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To certify or not to certify?: Firm leaders debate whether certifying as women-owned will attract big clients

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When Heavner Beyers & Mihlar became majority-owned by women with the promotion of Meredith Pitts to member in January 2016, the three firm leaders knew they wanted to make it official.

“We wanted to have something to show the clients, to send to the clients, to say, ‘We’re women-owned and we are committed to diversity,’” said Julie A. Beyers, the managing member of the 22-lawyer firm.

That decision is no surprise, considering who the firm’s clients are: large corporations in financial services, an area that has been pushing diversity both in response to larger social trends and following the requirements of the 2010 Dodd-Frank Act.

Groups like the Women’s Business Enterprise National Council, the National Association of Minority and Women Owned Law Firms — even the city of Chicago’s procurement department — have different stamps of certification they can give, each with its own set of requirements and conditions beyond just counting genders. Even firms with more women than men in management don’t necessarily qualify for certification, depending on their business and decision-making models.

While certification was a priority for Beyers, not all women-owned firms have rushed to apply for a certified woman-owned logo to put on the About pages of their websites.

Kristen E. Prinz, the founder and managing partner at The Prinz Law Firm, started the council’s certification process about five years ago, but it fell by the wayside. She said she might pick up the application again someday but it hasn’t been a pressing issue.

“Do I think that that’s going to be the biggest driver for our client development? No,” Prinz said. “I still think that relationship building, being out in the community is going to be our biggest driver. Chicago is a small town. It’s a big city, but a small town.”

If you’re part of a woman-owned firm, certification may — or may not — be right for you.

‘You really need to raise your hand’

When Heavner Beyers & Mihlar was founded in 1978, women made up less than a third of law school students, according to the American Bar Association.

Beyers and Pitts both rose through the ranks to lead the firm. Beyers said she was hired in 1999 to lead the firm’s litigation and mentored Pitts, who joined in 2003.

Beyers told firm leadership early on that she wanted to be a partner and a manager.

“That wouldn’t have meant anything if [firm founder Richard Heavner] wasn’t willing to promote me and bring me up through the ranks,” Beyers said. “It’s important to have the right partners. If you’re a woman starting out and you think you want to become a managing partner at the firm where you’re at, you need to make sure that the management there is open to that.”

Today, 13 of the firm’s 22 lawyers are women.

Solidified by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which required each financial regulatory agency to set up an office responsible for the inclusion of women and minorities in management, employment and business activities, the mortgage servicers and lenders the firm works for were on the prowl to work with outside help that was certified as women-owned.

Heavner Beyers & Mihlar applied to the Women’s Business Enterprise National Council in May 2016.

The council requires its businesses are at least 51 percent owned, controlled, operated and managed by a woman or women. Applicants must send in formal documentation and pass a site visit, administered by one of the council's regional partner organizations.

In exchange, the council's certification is accepted by more than 1,000 corporations as well as some states, cities and other governmental entities that must document using diverse service providers and producers. WBENC is the biggest third-party certifier of businesses owned, controlled and operated by women in the country,

Beyers said the monthlong process required disclosing a lot of financial and internal operating information. After a few months, a representative from the Women's Business Development Center in Chicago — the council's local partner working in Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota and Wisconsin — came to the office to question Beyers and her peers about how the firm's decisions get made.

The council certified the firm as women-owned in August 2016. The lawyers notified each of their clients that it was officially certified and put a council logo on its website.

"When you do accomplish something like that, you really need to raise your hand and let everybody know," Beyers said.

Beyers said that's already led to clients letting the firm know of additional opportunities to expand their businesses together.

Additionally, Beyers said the firm will be attending the council's national conference in Las Vegas this month, where they'll participate in matchmaking interviews with potential clients.

'Lawyers are used to filing'

Another Chicago firm is certified as women-owned both through the council and the National Association of Minority and Women Owned Law Firms, which works specifically with law firms.

Scharf Banks Marmor partner Stephanie A. Scharf said applying for certification wasn't too much trouble, even if it can take a couple months total going from step to step.

"Lawyers are used to filing," she said. "They're used to gathering information. They're used to making sure the i's are dotted and the t's are crossed."

After growing up in big firms — as an associate and then partner at Kirkland & Ellis and a partner at Jenner & Block — Scharf was ready to hang out her and her co-founders' shingle.

"I felt like I could do this and wanted to really prove that a women-owned firm could be successful and represent the same types of clients that big firms represent," she said.

Along with Ted Banks, a longtime in-house lawyer at Kraft Foods and Sarah Marmor, a longtime colleague at Jenner and Kirkland, and other former Big Law and large corporate lawyers, Scharf formed Scharf Banks Marmor in 2012.

The firm is defense-minded, Scharf said, working in complex litigation, compliance, antitrust and employment matters for national and global companies, including Fortune 500 firms, as well as smaller and privately held companies, in pharmaceuticals, financial services, technology consulting, the food industry and others.

With four partners, nine counsels and only one associate, Scharf said the firm provides Big Law quality counsel with fewer hurdles. The firm also works with the same types of clients Big Law gets, though they may have fewer clients or fewer types of work from those clients.

NAMWOLF requires member firms be 51 percent or more owned, operated, managed and controlled by women, people of color or people who are LGBTQ, and certified by the women's council, the National Minority Supplier Development Council or The National Gay and Lesbian Chamber of Commerce. Other requirements include that the firm has three or more full-time employees, favorable client references from within the Fortune 500 and a 4.5 to 5 peer review rating on Martindale-Hubbell. There is also a fee associated with membership.

In exchange, the association connects corporate counsels with firms, brings together firms and corporate counsels to network and markets firms to corporate counsels.

While being certified as women-owned may help attract large corporations that have offices to ensure they hire diverse outside help, Scharf stressed the quality of the work her firm does as what gets them business.

"I believe that sometimes we may get an introduction to a client because we're women-owned, but we do not get the business because we are women-owned," she said. "We get the business because of the quality of our lawyering and what we can do."

NAMWOLF's CEO Joel Stern said he spends a lot of his time debunking myths about using women- and minority-owned law firms.

People with unconscious biases assume that they sacrifice quality if they use diverse legal services, but Stern said that's not the case with association member firms.

Stern himself used the association when he was an in-house attorney. In 2003, then deputy general counsel at Accenture, Stern committed his company to find legal help through the organization. He said he needed quality legal help at a good value, and the fact that any legal team would also be diverse was "icing on the cake."

Now as the association's CEO, Stern first and foremost talks about the quality and value of the services association firms provide, then talks about their diversity. He said such firms only want the opportunity to compete for a client and that they're confident they'll win the job once they've been given a chance.

"I'm selling what I bought for many years when I was at Accenture," he said. "I think I bring some credibility."

'We only needed one'

While two of the three leaders at employee benefits and executive compensation law firm Wang Kobayashi Austin are women, it isn't certified as women-owned.

It can't be.

Partner Jennifer L. Kobayashi said she, Stacey D. Austin and Andrew D. Wang left Winston & Strawn seven years ago to build their niche practice without big firm hurdles or big firm rates.

"We thought we should get in on that [association certification] because we felt like the perfect fit," she said.

However, the partnership agreement disqualified the firm from the association's women-owned certification. There were certain decisions — selling off the firm, for example — that needed to be unanimous, which meant female partners Kobayashi and Austin could not outvote the male partner Wang. They would have to change their partnership agreement in order to qualify, but that became moot.

All three of the firm's partners are people of color, so Wang Kobayashi Austin qualified as a minority-owned business that would get all NAMWOLF association member benefits. They joined in 2012.

"We only needed one; we went with that one," Kobayashi said. "Obviously, our demographics speak for themselves when you look at who we are."

Being owned by women does not mean a firm can be certified as women-owned. Hard numbers aren't available on women-owned firms that chose not to pursue the certification stamp.

The local women's council partner said there are 16 law firms in Illinois certified with them. The national council directory is not publicly available.

There's only one firm — Scharf Banks Marmor — certified as woman-owned by the association in the city and only two in the state. About half of the association's 158 member firms are women-owned, according to Stern.

The city of Chicago's Department of Procurement Services offers a certification program for businesses owned by women, people of color, people with disabilities and people from disadvantaged backgrounds that want to bid for work opportunities with the city, county, state or other governmental entities. There are 10 law offices certified as women-owned by Chicago in the city as well as one each in the western suburbs of Elmhurst and Westchester.

Some of those tallies may count the same firms multiple times, as Chicago's Scharf Banks Marmor is certified as women-owned by both NAMWOLF and WBENC. They also fail to count many women-owned firms and small practices that have never applied for certification or didn't qualify.

Kobayashi said her firm didn't need the stamp of approval for the women-owned business certification if they got to be association members since their firm was a minority-owned firm. People would know she and Austin were women once they saw their names or talked to them on the phone.

"When you hear Stacey and Jennifer, you can tell right away," Kobayashi said.

Other qualifications to be certified by NAMWOLF, like proving to the association that the firm could handle a Fortune 500 company, were no sweat, since the firm typically works with big corporations and already had one such client.

Kobayashi said the association has been "awesome for business," adding that the No. 1 way the firm receives referrals is from other association members. Wang Kobayashi Austin's specialization in employee benefits and executive compensation law is so niche that the boutique practice doesn't compete with the peers the three partners network with at association events.

"A lot of law firms don't do what we do or don't have a team of at least three very well-experienced people to do what we do," she said.

Kobayashi also said the firm has gotten work at association annual events, where the organization hosts meets-and-greets between member firms and corporations wanting to diversify their legal help as well as through some companies that seek them out after finding them on the association website.

While the big corporations that Scharf, Beyers and Kobayashi work with may seek out diverse candidates for legal representation, Scharf said there are many predominantly plaintiff-side legal practices that wouldn't think as much about certification.

"Noncorporate clients don't care if you're certified, for the most part," Scharf said. "They may care if you're a woman lawyer, they may want to go to a woman lawyer, but certification certainly doesn't help in that sphere."

That's more or less the case for Kristen Prinz and The Prinz Law Firm.

Prinz's firm has grown to four attorneys since she left the then 12-attorney firm Bellows and Bellows to start it eight years ago.

"I tell employers and employees that the core of every relationship should be shared values," she said. "I wanted to build a firm that reflected my values, hire people that reflected my values."

They focus on employment law and represent both employees and employers.

Prinz said she started the application process to be certified as women-owned through the council about five years ago, but never completed it.

"We must have had a trial or something like that and then it was forgotten," she said.

The primary way her firm gets more business is by providing a good service and building relationships. Prinz said they get many referrals from former clients and a lot of repeat work on the management side.

Plus, she said, it's usually large corporations that would have a diversity commitment, either by contract or by public promises, and Prinz's clients usually aren't large corporations.

Prinz said she does think certification could be useful and said she plans to apply at some point.

Even so, Prinz said she doesn't think being certified as women-owned or not would be the deciding factor for potential clients.

"Maybe that might be how somebody finds us if they've made that commitment, but I think the deciding factor is 'Do they do great work?'"

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