm.

Scharf's partners are Ted Banks, a longtime in-house lawyer at Kraft Foods, and Sarah Marmor, a former Jenner & Block partner who, as an associate at Kirkland & Ellis, got her first assignment from Scharf.

Together, they are the leadership of Scharf Banks Marmor, a litigation-focused firm of Big Law-trained attorneys. After forming in mid-2012, the firm has 13 lawyers — alumni of Jenner, Kirkland and large corporate legal departments such as Kraft and Pfizer Inc.

Their clients, who turn to them for complex litigation, compliance, antitrust and employment matters, include a range of Fortune 500 firms: Accenture, DuPont, Merck & Co. Inc. and more.

But, perhaps surprisingly, it is the firm's size that puts it in rarefied air.

The National Association of Minority & Women Owned Law Firms (NAMWOLF) says that across the United States there are only 26 majority women-owned law firms with more than 10 lawyers. That is roughly the same number of law firms that are majority-owned by racial minorities, despite decades of many more women graduating from law schools than minorities.

"Twenty-six women-owned firms in the entire United States of America is not enough," Scharf said.

She is all too familiar with statistics that highlight positions where women remain underrepresented in the legal profession. In 2007, she created the first national survey of the roles of women in large law firms, putting her University of Chicago-earned Ph.D. in social sciences to work.

This year, the eighth annual National Association of Women Lawyers survey reported that women comprise 17 percent of the equity partnership at the nation's 200 largest firms.

As a women-owned firm, there are few blueprints Scharf Banks Marmor could follow. That's fine with them.

They hope to be the model for other women.

Design first

There is a process involved in creating something from the ground up — whether it's a law firm, a dollhouse or a survey that has become the standard measure for the persistent lack of growth in the number of female partners at large law firms.

First, there is the design — an idea of what the end product should be and a strategy to get there. Then there is the execution — actively managing the implementation of the plan you've crafted as it inevitably changes. And, finally, there's the enjoyment of seeing results.

That process is what Scharf finds appealing, and it was one thing that led her to want to open Scharf Banks Marmor 2½ years ago.

"I like challenges," said Scharf, who handles the firm's finances. "I like strategy. I like planning. And I like results."

This is perhaps why, as the firm's 333 W. Wacker Drive office was being expanded in

September, Scharf quietly checked out the progress at the end of each day. She helped design the three-office expansion.

Banks, who writes treatises on antitrust and compliance law and is in charge of the firm's technology, said it was a natural decision to start the office.

For one thing, they all knew each other. The majority of the firm had already practiced together as the Chicago office of a New York-based majority women-owned law firm, Schoeman Updike & Kaufman.

And the three partners held the same view on client service: It's done best by highly experienced practitioners who provide targeted, useful advice.

"My mantra in private practice is, I remember the attorneys I loved when I was the client, and I remember the stuff that some attorneys did that I hated," said Banks, noting he valued responsiveness and business-focused advice. "And I vowed that I would never do any of the stuff that I hated when I was the client."

To ensure responsiveness, Banks has employed a state-of-the-art technology suite at the firm. They are totally "in the cloud" — providing access to their work from nearly anywhere. The firm hails its technology as a competitive advantage.

Marmor is focused on employment law and, in particular, how it interacts with social media. Naturally, she is in charge of human resources at the firm.

The firm's boutique strategy incorporating veteran attorneys (there is one senior associate, Virginia Kim, who graduated from law school in 2004) has captured the "zeitgeist" of the current economic environment for law firms, Marmor said. Clients want more for less. Associates, the profitable backbone of large firms, add unnecessary costs compared to the efficiency of partners.

Take the recent addition of Christian Liipfert — a 1973 Bucknell University law school alumnus who has worked in law firms and, most recently, in-house positions. He handles compliance subjects and information management systems.

Marmor said Liipfert's addition is an example of how she described the firm's hiring model: "Capturing people who have a good decade of their productive life (remaining), but they're aged out of their law firm or there's a change that happens in people's lives and they want to do different things. Maybe they don't necessarily want to be in an environment where they constantly have to prove themselves to some committee that doesn't know them."

In October, the firm announced it added partner Nina Stillman, formerly a labor and employment partner at Morgan Lewis & Bockius.

James Grasty, vice president and assistant general counsel at Merck, described the type of thorough legal analysis Scharf can provide.

"She's quite good at identifying the most



obvious approach, but then she has this great capacity for thinking in layers. And I think all great lawyers do that," Grasty said.

"She'll identify an approach and then another and another, anticipating what the various responses might be from the judge or plaintiff's bar, and then she'll envision for you the responses to each one of those. ... You have a much more comprehensive understanding than you would otherwise have just because she's thought through all the issues so extensively."

Inspiration for execution

In the blueprint Scharf wants to lay down for other women-owned firms to follow, execution means more than implementing a business model or targeting clients and reeling them in.

"Women lawyers don't seem to be in a place or in a space where they form their own firms," Scharf said.

Given the low number of women-owned firms, Scharf and Marmor's ability and desire to execute their plan also requires explanation.

For Scharf, that begins in Berkeley, Calif., where she grew up the daughter of a homemaker and a midlevel corporate executive. Scharf, who calls herself "a product of the '60s," remembers being impressed by the people involved in the social movements there.

"I think I internalized that sense of being brave," she said. "That you have to be brave in order to be true to yourself."

She also had a personal experience with the way the legal profession at the time discriminated against women. Her aunt was a career legal secretary, despite always wanting to attend law school.

"And when I became a lawyer, she cried. Because it's something she always wanted to do and couldn't do," Scharf said. "It makes me cry. It's terrible to have that kind of impediment to doing what you want to do simply because you're a woman. It shouldn't happen."

By the time she got to Kirkland & Ellis after graduating from the University of Chicago Law School in 1985, the legal profession was at least in a place where a woman like Scharf could be impressed by the partners there. At Kirkland, she learned a litigator should be "fearless," which bolstered her earlier notion that bravery is an important trait.

"Kirkland reinforced that for me with this notion of being fearless," she said. "And I think it's very scary to open up your own law firm. I think you have to have a dose of bravery, a dose of self-confidence and a dose of 'I really want to do this and it has to work.'"

Leaving the partnership at Kirkland in 1995, Scharf spent the next 12 years at Jenner & Block, where she sat on the management committee for a time.

When discussing how to succeed at those top firms, Scharf echoed her own fearless mantra.

"Start small. Do a small thing. Knock on the door. Tell the partner you want to work with him or her. Come back when you haven't heard in a month," she said.

"And that first assignment you do better be a bang-up job. And if you do good work, you will be asked to work again by that partner. ... There's plenty of room for people who do good work to advance in firms. They just can't be shy about asking and about taking the multiple paths you need to take in order to succeed."

She added that mentors — often multiple mentors — are vital.

Julie Sweet — a client as well as

Accenture's general counsel, secretary and chief compliance officer — said Scharf is an impressive mentor and advocate for women in the law.

When Sweet, who is based in New York despite Accenture's heavy Chicago presence, came to the company four years



TED BANKS

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ago, she sought out local counsel here as a way to mesh with the legal community. Colleagues suggested Scharf.

"She does excellent work for the firm, but I really connected with her" on a personal level, Sweet said. "And she is very much a part of the fabric of the Chicago legal community. So it was very beneficial to get to know her."

Sweet said Scharf stays in touch through e-mail. She will reach out with ideas, advice or other connections. It's a type of marketing, Sweet said, but it's marketing that Sweet enjoys and benefits from.

"She's willing to be a good representative, a good salesperson for herself and her firm," Sweet said. "She's very confident that her firm has something special to offer that deserves attention. And I love that. You don't always see that combination of someone who is really willing to market themselves but has substance. ... I love getting an e-mail from her."

Julie Mazza, corporate counsel at DuPont, said Scharf mentored her daughter-in-law. And she also promotes

other lawyers within Scharf Banks Marmor to work directly with clients.

"They're very talented people, all of them in the firm," Mazza said. "And in the cases we've worked on together, she has identified for us other women lawyers in her firm and they (act as the lead or contact for the matter). That's wonderful. You don't see that sometimes with other lawyers — women or men."

Corporate consultants

If Scharf Banks Marmor provides one set of blueprints for how to open a successful women-owned law firm, a push by corporate legal departments to hire them more frequently might act as project finance.

General counsels like Sweet and dozens of others have committed to meet a goal set by NAMWOLF for corporate legal departments to direct 5 percent of their annual spending to women- and minority-owned firms.

It is NAMWOLF's view that "the most effective way for corporations to increase diversity in the legal profession is to increase their retention of minority- and women-owned law firms."

In 2013, NAMWOLF's Inclusion Initiative — a group of 30 (and growing) large company legal departments in the U.S. — set a goal to collectively spend \$160 million at minority- and women-owned firms. They exceeded that goal, spending more than \$250 million.

That's massive progress from the initiative's kickoff in 2006, when five multi-national corporations — Shell, Sara Lee, General Motors, Wal-Mart and DuPont — pledged \$16 million.

The goal for 2014 is a bit more than \$178 million.

Whether or not more women decide to open their own firms, Scharf stresses that there are plenty of opportunities for women in the law.

"Not everyone wants to be in private practice," she said. "Not everyone wants to have their own firm. But that's the benefit of having these opportunities open to them."

Marmor is more blunt about her desire for more women to open their own law firms.

"We're a model for being brave — for rolling up your sleeves and doing it yourself," Marmor said. "And I feel everyone who has come here has taken a

similar leap of faith with us. And I think it would be great if more women would say, 'Darn it, I could do it.'"

In December, the firm set out on a three-year plan for "reasonable but not enormous" growth, tailored around client demands.



SARAH MARMOR

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In Scharf's experience, building an organization requires having a strategy, hence the three-year plan. But when asked to be more specific about that growth plan, she chose to describe why the firm is "thriving" today.

"We practice law in a way where we value each other's abilities. Value each other's interests. And value getting along with each other," she said.

"Do we make the most money of any firm in Chicago? No. Do we need to make the most money of any firm in Chicago? No. What we like is having a firm base — no pun intended — where we like to come every day, we get along and we feel like we're serving our clients in a way that's very satisfying."

Accenture's Sweet agreed.

"She has built something very special.

The quality of the work is unique," Sweet said. "It's a model for what we're trying to promote in terms of women- and minority-owned firms. She has just done it at a very high level." ■

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