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Embrace Diversity as a Business Imperative

Patrick T. Quinn, New York Law Journal

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At this time of year, as law firms finish their 2015 business plans and projections, it's natural for lawyers to think about new business opportunities for themselves and their firms. New practices to be pursued, new legal trends, new markets that may develop and new clients to be pursued are all typical parts of a lawyer's strategic plan. As Managing Partner, I look for opportunities to serve our clients more fully, more efficiently and more creatively, and one of the biggest opportunities I see is for law firms to up their games by becoming more diverse.

Law firms are used to thinking of diversity as a challenge rather than an opportunity, and, to be sure, there are significant challenges involved in recruiting, retaining and developing diverse attorneys. However, presenting the most complete teams, reflecting the broadest and most diverse perspectives, and truly representing the best talent from across all the varied populations that are increasingly represented in the legal community would allow firms to maintain and improve high standards of client service and to grow their businesses.

Diversity is a social imperative. But it also is a business imperative that law firms must embrace in order to provide clients with the service they need to be competitive in a dynamic and challenging business environment.

Workforce and Client Are Changing

Demographics tell an important story. American society is becoming increasingly diverse, and of course the American workforce will continue to reflect that diversity. If the current trends in population growth continue, census data indicate that by the year 2050 there will be no racial or ethnic majority in the United States.

Additionally, according to some estimates, including projections by the Bureau of Labor Statistics, by the year 2020—just about five years from now—the American workforce will be more than 50 percent women.

Law firms exist to serve the interests of clients, and clients increasingly reflect these demographics. Clients are reaping the benefits of diversity in their organizations. Businesses clearly believe in the importance of diversity and will reward their partner firms that share the same values. So if law firms are going to continue to win the

most challenging mandates and do their best work on their clients' behalf, they also need to reflect these demographic trends.

Increasingly, doing the best work means drawing on a wider array of talent. In law, clients will continue to demand excellence in legal execution—that is a given. To compete among the elite in the legal field, a firm must deliver more than reliable execution. Clients need more from their lawyers—more creativity, more strategy, more understanding of their businesses and industries. Lawyers need to do more than help execute on opportunities; we need to identify opportunities and bring them to clients.

Diversity works better. Diverse teams just create better results. The social sciences literature is full of studies that demonstrate the point. In one study, researchers gave subjects standard IQ tests, assigned them randomly to teams, and asked them to complete several tasks. The teams then received intelligence scores based on their performance. Teams with members boasting higher IQs didn't earn much higher scores, but those that had more women did.¹ Another study examined the ethnic identity of the authors of 1.5 million scientific papers written between 1985 and 2008 and found that papers written by diverse groups received more citations and had higher impact than papers written by people from the same ethnic group. The "stronger" papers were associated with a greater number of authors across geographical locations, reflecting greater intellectual diversity.²

At a time when the business environment seems to become more complicated by the day, with regulatory pressures and heightened competition, clients more than ever need the highest level of creativity and problem solving. Teams composed of lawyers of varying gender, race, ethnicity, religion and sexual orientation are not only more representative of clients, but offer a variety of viewpoints and a wider range of experiences that are critical to solving the toughest problems and giving the best and most creative legal advice. The more diverse the teams, the better the work product will be.

The Battle for Talent

Law firms like ours sustain themselves by attracting the brightest, most hard-working, most ambitious and generally most high-achieving attorneys possible, regardless of background. Intellectual capital is the legal industry's stock-in-trade and without it, we can't deliver at the highest levels for our clients.

The environment in which firms recruit is increasingly competitive. The "buyer's market" for top law school graduates created by the financial crisis is quickly evaporating, as many law firms look to grow. There are many fine law firms in New York and in the world who all compete for the same talent. These are the challenges that every law firm faces. We all need to demonstrate that our firms are different from our competitors in meaningful ways.

Diversity can be one area in which firms like ours can meaningfully distinguish themselves. Diversity is an area in which law firms have traditionally not competed well. Approximately 45 percent of associates are women, more than 20 percent are minority attorneys, and some 3 percent identify as LGBT, according to the latest data from The National Association for Law Placement (NALP), an improvement over the decades.³

⁴ But there is a disconnect when you look at the partnership ranks at major U.S. law firms. Women make up only 20 percent of the partners at these firms, minority attorneys only 7 percent, and LGBT approximately 1.5 percent. By creating an environment that truly supports and develops women and other diverse attorneys, a law firm should be able to attract the brightest, most ambitious, most high-performing attorneys from those populations.

Recruitment Efforts Are Not Enough

Some firms are starting to have better success in recruiting diverse incoming classes from law schools. In recent years incoming classes at our firm have averaged over 60 percent women and about one-third other diverse attorneys. But recruiting these classes is in many ways the easy part. The challenge is only beginning, because the real goal is to develop and retain high performing lawyers. Bringing in talent doesn't get you very far if you aren't successful in turning that talent into your next generation of leaders.

Creating the right environment to support and develop women and other diverse attorneys is no small task, but it starts with a simple question: What does every bright, hard-working, ambitious young lawyer—or banker, or any other professional, diverse or not—want? They want a clear path to success. They want to know that if they put in the hours and dedicate the effort and passion, they can succeed in their firms.

The best way for a firm to convince women and other diverse attorneys that they can succeed is to have a leadership structure that features attorneys like them. When young diverse lawyers look up, they want to see successful women, black, Latino, Asian and LGBT leaders. They want to know that there's an opportunity for them, too, to reach that level. When they look at law firm leadership and see only white men, they naturally question the likelihood of that opportunity. Most law firms are not there yet. Progressing toward the goal of making firm leadership truly diverse will take time, perhaps a generation. But law firms can get there, and they must.

So in the meantime, how can law firms convince young talent that they can succeed? They need to show women and other diverse attorneys every day that the firm will do what's necessary to support them. That emphasis must come from the leadership of the firm; the focus must be constant, not intermittent; and it requires programs and structures to put women and other diverse attorneys in a position to succeed and to become leaders. I'll offer a couple of ideas that are having a positive influence at our firm.

Sponsorship, Not Just Mentorship

Providing a path to success is very important. Law firms, like many businesses, struggle to retain high-performing women. A group of lawyers working on retention issues for women and other diverse attorneys at our firm came across a Harvard Business Review report entitled "The Sponsor Effect: Breaking Through the Last Glass Ceiling." Most successful business executives have benefitted from a form of support in their careers that transcends mentorship, something much more aggressive than mentorship. The report calls this "sponsorship." While part of sponsorship involves developing a personal mentoring relationship, giving advice and coaching, it is really more about influence. Influential sponsors have the ability to identify opportunities for their junior protégés and make sure they are positioned in a way that will bring attention to their talents and achievements.

The insight of the Harvard Business Review study is that while white males benefit from sponsorship all the time, their female counterparts suffer from a lack of it.

Based on this insight, our firm piloted a sponsorship program for female attorneys, selecting 16 young lawyers identified by their practice groups as the best and brightest. We also identified 27 sponsors from among the senior lawyers at the firm, including every member of our Management Committee, as well as every practice group chair. Importantly, the onus is not placed on the sponsor to do all the work. A sponsorship program also must empower the protégés to seek opportunities and capitalize on them. This is not about handing success to people on a silver platter; it's about giving them the opportunity to earn success.

One vignette from recent experience demonstrates how our program works. Stephanie, an attorney in our corporate practice, was a hard-working, well-liked and well-respected young lawyer who focused her practice on the health care industry. Despite being held in high regard by her health care colleagues, like many young lawyers, she did not have broad exposure to the firm and its leadership. We asked a partner to become one of her sponsors, and he worked on helping Stephanie hone her business development and client pitching skills. He also identified an opportunity for her to lead the team preparing a big pitch for a very large company in the health care space, her specialty. She took on a key speaking role at the pitch and made a great impression on the general counsel of the client.

Our firm won a major corporate mandate following that pitch, and we credit the protégé's interaction with the general counsel as one of the main reasons for the success. We told this story at a recent partners meeting. Now all of the partners at the firm know who Stephanie is and what she's capable of. That's the power of sponsorship.

Since the sponsorship pilot's founding in 2013, our firm has promoted two of the women to partner and six more to special counsel. Given these early successes, we have now broadened the program to include racially diverse attorneys as well as LGBT attorneys.

Getting the Most From Existing Programs

Most law firms already have a diversity infrastructure that includes affinity networks. These networks often provide support to attorneys and raise awareness about issues that are of particular concern to a particular population of lawyers. This is important work, but we wanted more from our affinity networks. We wanted our affinity networks to be incubators to produce future leaders for our firm—leaders not just on issues of diversity, but leaders in all the firm does. We wanted our affinity networks to provide a platform for talented young lawyers to show us what they can do for our firm.

In our firm we have five such networks: the Asian Pacific American Network, the Black and Latino Network, the LGBT Network, the Women's Leadership Initiative and the newly formed network for military veterans. Each network is open to all lawyers, regardless of whether they are associated with the particular affinity.

As part of reinventing the affinity networks into organizations with more impact, management charged these groups with driving the firm forward, not only on issues of diversity, or even primarily on diversity. The networks are expected to make contributions on the most fundamental things that our firm needs to do every day. Things like business development and client service, associate recruitment, pro bono activities, training and any other fundamental activity that the firm needs in order to be successful. Chaired by a select group of high-performing young lawyers, the affinity networks are held accountable for making an impact.

By moving affinity networks from the periphery to the very center of what a law firm does and how it operates, by giving women and other diverse attorneys a platform—supported and funded by the firm—to lead, we hope we can identify and propel a new generation of leaders that reflects demographically what law firm management should be.

Conclusion

Businesses, law firms included, have a responsibility to lead on important social issues. What better example than diversity of an issue where businesses need to play an important role? So much of anyone's success in society is based on professional success. Women and people from underrepresented groups must have an equal opportunity in our workplaces. But more than this, diversity is a business imperative. Our firms cannot succeed in the future without getting this right.

If law firms can truly achieve diversity, not just in the incoming classes, but from bottom to top, then we will no longer need diversity programs or special focus. It should be like a pump that, once you prime it, just produces results naturally and reliably. The ultimate goal of every diversity program should be to make itself obsolete.

Sponsorship programs and empowered affinity networks are just two ideas. They will not necessarily work in every organization. There is no one-size-fits-all approach for the widely disparate cultures that exist from firm to firm. However, no program will work if it is focused only on numbers and statistics. It is not enough to get a more diverse attorney population in the door. Until those attorneys are promoted, and until law firm leadership becomes more diverse—with representation of women, racial minorities and the LGBT community—law firms must continue to sustain their focus and think creatively about building organizations that represent the best legal talent from all parts of our increasingly diverse society.

Endnotes:

1. Woolley, Chabris, Pentland, Hashmi, Malone. "Evidence for a Collective Intelligence Factor in the Performance of Human Groups." *Science Magazine*, 2010.
2. Freeman, Huang. "Collaborating With People Like Me: Ethnic co-authorship within the US," National Bureau of Economic Research, 2014.
3. "Representation of Women Associates Falls for Fourth Straight Year as Minority Associates Continue to Make Gains—Women and Minority Partners Continue to Make Small Gains." NALP, 2013.
4. "LGBT Representation Up Again in 2013." NALP, 2014.

Patrick T. Quinn is managing partner at Cadwalader, Wickersham & Taft and chair of the firm's global Diversity Committee

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