REPORT ON NAWL STUDY:
Study Finds Little Cheer on Progress of Women at Law Firms

For articles, coaching tips and other items of interest to women attorneys who want to advance their careers through success in business development - go to www.sagelawyermarketing.typepad.com/women/

NAWL Study Finds Little Cheer on Progress of Women at Law Firms

"Consternation...stagnation...disappointing."

These terms characterized the findings of a recent 2010 survey from the National Association of Women Lawyers (NAWL) on the status of women in law firms. The authors find little progress for women in the ownership, management or business development leadership at the largest firms in the country.

According to the study, "We report the results of the 2010 Survey with some consternation. Progress for women lawyers in large firms is not occurring quickly. Moreover, the evolving structural changes in law firms – such as expansion of jobs at the lower end of firms, the increasing dominance of two-tier or multi-tier firms, and other non-traditional factors – along with the difficulty of obtaining credit for business development, portend stagnation or, at best, continued slow improvement in key areas such as numbers and compensation of women equity partners."

The recently released study is the fifth annual National Survey on the Retention and Promotion of Women in Law Firms and is sponsored by NAWL and the NAWL Foundation. The aim is to track the professional progress of women in the nation's 200 largest law firms. 120 firms responded to the survey analyzed in the report, which is available at this link.

By 20 years ago, the study notes, women constituted 43% of law school graduates, and now number about 50%. However, this pipeline has not apparently resolved obstacles to advancement at the larger firms despite willingness to work the hours, travel or develop business. Nor have diversity programs - now present at 90% of the firms - worked as expected, though many such programs are new because of increased pressure by client companies.

Nor are the authors rosy about the future. The study proposes that in large part changes in the structure of firms, with an array of differing levels and tracks for lawyers (such as fixed income equity partnership, contracted/outsourced jobs and staff positions), have harmed women's advancement.

Here are some details of what we found in the study regarding how women are doing in their firms and the power of rainmaking.

How Are Women Doing?

Only about 15% of equity partners are women, a number little changed over the last five years (and currently 46% of associates, 36% of counsel, 27% of non-equity partner). These women partners earn even less this year (85%) of what their male counterparts earn. A growing number of firms feature tiered partnerships, and women disproportionately show up as 73% of fixed income equity partners with no share in profits, and as only 6% of all equity partners. Women fared better in one-tier partnerships, with18% of equity positions vs. 14% at two tier partnerships.

It is "disheartening" according to the study - though perhaps not surprising given the equity partner numbers - to find underrepresentation in leadership at firms. "The average firm’s highest governing committee includes only one or two women among its members," where the median size is 10 members, "and about 10% of the nation’s largest firms have no women at all on their governing committees." Around 40% have just one. More than 80% have 2 or fewer. Some firms have female office managing partners, but "very few" have women as overall MP. "When women are not part of the dialogue and the decision-making body that charts the future direction of firms, the chances are greater that the policies and practices implemented will be less responsive to the career needs of women lawyers."

While proportions at lower levels of the firm are more representative of the number of women in law school, there is plenty of bad news there too. Women appear to leave firms disproportionately at all levels. In addition, as part-time lawyers are largely female, "women bear the brunt of layoffs of part-time lawyers." According to the study, 83% of the firms that terminated part-time people fired more women than men - a potentially crippling effect on future prospects of those women who choose part-time status.

The study also finds some evidence that the use of contract and staff attorneys (where 60% are women) for low-level or repetitive work may be further limiting part-time work options for women.

Otherwise, the study notes that the recession has affected genders about equally, in proportion to their level in firm, though with wide variation across firms. Still 80% of layoffs were associates so the overall effect on the firm is lowering the relative number of women. The study notes, "we can anticipate that the effects of today's layoffs will be seen in disappointingly smaller numbers of women partners and firm leaders for many years to come."

The numbers are somewhat better in the market for legal talent and in the courts. The study notes that women comprise 19% of Fortune 500 general counsels, a level that has been growing; and also 26% of state court judges. However, according to Catalyst, just over 15% of corporate officers and just under 15% of board members at Fortune 500 firms were women.

Power of Business Development

The layoffs and structural changes in firm employment as noted in the study surely respond to changes in the marketplace for services, where clients increasingly demand lower costs for service when possible. On the other hand, the value of those lawyers who can continue to bring in good business increases rapidly.

There appears to be a continuing correlation between success at business development and success at these firms. About 80% of the large firms have 1 or fewer among their top ten rainmakers. "Few firms report that women are playing major rainmaking roles. Almost half the firms - 46% - report no women at all among their top 10 rainmakers. Although the reasons behind this data are unclear, the lack of credit for rainmaking adversely affects the prospects of women for firm leadership and compensation." The study found that 33% of the firms have just one woman in the top 10; 17% credit 2 among the top business getters. Things are even worse at the biggest firms.

To us, it is not surprising therefore that women are underrepresented in leadership or even equity partnerships. Nor is it surprising they earn less, when they are missing from among the most successful business developers. Controlling originations and billings typically leads to rewards and power. (So, not surprisingly, there is parity of income between women and men associates.)

Though admitting the causes for women's underrepresentation among the top rainmakers are not quite clear, the study cites various reasons based on findings in the recent PAR/MCCA report of attorney incomes (http://www.pardc.org/Publications/SameGlassCeiling.pdf). (Look for our review of this report shortly.)

The NAWL study says, "The reasons for these results are, we suspect, both blunt and subtle. The PAR/MCCA report elucidates many of those factors including, among others, that women are often excluded from rainmaking opportunities and thus from the benefits that flow from such opportunities; women frequently do not receive credit from their contributions to firms as institutions and participation as team players for business development; and women too often bear the brunt of disputes over fee credit, described as both common and painful."

In our work, we have seen evidence of some resistance to women attorneys from clients in certain industries or practices, lesser access to existing valuable networks, outdated firm methods for sharing originations credit, as well as lack of effective initiatives from the firm, . But the many women rainmakers we have interviewed (including several profiled on this site) have all found pathways around these obstacles and shown how tothe overcome them - especially at firms outside the largest 200 studied by NAWL.

A Contrasting Point of View

The mood pervading this report differs markedly from the relatively upbeat study from Vault/MCCA noted by us in October ("Women Continue to Progress at Law Firms, If Not Vault, According to Survey"). MCCA's Executive Director called that study "encouraging."

The study showed that the percent of women equity partners had grown from slightly over 16% to nearly 17% from 2007 to 2009, and the percent of non-equity partners had gone from about 26% to over 27%. They saw similar gains at leadership positions as well. Why the difference? The Vault/MCCA survey reported on more than 260 law firms around the country. However, the responses included "many smaller, regional firms" as well as the largest of law firms. Implication: women may be faring a lot better at firms below the top 200.
