



LAWPAY

GET STARTED

WANT TO KICKSTART  
YOUR FIRM'S CASH  
FLOW IN 2021?



ABA  
AMERICAN BAR ASSOCIATION  
ABA Advantage  
Proud ABA  
Advantage Benefit

CURRENT ISSUE

PAST ISSUES ▾

SUBSCRIBE ▾

CONTACT ▾

ABOUT ▾

YOU ARE AT: Home » Articles » Oh, The Times of Inequality, They Are A-Changin'



## Oh, The Times of Inequality, They Are A-Changin'

BY SHERYL L. AXELROD ON MARCH 13, 2015 ·



The current state of the profession for women and minorities is undeniably grim. Read the accompanying sidebar to this article, "[Challenging the Myths About Women and Minority Lawyers](#)" for more information and resources.

### The State of the Top of Big Law: Predominantly Male and White

#### Few women

We know from the National Association of Women Lawyers (NAWL) and The NAWL Foundation's *8th Annual Survey on Retention and Promotion of Women in Law Firms* that women are concentrated at the bottom of large law firms. Women occupy 64 percent of the lowest positions in the largest 200 law firms as staff attorneys. Less than 20 percent of the highest positions in the firms, those held by equity partners, are occupied by women, meaning that more than 80 percent of Big Law's equity partners are men.



Given that since the mid-1980s, more than 40 percent of law school graduates have been women, by promoting women to less than 20 percent of the equity partnership seats, Big Law partners are promoting less than half as many women lawyers to partnership as they should.

Moreover, the pace of change toward greater equality—the movement of the needle, as it is called—has been nearly non-existent since the mid-1980s. At the current rate of inclusion, women are not predicted to reach parity in the legal profession until the year 2086.

#### Few minorities

Get even more resources to help you practice law better. Join the ABA Law Practice Division.

Learn More

SPONSORED BY

**Disorder.**  
Better organize your practice.

**Tabs3**  
Billing | Practice Management | Accounting

Members Save 10% [Schedule a Demo](#)

THIS ISSUE OF LP TODAY

The Multi-Gen & Multi-Cultural Issue  
| March 2015



IN THIS ISSUE

Multi-Cultural and Multi-Generational Issues in Law Firms

Minority lawyers are grossly underrepresented at the top of Big Law, too. While minority lawyers make up 13.9 percent of the lawyers at the largest law firms, male minorities represent six percent of the equity partners in the AmLaw 100 and four percent of the equity partners in the second hundred largest law firms. Female minorities represent two percent of the equity partners in both the AmLaw 100 and the second hundred largest law firms. Thus, approximately six to eight percent of equity partners at major law firms are minorities, while minorities represent nearly 14 percent of the practicing lawyers at them. Firms are promoting roughly half as many minority lawyers to partnership as they should, and even fewer female minority lawyers.

## A Change Is Gonna Come

Many law firms are not nearly as welcoming and hospitable—inclusive—to women and minority attorneys as they are to white, non-diverse male attorneys. This results in the firms doing a poor job of:

- Voting women and minority attorneys into equity partnership in fair, representative numbers
- Equally crediting such attorneys for the business they bring in
- Billing women and men attorneys at comparable experience and skill levels at fair and comparable billing rates
- Paying such attorneys equally
- Equally retaining such attorneys

However, the law firm landscape is quickly changing, and firms would be wise to harness the competitive advantage diversity can represent, by greatly expanding their diversity and inclusion efforts. If they don't, they may quickly get left with few clients.

This is because while the the movement of the needle has thus far been glacially slow, three economic forces will likely soon greatly quicken the pace. These economic forces suggest a sea change is afoot.

### The direction of legal spending is shifting

Legal work is moving from larger firms to smaller firms, and legal spending is moving along with it. In fact, according to the article in the *Harvard Business Review* blog post, "[Why Law Firm Pedigree May Be a Thing of the Past](#)" by Dina Wang and Firoz Dattu, "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.

"GCs are increasingly willing to move high-stakes work away from the most pedigreed law firms (think the Cravaths and Skaddens of the world)... if the value equation is right," Wang and Dattu noted. "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 only there.

### The rise of women and minority-owned businesses

As this shift in legal work from larger to smaller law firms is occurring, women and minorities are launching businesses at an explosive pace. According to the U.S. Census Bureau's latest figures, women owned 7.8 million U.S. businesses in 2007, a rise of more than 20 percent from 2002. In fact, in 2007, women-owned businesses accounted for nearly 30 percent of all businesses in the United States. Through their businesses, women employed 7.6 million employees and generated a whopping \$1.2 trillion in receipts. Based on such figures, it is estimated that women launched 740 businesses a day on average in 2013 and 1,200 a day on average in 2014. In fact, it is estimated that four out of every ten new businesses currently being opened—nearly half—are woman-owned.

According the U.S. Census Bureau, there were also 5.8 million minority-owned businesses in the U.S. in 2007. That represents a rise of 45.6 percent from 2002. Minority-owned businesses in the U.S. are being founded at a rate of over two times the speed of other businesses. They're employing 5.9 million people, and generating receipts totaling \$164.4 billion. This number is sure to skyrocket along with the growing number of minorities in the country.

A portion of the new women and minority-owned businesses are law firms. I cannot say how many, but I suspect the number of women and minority-owned law firms are rising along with the number of other women and minority-owned businesses.

### Tying the shift in legal spend to the rise of women and minority-owned law firms

Law Firm Management Struggles with Multi-Generational Issues

---

Creating an Engaged Environment

---

Oh, The Times of Inequality, They Are A-Changin'

---

Re-Imagining the Law Firm Women's Initiative

---

Challenging the Myths About Women and Minority Lawyers

---

Your Brain on Leadership

---

Interview with Jennifer DaSilva

---

Integration Starts With Respect

---

Big Law, take note: connections with the largest clients are about to be owned by the most diverse and inclusive law firms. Women and minority-owned law firms are already capturing a portion of the legal work that is shifting away from larger, so-called pedigreed firms, to smaller firms. NAMWOLF (National Association of Minority and Women Owned Law Firms) law firm members are likely seeing a nice portion of it.

NAMWOLF members include approximately 145 women and minority-owned law firms in the country that have passed NAMWOLF's screening selection process.

Every law firm seeking to become a NAMWOLF member must have a minimum of three corporate references (preferably from *Fortune* 50 or *Fortune* 100 companies) from assignments performed within the last two years, 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 Preeminent rating from Martindale-Hubbell—the highest rating available.

My fellow NAMWOLF law firm owners generally came from pedigreed firms, as I did before launching my firm. Ours are precisely the types of law firms to which GCs are shifting their work. The fact that each NAMWOLF firm had the client base required to satisfy NAMWOLF's membership criteria shows these 145 women and minority-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 nonprofit 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. In fact, in-house counsel represent the vast majority of the NAMWOLF Admissions Committee that reviews applicants and determines which law firms are forwarded for further review and approval.

When I opened my law firm, I wanted to build a diverse and inclusive environment welcoming of all talented lawyers. My colleagues share this vision of expanding equality in the profession. For instance, my partner Mary Ann Mullaney and I co-founded the Fearless Women's Network, a nonprofit dedicated to shattering glass ceilings and obliterating unequal pay for women and minorities. 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 more than 90 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' major annual panel discussion and networking events. 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 woman-owned law firm member would like to start one.

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

## **Diversity wins**

We have two different business models in the profession, each in a time of great change. On the one hand are the largest and so-called pedigreed law firms in which women generally represent about 17 percent of the equity partners, and minorities represent approximately six to eight percent of the equity partners. Those firms are losing legal work.

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

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

In my piece, "[Banking on Diversity: Diversity and Inclusion as Profit Drivers-The Business Case for Diversity](#)," I discuss Douglas E. Brayley and Eric S. Nguyen's "Good Business: A Market-Based Argument for Law Firm Diversity" from *The Journal of the Legal Profession*. Their article shows that among the Am Law 200, highly diverse law firms report much higher profits per partner and revenue per lawyer than the rest of the Am Law 200 firms on average.

In fact, 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—Brayley and Nguyen 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 mine.)

Put simply, diversity improves company performance. Scott E. Page, author of *The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools, and Societies*, wrote that greater racially, ethnically, and culturally diverse workplace teams generally function more effectively than more homogenous teams. As I explain in "Banking on Diversity," according to Deloitte's *Only Skin Deep? Re-examining the Business Case for Diversity*, this is likely because people with diverse backgrounds, experiences, and perspectives are less apt to fall prey to "groupthink," while homogenous teams are more likely to approach problems from the same angle.

## Conclusion: Equality Lies Ahead

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 and minority-owned law firms are building relationships with major corporations, governmental entities, and non-profit organizations that in the past, were within the reach only of the large, pedigreed, traditional firms. Those women and minority law firm owners who, like me, 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. Such law firms stand to grow, welcome a far more diverse group of attorneys to equity partnership, and drastically quicken the pace toward equality in the legal profession.

## About the Author

*Sheryl L. Axelrod is President of the Axelrod Firm in Philadelphia. She can be reached at [saxelrod@theaxelrodfirm.com](mailto:saxelrod@theaxelrodfirm.com) or on Twitter [@sher\\_lawyer](https://twitter.com/sher_lawyer).*

(Image Credit: [Shutterstock](#))

---

### LAW PRACTICE TODAY EDITORIAL BOARD

#### Editor-in-Chief

Amy Drushal, Trenam Law

#### Associate Editor

Micah Buchdahl, HTMLawyers

#### Issue Editors

March 2021

Charity Anastasio, American Immigration Lawyers Association

John Bowers, Patterson Intellectual Property Law, PC

Micah Buchdahl, HTMLawyers

Leonika Charging-Davison, Big Fire Law & Policy Group LLP

Amy Drushal, Trenam Law

---

Jason Long  
Jason Marsh

Nicholas Gaffney, Zumado  
JoAnn Hathaway, State Bar of Michigan  
Shawn Holahan, Louisiana State Bar Association  
Jonathon Israel, The Florida Bar  
Afi Johson-Parris, Johnson-Parris Law  
Andrea Malone, White and Williams LLP  
Jason Marsh, MARSH8  
Jeanne Picht, Fried Frank  
Mark Robertson, Robertson & Williams  
Ramón Viñas-Bueso, Viñas Law Office LLC  
Susan White, Mass LOMAP

---

[ABA Law Practice Division News](#)

---

[About ABA Law Practice Today](#)

---

[Advertise](#)

---

[Contact](#)

---

[Information](#)

---

[New Law Anthology](#)

---

[Submit a Pitch](#)

---

[Syndicate](#)

---

[Current Issue](#) · [Past Issues](#) · [Terms of Use](#) · [Code of Conduct](#) · [Privacy Policy](#) · [Your Privacy Rights](#) · [Your California Privacy Rights](#) · [Copyright & IP Policy](#)  
· [Advertising & Sponsorship](#) · © 2015 ABA, All Rights Reserved