

# WLJ

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## Changes in the business world bode well for women lawyers

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reduced hours**

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National Association of Women Lawyers®  
*the voice of women in the law®*



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Legal work is shifting from larger firms to smaller firms. According to an article in the Harvard Business Review HBR Blog, “Why Law Firm Pedigree May Be a Thing of the Past” by Dina Wang and Firoz Dattu (Oct. 11, 2013), “there is a growing body of legal work that simply won’t be sent to the most pedigreed law firms, most typically because general counsel are laser focused on value, namely quality and efficiency.” GCs are finding value elsewhere. By Sheryl L. Axelrod

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Hiring new attorneys to replace seasoned employees is profoundly expensive. Studies show that the cost of replacing a seasoned attorney with a new hire can be as much as 150 percent of the leaving attorney’s salary. All things considered, it benefits lawyers and law firms to offer scheduling alternatives such as flex-time and reduced hours. By Laura Paris Paton

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As a gender, women are hardwired to cultivate and nurture relationships. We are born for relationships. Leverage this strength to turn everyday contacts into powerful business and client connections. By Kimberly Alford Rice

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Practice positivity. Practice acceptance. Practice the belief that everyone has something to offer and a new perspective that might offer a solution to an otherwise difficult issue.

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As women lawyers, we are survivors and achievers and we have the resources and wherewithal to excel at our professional and personal commitments.

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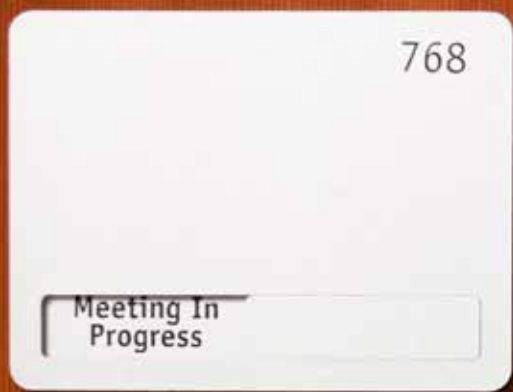
Julianne Hartzell, a partner with Marshall Gerstein & Borun LLP, was selected as one of Law Bulletin Publishing Co.’s “40 Illinois Attorneys Under Forty to Watch;” and the law firm of Adams and Reese recently launched the first edition of “Women Out in Front” a newsletter highlighting the law firm’s women attorneys’ achievements, awards, recognitions and professional and community involvement.

**Book Review** ..... 32

Rosalie Erwin Wahl, the first woman to serve on the Minnesota Supreme Court, was an advocate for both women’s rights and civil rights. In her book, *Her Honor: Rosalie Wahl and the Minnesota Women’s Movement*, author Lori Sturdevant, a columnist with the Minneapolis Star Tribune, weaves Wahl’s biography into the tapestry of the women’s movement in Minnesota. Reviewed by Laura Williams

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# Countering diversity fatigue

*The audacity of hope  
backed up by data—  
seeing the paradigm  
shifting*

By Sheryl L. Axelrod



**THE CURRENT STATE OF THE PROFESSION FOR WOMEN** is undeniably grim. The National Association of Women Lawyers (NAWL®) and The NAWL Foundation's® Eighth Annual Survey on Retention and Promotion of Women in Law Firms released in February informs us that women are concentrated at the bottom of the law firm hierarchy. Women occupy 64 percent of the lowest positions in the largest 200 law firms as staff attorneys, while the highest positions in those firms, those of the equity partners, are occupied by a mere 17 percent of women.

While this is better news than had been reported in 2012, it is only slightly so. Then, women made up 15 percent of equity partners and 70 percent of staff attorneys.

Given that more than four in 10 law school graduates have been women since the mid-1980s, it is predicted that women will not reach parity in the legal profession until the year 2086.

### *The Audacity of Hope*

Change may not take anywhere near that long. Three economic forces suggest that the pace of change may be about to drastically improve.

Women have been founding new businesses at an average rate of 1,200 a day.

**THE PARADIGM SHIFT AFOOT IN LEGAL SPEND.** There is a paradigm shift occurring in the legal profession. Legal work is shifting from larger firms to smaller firms. In fact, according to an article in the Harvard Business Review HBR Blog, "Why Law Firm Pedigree May Be a Thing of the Past" by Dina Wang and Firoz Dattu (Oct. 11, 2013), "there is a growing body of legal work that simply won't be sent to the most pedigreed law firms, most typically because general counsel are laser focused on value, namely quality and efficiency." GCs are finding value elsewhere.

In fact, "GCs are increasingly willing to move high-stakes work away from the most pedigreed law firms (think the [giant] Cravaths and Skaddens of the world)... if the value equation is right," found Wang and Dattu. "Top talent is increasingly dispersed, not residing solely at the most pedigreed of firms," so there is no need for GCs to seek top talent there.

**THE RISE OF WOMEN-OWNED BUSINESSES.** As this shift in legal work from larger to smaller law firms is occurring, women are forming businesses at an



Sheryl L. Axelrod (saxelrod@theaxelrodfirm.com), president of The Axelrod Firm PC (www.theaxelrodfirm.com), a National Association of Minority and Women Owned Law Firms (NAMWOLF) law firm in Philadelphia, provides strategic, results-driven advice and representation to companies concerning their general and product liability, employment, commercial and appellate litigation matters. While only 5 percent of lawyers are recognized by their peers as Super Lawyers, Axelrod was not only recognized as a Super Lawyer but rated one of the Top 50 Women Super Lawyers in Pennsylvania for the past three years and selected a 2013 Top Rated Lawyer in Labor & Employment by American Lawyer Media and Martindale-Hubbell. She is a member of the NAWL Diversity and Amicus Committees, and of the American Bar Association's distinguished Gender Equity Task Force.

## Women-owned businesses are taking our economy by storm

explosive pace. According to the American Express OPEN State of Women-Owned Business report, over the past year, women have been founding new businesses at an average rate of 1,200 new businesses a day. The pace is eclipsing even that held last year, when women founded a still-stunning 740 new businesses a day.

Women-owned businesses are taking our economy by storm. In fact, American Express estimates that there are now 9.1 million women-owned businesses in the United States, and that four out of 10 new businesses are being started by women – nearly half.

Some of the new women-owned businesses are law firms. I cannot say how many, but I suspect the number of women-owned law firms is rising along with the number of women-owned businesses.

**TYING THE PARADIGM SHIFT AFOOT IN LEGAL SPEND TO THE RISE OF WOMEN-OWNED LAW FIRMS.** Women-owned law firms are capturing a portion of the legal work that is shifting away from larger, so called pedigreed firms, to smaller firms. NAMWOLF law firm members, members of the National Association of Minority and Women Owned Law Firms, are likely seeing a nice portion of it.

NAMWOLF members are the premier approximately 130 minority- and women-owned law firms in the country; 66 women-owned law firms have passed NAMWOLF's rigorous screening selection process and are now NAMWOLF members.

Every law firm seeking to become a NAMWOLF member must have a minimum of three Fortune 500 companies or their equivalently large major non-profit or governmental counterparts as clients in addition to being certified as woman- or minority-owned. Also, among other membership criteria, the attorneys practicing at the firm must receive, on average, an AV



Women-owned law firms will become a safe haven to which all lawyers – including highly talented women and minorities – can go to be treated fairly and have a more equal chance of rising to equity partnership.

## Committed to the Advancement of Women



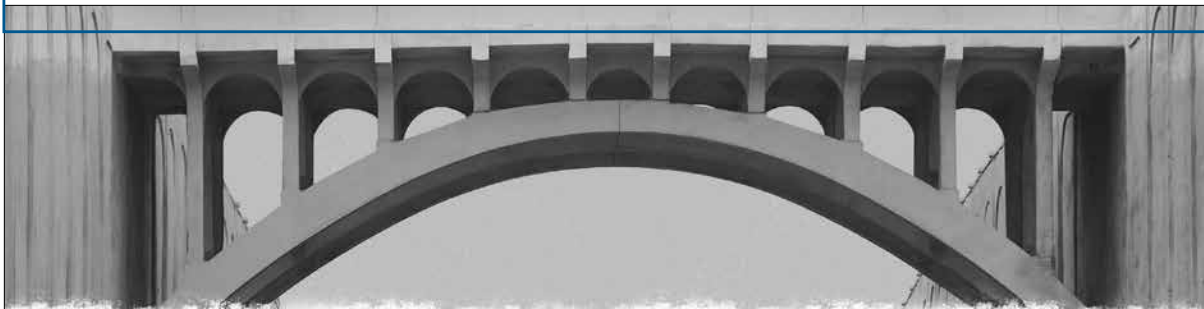
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McGuireWoods LLP demonstrates our commitment to our women attorneys by supporting their advancement into leadership positions. With strong leaders, like those pictured above, our firm continues to thrive and stand out in the marketplace. We proudly support the programs and initiatives of the National Association of Women Lawyers.

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Joy C. Fuhr, Partner | 804.775.4341 | [jfuhr@mcguirewoods.com](mailto:jfuhr@mcguirewoods.com)  
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## Diversity improves company performance

Preeminent rating from Martindale-Hubbell, the highest rating available.

My fellow NAMWOLF law firm owners generally came from pedigreed firms, as I did prior to launching my firm. Ours are precisely the types of law firms to which GCs are shifting their work. The fact each NAMWOLF firm had the client base required to satisfy NAMWOLF's membership shows these 66 women-owned law firms successfully attract major clients.

Through NAMWOLF, our firms network and build relationships with in-house counsel from supportive Fortune 500 companies, major governmental entities, and large non-profit associations. Such entities support NAMWOLF because, like the GCs mentioned above, they see the value – the quality and efficiency – we bring relative to the pedigreed firms from which most of us came. Also, many of the in-house attorneys want to take an active role in making the legal profession more diverse and inclusive.

When I opened my law firm, I wanted to build a diverse and inclusive environment welcoming of all talented lawyers. My fellow lawyers at The Axelrod Firm share this vision of expanding equality in the profession. For instance, Axelrod Firm partner Mary Ann Mullaney co-founded the Fearless Women Network with me, a non-profit dedicated to shattering glass ceilings and obliterating unequal pay. We put on the Fearless Women Network's first symposium, "Harnessing the Competitive Advantage of Greater Diversity and Inclusion by Achieving Pay Equity," before an audience of over 95 people. Axelrod Firm attorney Vanessa Snyder helped us do it.

I learned about Vanessa's interest in paving the way to greater diversity, inclusion, and equality in the profession while I was the President of the Temple Law Alumni Association. During my two-year term in the post, I founded the TLAA Women's Initiative and Diversity Committee, the committees' awards,

and the committees' presentations. Vanessa was my first TLAA Women's Initiative co-chair with Duane Morris partner Mairi Luce. She, Mairi and I worked together as TLAA Women's Initiative co-chairs throughout my presidency.

Many NAMWOLF law firm owners I've met want to build diverse and inclusive law firms, too. In fact, the Fearless Women Network may launch a regional chapter in another city as a fellow NAMWOLF member would like to start one.

If companies and the community at large continue to support us, women-owned law firms will become a safe haven to which all lawyers – including highly talented women and minorities — can go to be treated fairly and have a more equal chance of rising to equity partnership.





Studies show that if my fellow women law firm owners and I in fact create more hospitable law firms for everyone, we stand a great chance of growing highly profitable firms.

**THE SPECIAL SAUCE: THE PROFITABILITY OF DIVERSITY.** So we have two different business models in the profession that are in the midst of great change. On the one hand, there are the largest and so-called pedigreed law firms in which women generally represent about 17 percent of the equity partners. Those firms are losing legal work.

On the other hand, we have younger, dynamic women-owned law firms like mine, many of which are smaller and, like me, determined to create more diverse and inclusive law firm environments than the traditional pedigreed firms we left. Our firms are growing in number and attracting a chunk of the business the pedigreed firms are losing.

Interestingly, studies show that if my fellow women law firm owners and I in fact create more hospitable law



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## ‘Pedigreed’ law firms are losing legal work

firms for everyone, we stand a great chance of growing highly profitable firms.

A number of business studies including a 2011 research report in Catalyst Inc. by Nancy M. Carter and Harvey M. Wagner entitled “The Bottom Line: Corporate Performance and Women’s Representation on Boards (2004–2008),” demonstrate that diversity and inclusion are enormously profitable. The studies show that corporations that include three or more women on their boards outperform companies with all-male boards by 60 percent in return on invested capital, 84 percent in return on sales, and 60 percent in return on equity. The numbers suggest that diversity and inclusion are not just profitable; they have a positive synergistic impact on profits.

Douglas E. Brayley and Eric S. Nguyen, authors of “Good Business: A Market-Based Argument for Law Firm Diversity” in *The Journal of the Legal Profession* in 2009, studied the data from the 200 highest-grossing firms (the AmLaw 200) and found that this same dynamic holds true in the legal profession. Highly diverse law firms report, on average, much higher profits per partner and revenue per lawyer than the rest of the AmLaw 200 firms. Even when you control for the factors you would think have the greatest impact on law firm

profitability – the hours billed, the firm’s location, its size – they found that “a firm ranked in the top quarter in the diversity rankings will generate more than \$100,000 of additional profit per partner than a peer firm of the same size in the same city, with the same hours and leverage but a diversity ranking in the bottom quarter of firms.” (Emphasis added.)

Diversity improves company performance. As Scott E. Page, author of *The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools, and Societies*, wrote, greater racially, ethnically, and culturally diverse workplace teams generally function more effectively than more homogenous teams. According to Deloitte, *Only Skin Deep? Re-examining the Business Case for Diversity* (Sept. 2011), people with diverse backgrounds, experiences, and perspectives are less likely to fall prey to “groupthink,” whereas homogenous teams are more likely to approach problems from the same angle.

### *Conclusion – a brighter future may be coming*

Large, traditional law firms are losing legal work to smaller firms. Their non-diverse law firm model is far less profitable than more diverse models. That suggests the traditional large law firm model may not stand the test of time. More diverse firms may outperform them and leave them behind.

Women-owned law firms are building relationships with major corporations, governmental entities, and non-profit organizations that in the past, were in the reach only of the large, pedigreed, traditional firms. Those women who, like me, own their firms and are determined to create a new law firm mold, one in which the seats at the partnership table will include a fair and representative number of women and minorities, stand to be highly profitable and in the process, grow, invite other attorneys to join them, welcome a far more diverse group of attorneys to equity partnership, and drastically quicken the pace toward parity in the legal profession. ■

