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# What Happens At Law Firms When Women Take Charge

By **Jacqueline Bell**

Law360, Boston (April 20, 2016, 9:28 PM ET) -- It's the rare law firm that has been able to achieve true gender parity, or anything close to it, particularly in its equity partnership ranks. But the few firms that have done it are reaping the rewards of leadership diversity, attracting valuable lateral talent and clients and boosting their bottom lines.

Most law firm equity partnerships in the U.S. are overwhelmingly dominated by men, and **Law360's annual survey** of law firms shows that not much has changed on that front over the past few years. Among the more than 300 law firms recently surveyed by Law360, only 19 percent of equity partners are women.

But there are a handful of law firms that have been able to, over time, dramatically increase the gender diversity of their equity partnership ranks. And when leaders place a priority on increasing diversity, the law firm as a whole benefits, said Joel Stern, a legal industry consultant and chief executive officer of the National Association of Minority and Women-Owned Law Firms.

"Firms that figure this out ultimately are going to be more profitable," Stern said.

Firms like Walsworth-WFBM LLP, which nabbed the top spot this year on **Law360's list of the 100 best firms for women** and the top spot on **Law360's list of best firms for female partners**, are certainly figuring it out and reporting dramatically higher percentages of women in their equity partnership ranks than the industry norm.

Walsworth, which recently became the largest certified women-owned law firm in the U.S., with a formal certification from the Women's Business Enterprise National Council, says its equity partner ranks are now nearly 54 percent female, a significant change from its early years when the firm was founded and dominated by men.

Now, both of the firm's managing partners are female, and the firm's steering committee is 60 percent female, creating an environment where equality at the highest levels is hardly hype but rather hard-wired into the firm's culture.

That type of environment allows the firm to accrue significant benefits from its diversity efforts, and those are benefits that attorneys and legal consultants say can help boost any law firm in several key ways.

## Diversity Allows Firms to Tap a Broader Pool of Talent

When a law firm or any other employer makes a commitment to diversity, experts say, there is certainly one clear business benefit: access to a larger pool of talent.

Dee Cohen Katz, an equity partner at Walsworth, said that the firm's strength has long been attracting and cultivating the highest level of talent, male or female. And the firm's ability to tap into that deep pool of talent helps it provide high-level solutions and services to clients.

"Clients are just looking for the best attorneys to handle their matters. And they're able to look at us and see that we've been able to cultivate a team of highly skilled lawyers, both men and women, and been able to do that while still having a diverse environment," Katz said.

Misty Price, chief operating officer at Adelson Testan Brundo Novell & Jimenez, where 60 percent of the firm's equity partners are female and 45 percent of its attorney workforce as a whole is female, said the firm's approach to hiring has long prioritized searching for top talent wherever it can be found.

"The goal for us is to hire the best of the best." Price said. "It's very natural."

Establishing a reputation as a law firm where gender diversity is valued can also be a powerful force that allows firms to attract high-performing women.

At Nilan Johnson Lewis PA, where over 40 percent of the firm's equity partners are women, the firm has developed a reputation in the community as being a great place for women to work, said partner Sheila Kerwin, a member of the firm's board of directors.

"Because of that, we've recruited a lot of women shareholders who have great books of business. Women come from other firms and say, 'We've heard about your reputation, and this is where we want to be,'" Kerwin said.

When significant numbers of women are in leadership roles at law firms, they can also help to ensure that policies are in place that help cut down on attrition and help firms hold onto top female talent.

Linda B. Chanow, executive director of the Center for Women in Law at the University of Texas School of Law, said female attorneys do not stay where they are not valued, and in law firms, value is demonstrated primarily through compensation.

"We hear more and more of women leaving their firms because of perceived or actual unfairness in the firm's compensation system. You're not going to have women staying on or advancing to equity partner if they are leaving because of unfair compensation," Chanow said.

Unmanaged attrition can also eat away at a firm's profits. The cost of replacing even junior associates can be remarkably high — between \$200,000 and \$500,000, according to Joan Williams, director of the Center for WorkLife Law at University of California, Hastings College of the Law.

"It's expensive for everybody," Williams said.

### **Diversity Breeds Better Results**

Corporations with more diverse leadership teams financially outperform companies where the top ranks are dominated by men, a 2012 McKinsey & Co. study found, reporting that companies with diverse executive boards enjoy significantly higher earnings and returns on equity.

Why? Diversity at the highest ranks of a company can broaden its perspective, increase creativity and improve results. That's true in law firms and corporations, experts say, and

it's part of the reason why general counsel are increasingly interested in knowing more about the diversity of the outside law firms they hire.

"Diversity in terms of thought is a huge benefit to be gained by having gender and minority equality," said Stern, who spent more than 25 years as in-house counsel for major companies. "Studies have proven at the board level, at the corporate level, at the law firm level, the more diverse you are, the better results you get. If I'm using a law firm that has diversity of thought, I'm going to get a better answer."

At Verrill Dana LLP, another of the rare firms where the equity partnership ranks are more than 40 percent female, Michele Pattenauade, director of human resources at the firm, said that with greater diversity comes a pool of talented and skilled attorneys with a wide range of experience and perspective that can create a powerful resource for clients.

"I think when that comes together, better decisions are made. It's all about meeting our clients' needs. And by having a varied perspective, we're more able to tap into that and counsel them," Pattenauade said.

### **Diversity Creates a Strong Law Firm Culture**

When law firms have much higher percentages of women in equity partner roles, the entire culture of the firm changes, said Joan Williams, law professor at University of Hastings College of the Law.

From the way attorneys at the firm are evaluated, to the way they are compensated, to the roles they play on litigation teams, when women make up 40 percent or 50 percent of equity partnerships, the discussions around all of those questions are dramatically different, Williams said.

"You have quite a different sort of institution. At that point, the everyday gender dynamics are bound to be quite different than if you have the standard-issue percentage of equity partners who are women," Williams said.

And firms with a dynamic and diverse culture are likely to have attorneys who are strong ambassadors for the firm and who are great at wooing top talent and top clients.

"I do think a more diverse and egalitarian organization is going to have higher attorney engagement. They are going to be striving to do their best, they are going to want to stay at the firm longer, and they are going to say great things about the law firm, and that's all very positive for both the firm and the buyers of legal services," Stern said.

*Methodology: Law360 surveyed over 300 U.S. firms, or vereins with a U.S. component, about their overall and female headcount numbers as of Dec. 31, 2015. Only U.S.-based attorneys were included in the survey.*

--Editing by Mark Lebetkin and Christine Chun.

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