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Client Demands Strengthen the Business Case for Law Firm Diversity

By **Anne Marie Ruff**
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As the face of corporate America becomes increasingly diverse and gender balanced, the smart money at law firms is working to reflect that diversity within their own ranks.

Robin Cohen and Linda Kornfeld, managing partners of the New York and Los Angeles offices of Dickstein Shapiro Morin & Oshinsky, respectively, argue in a new white paper that “the business-oriented analysis of why women should be a significant presence in corporate America is compelling: gender diversity increases financial performance.”

One of the ways diversity can increase that bottom line is to help firms attract diverse clients who want to see representation that looks like them, and corporate clients who have diversity initiatives.

“Law firms are looking less and less like the clients they work for. Those firms that recognize they need diversity will be ahead of the pack,” said Susan Hackett, senior vice president and general counsel of the Association of Corporate Counsel.

“If your firm doesn’t recognize this now, in a few years you will find other firms already at the table eating your lunch,” said Hackett at a recent Legal Marketing Association luncheon in Los Angeles, “The Demand for Diversity — A View from Corporate Counsel.”

The message that diversity hiring is good business has gotten less attention than messages that encourage hiring women and minorities to redress their status as “victims” of a white, patriarchal system.

When Kornfeld and Cohen studied published articles for their paper “Women Leaders and the Bottom Line,” they found “95 percent of the articles were negative. There is lots of talk about women opting out, but no one has taken the studies that show hiring women is good for business and run with them.”

Their firm has represented DuPont, which has diversity requirements for the outside counsel it hires.

Other big corporations, including Wal-Mart Stores Inc., the Sarah Lee Corp., Epsilon America Inc., the Hilton Hotels Corp. and Shell Oil Co. also have focused on diversity issues.

While corporations have developed diversity initiatives fairly quickly, building diversity in a

firm can take much longer.

Tom Mars, general counsel of Wal-Mart, told the audience at “Demand for Diversity” that “When I joined Wal-Mart four years ago, I was a novice at all of this. We had 50 lawyers in house and no meaningful diversity. Today 26 percent of the lawyers in our home office are people of color and 40 percent are women.”

Mars said outside hiring has followed suit. “Of the top 100 firms that we hired, 82 of the relationship partners were white men,” he said. “In the last four years, we have transferred \$60 million worth of business to other partners.”

If one is looking to cash in on some of the diversity-chasing money, there are a number of practical strategies. First, get some diversity in the firm.

Cohen said the right attitude needs to start at the top.

“If management of the firm appreciates the kind of pressures women face, that goes a long way with the associates,” she said. “As people see we are a liberal firm, we’re not only attracting women, we’re also attracting minorities.”

Attracting diversity is sometimes difficult for recruiters, said Patrick J. McDonough, a litigation partner with Howrey, a firm that provides outside counsel for Hilton.

“News travels very slowly to law school students that firms are friendly environments for women and minorities,” McDonough said.

Judith Bain, vice president of legal affairs and general counsel at Epsilon, warned firms against hiring women and minorities just for appearances.

“I used to be offended when I would go into Request for Proposal meetings and I would see the token woman or person of color,” Bain said. “It’s pretty easy to see right through that.”

According to Madeline A. Kleiner, executive vice president and general counsel for Hilton, “Success in recruiting minorities and women depends a lot on promoting and retaining the existing women and minorities in your firm, even if it is initially a very small pool.”

Once you have diversity in your firm, the second step is to keep it.

Kleiner told the “Demand for Diversity”

audience that her legal department has a diversity performance program that evaluates mentoring as part of its bonus criteria.

Kornfeld highlighted ways that her firm has worked to attract and retain talented women lawyers who were frustrated with the traditional lawyer track.

“We have a real part-time track, we have virtual attorneys — basically contract attorneys that work from home,” she said. “We recognize the value a woman brings to the firm, which is more than just the number of billable hours she works, and we have emergency child care available for women.”

Making work flexible for women is a worthwhile investment for Kornfeld because “losing a third- or fifth-year associate is expensive for firms.”

Often corporations with diversity initiatives keep track of diversity retention within firms and can see if women or minority lawyers cycle quickly out of the firm. Some corporations even will help firms with diversity.

“We don’t write firms off if they don’t perform in using diversity,” Kleiner said. “We try to work with them to see if there are ways they can commit resources to diversity issues. That way we can have an impact.”

For Bain, “it’s very gratifying to see inclusion.”

The next step for firms is to make sure that potential clients see that inclusion.

One way to do that is to participate in diversity events.

“Make sure you really go, don’t just sponsor an empty table,” Mars said. “There will be networking opportunities.”

He warned firms not to “waste your money on magazine advertisements or fancy brochures. We told firms that if they exceed our expectations in terms of diversity, we will take out full-page ads endorsing them in national legal publications.”

Cohen said her firm has sponsored networking opportunities for women. “We started with a spa day of general counsels. We have also had a cooking event and a trunk show at a Ralph Lauren store. It has created real business for the firm,” she said.

Hackett asked Mars if Wal-Mart’s policy meant the company was essentially “mucking about in internal law firm policies.”

We may be,” Mars replied. “But we’re the customer, and we can shop anywhere.”