Succession Planning:
Protecting Your Firm & Clients’ Legal Interests in Times of Transition

Gretchen Koehler Mote
Ohio Bar Liability Insurance Co.
1650 Lake Shore Drive
Columbus, Ohio 43204
(614) 488-7924
gmote@oblic.com

Debbie Riley
Quintairos, Prieto, Wood & Boyer, P.A.
Willis Tower
233 South Wacker Drive, 70th Floor
Chicago, Illinois 60606
(312) 566-0040
driley@qpwblaw.com

John C. Trimble
Lewis Wagner, LLP
501 Indiana Avenue, Suite 200
Indianapolis, IN 46202
(317) 237-0500
jtrimble@lewiswagner.com
Gretchen Koehler Mote, J.D. is director of loss prevention for Ohio Bar Liability Insurance Company (OBLIC), a lawyers’ professional liability insurance company, headquartered in Columbus, Ohio. She is a past president of the Ohio Association of Civil Trial Attorneys (the Ohio SLDO) and currently serves as the Chair of the OACTA Women in the Law Committee. She is an active DRI member who has served on the WITL Committee’s seminar planning and marketing subcommittees.

Debbie Riley is the general counsel and Chicago managing partner for Quintairos, Prieto, Wood and Boyer, the nation’s largest minority and woman owned law firm. She also serves as Chair of the Women Affinity group for QPWB. Previously, Ms. Riley was the Vice President of Claims at CNA where she managed the Health and Life Sciences Claim Department.

John C. Trimble defends catastrophic and complex litigation. He is the former managing partner of the 40-lawyer law firm of Lewis Wagner. He is the immediate past chair of the Law Practice Management Committee of DRI and the immediate past president of the Indianapolis Bar Association.
Succession Planning: Protecting Your Firm & Clients’ Legal Interests in Times of Transition

Table of Contents

I. Introduction ...................................................................................................................................................5
II. General Challenges to Succession Planning .................................................................................................5
III. Factors That Bear Upon Client Relationships ..............................................................................................6
IV. Elements of Succession Planning ..................................................................................................................7
   A. The Client's Perspective ..........................................................................................................................7
   B. The Law Firm's Perspective ....................................................................................................................7
V. Individual Attorney Succession Planning ....................................................................................................9
   A. Relationship/Rainmaking Attorney ......................................................................................................9
   B. Proposed Successor Attorneys .............................................................................................................10
VI. Succession Challenges Unique to Women ..................................................................................................10
VII. In Summary ..................................................................................................................................................11
Attachment.................................................................................................................................................................12
I. Introduction

Lawyers as a group are fearless, ageless, and optimistic. We throw ourselves into our day-to-day work, and we prefer not to be bothered by anything that may distract us from our clients’ cases. Many of us do not recognize the word retirement, and we assume that as long as our mind is intact, we can practice law as long as we want. Because we mostly practice in law firms, most law firms do not plan for the unexpected. Indeed, a recent study showed that less than 5 percent of law firms have any kind of succession plan in the event of the loss of firm leadership or firm rainmakers. (Sterling/Remsen, Planning for the Future, 2015.)

The reality is that every attorney can be sidelined by unexpected death, illness, or the death or illness of a spouse, child or parent. Life-changing events prompt lawyers to retire when retirement was not in the plan. Similarly, lawyers make life-changing decisions to leave private law practice to enter the judiciary, seek other public office, move in-house, or pursue personal business ventures. The reasons for succession planning are too numerous for this article, but the fact remains that all law firms and lawyers need to have a succession plan.

The first reason for succession planning is to protect the interests of our clients. The sudden and expected loss of a trusted advisor who understands the legal and business needs of a long-time client can be devastating and expensive for the client. Thus, clients should be concerned about the succession planning of their lawyers, and lawyers should be thinking about how their clients will be protected in the event that they are unable to continue representing the client.

A second reason for succession planning is to protect the interests of the law firm. The unexpected death or withdrawal of a law firm leader or significant rainmaker can be absolutely disastrous to a law firm. If the departing lawyer has been responsible for a significant percentage of the firm’s revenues, then it is certainly possible (if not likely) that a law firm could have to lay off lawyers and personnel (or liquidate) in the event of the unplanned loss of a major player.

The younger, up-and-coming lawyers of a firm may be most vulnerable in the event that their supervisor or mentor is unable to continue practicing law. A comfortable and stable living can be turned into a short term or long term period of unemployment when lawyers and law firms have failed to plan for the unexpected.

This article seeks to address the array of fairly simple and sensible things that clients, law firms, and lawyers can do to plan for the expected and unexpected departure of a key leader or rainmaker.

II. General Challenges to Succession Planning

The first and most overriding barrier to succession planning is denial. Many lawyers and law firms simply do not contemplate the possibility of the sudden loss of a highly profitable lawyer, and for a variety of reasons, they do not anticipate a planned retirement of a senior lawyer. The lack of anticipation and planning means that lawyers and law firms frequently do not have any of the information they may need to react to a lawyer’s death or departure.

Surprisingly, many law firms do not track or study the percentage of origination of revenue of their lawyers, so they may not understand the extent of the problem that may be faced by the loss of a lawyer’s revenue. Depending upon the discipline of the firm, the firm may also lack clear information concerning the
unbilled time, accounts receivable, and client fee agreements when the billing partner dies or leaves unexpectedly.

Conversely, a firm may be so origination driven that partners have been incentivized to hoard work to protect their client relationships from others. In those circumstances, the departing or departed lawyer may be the only person in the firm who has had a relationship with the client. It is an old and worn adage that “Clients hire lawyers, not law firms.” If the departed or departing lawyer is the only person who had a relationship with the client, then it may be much more difficult for the client and the law firm to move forward with a new person handling the client relationship.

Financial considerations of a departing or deceased major rainmaker can be overwhelming to a firm. Frequently, partner agreements or state partnership laws may require immediate and long term payment to the departing partner or his or her beneficiaries. If the firm has not made provisions for the financial consequences of the death or departure of an attorney, the firm may be burdened beyond its means in pay-outs at the same time that the firm has lost the revenue of the attorney.

**III. Factors That Bear Upon Client Relationships**

In the defense business, there are many firms that have large institutional clients such as insurance companies and self-insured entities in which the firm has a “relationship partner” who oversees the account. In some instances, the relationship partner is the person who originally brought in the account and in other instances, they may be the person who has inherited the account and is doing the majority of the work for the account. Some firms will give all of the origination credit for the account to the relationship manager. Other firms encourage the account to call any lawyer in the firm who individual account representatives wish to use for a particular matter. In general, these types of large account relationships may be less impacted by a change in the relationship partner. These larger accounts tend to be more metrics-driven, and their loyalty to the law firm may be based upon the firm’s overall metrics score that is a product of the work of all of the attorneys who service the account. Firms may be able to be mildly less strategic in their planning for the change-over of relationship partners because the successor relationship partner may be readily apparent based upon the amount of work that the successor lawyer already has done for the account.

Whether an account is large or small, there are certain factors that almost always bear upon the relationship between the client and the law firm. These are factors that are inherent in the word “relationship” as it pertains to lawyer/client relationships. First and foremost, there is the issue of trust. The client will have developed trust in the subject matter knowledge, advice, predictability of outcomes, and billing practices of the firm. If a law firm has any hope of keeping a client after the death or departure of a senior attorney, then the firm will have to be positioned to continue to win the trust of the client.

Other factors that result in long term client relationships include excellent subject matter knowledge of the client’s legal issues; knowledge of the client’s business, needs, habits and decision-making protocols; a willingness and ability on the part of the law firm to be responsive, timely, and adherent to the client’s billing and case handling guidelines; and, a history of successful outcomes and results.

The bottom line is that any successful succession planning needs to take into consideration most, if not all, of the above factors. In this competitive and changing legal environment, clients have many choices, and the glue to a long-lasting attorney/client relationship is all of the above.
IV. Elements of Succession Planning

A. The Client’s Perspective

Anyone on the client side of the attorney/client relationship has experienced the time and the cost associated with having to move a legal matter from one law firm to another. It is simply something that clients do not want to do. The challenge and cost of moving a matter is even more troubling when it occurs without much warning.

A clear starting point for attorney/client succession planning can certainly reside with the client. It is not only permissible, but it is perfectly reasonable for a client to inquire of its law firm’s or attorney’s succession plan in the event that lead counsel leaves, dies, or is incapacitated. All clients are concerned about the financial implication of “two-headed” handling of legal matters. They do not want to pay two or more lawyers to review or perform the same legal tasks on a matter. Nevertheless, the client is probably best represented by a team approach to the handling of the client’s matters. The client has great control over how the team will be constituted; the diversity of the team; the varying subject matter knowledge and talents of the team; and the client’s guidelines as to how the team should bill and operate.

Ideally, a client will have a lead counsel who is responsible for the overall performance of the law firm’s team, and there will be a second and slightly junior lawyer who may be available as backup in the event that the lead attorney is unavailable.

At a minimum, the client may wish to inquire as to whether the firm has other partner-level attorneys who would be available to handle the client’s business on an interim basis in the event that a relationship partner is unavailable. Having another partner available then allows for the client and the firm to have the time to determine whether the firm will realign the client’s team or whether the client will need to move the business to another, better qualified law firm.

As a part of the client’s inquiries with the firm about succession planning, it is certainly within the right of the client to seek specific information about one or more of the following:

- Other substantively educated and experienced attorneys.
- The firm’s billing policy with respect to the need for a new lawyer to get up to speed and take over a case.
- The firm’s procedure with respect to appointment of new relationship partners.
- The question of whether the firm will allow the client to participate in the selection of replacement counsel within the firm.
- The financial wherewithal of the firm to carry on with the business in the absence of the departed partner.
- The diversity pool of potential successors

B. The Law Firm’s Perspective

As a starting point, all firms of any size should engage in strategic planning every three to five years. That strategic planning process should include a short term and long term look at how the firm would respond to the expected and planned loss of attorneys and key law firm personnel. A good strategic plan that addresses predictable succession planning will address most of the concerns and fears presented by the possibility of the loss of firm leaders, firm rainmakers, and firm administrators.
As part of the management of any law firm, firm managers must understand the reality of “life cycles.” All lawyers have life cycles that will vary from person to person depending upon their health, their family, their personality, their gender, and their background. Clearly, men and women may be permanently or temporarily affected by the birth of a child, child rearing, special needs children, aging parents, accidents, other health issues, college tuition, personality, marriage/divorce, personal issues, career burnout, and work history. Enlightened law firms understand that the availability and productivity of lawyers will rise and fall depending upon life cycles, and good firm managers’ account for those changes in life.

The following is a list of questions about issues that could impact a firm’s client relationship in the event of the death or departure of a rainmaking or managing attorney:

- Does the firm track and understand the percentage of origination of revenue of each lawyer in the firm?
- Does the firm’s partnership agreement (or other governing document) address how a partner’s law firm share will be paid to a departing partner or the partner’s beneficiaries?
- Does the partnership agreement provide a balance between the needs of the departing partner/partner’s beneficiaries and the firm so that the firm is not strained or rendered insolvent by the departure?
- Does the firm have key-person life or disability insurance that may be available in the event of death or disability to bridge the financial needs of the firm and the departing partner or partner’s beneficiaries?
- Does the firm have other attorneys who have the experience and subject matter knowledge to step in to handle client legal matters in the event of death or disability or departure of a lead attorney?
- Does the firm’s compensation system incentivize rainmaking partners to share client relationships and origination with younger lawyers and successors?
- Does the firm have practice groups arranged around substantive practice areas so that a “team” approach to the subject matter litigation can be implemented?
- Are younger, up-and-coming lawyers encouraged and permitted to communicate directly with clients so that they become a part of the client relationship?
- Are clients advised of the names and contact information of lawyers other than the relationship partner so that the client can choose whether to reach out directly to other attorneys within the firm?
- Are younger lawyers mentored and trained to understand the array of factors that a relationship manager must know in order to establish the bond of trust and performance that will be suitable to maintain a client relationship?
- Are younger lawyers cultivated or encouraged to view themselves as successors to the firm’s client relationships?
- Is the firm’s structure of equity partners, non-equity partners, associates, counsel, and contract lawyers sufficiently balanced to allow for the right number of lawyers to rise within the firm to become successors?
- Has the firm engaged in conversations with the client concerning how the client relationship would transition in the event that the primary attorney was to dies or be disabled or retired?
• Is the firm financially prepared to absorb the costs that may be necessary for successor attorneys to get up to speed on client matters so that the client does not bear the cost?
• Does the firm, in its hiring culture, give consideration to practice areas that may need to “grow” successors?
• Does the firm ask its more senior attorneys to advise the firm of the attorney’s retirement plans? If so, at what age does the firm begin asking, and how often does the firm ask?
• Has the firm studied the profitability of its client’s account so that it can determine whether it wishes to keep an account in the event that a partner dies, departs or retires?

The above list is anything but exhaustive, but these questions taken, as a whole, will enable the firm to study its succession issues in a way that allows for emergency or planned succession as the case may be. There is no ideal timetable for planning succession, but at least one expert has suggested that a firm allow at least five years for a planned retirement. (Sterling/Remsen, Planning for the Future, 2015.)

V. Individual Attorney Succession Planning

In the category of succession planning for individual attorneys, there are really two categories that bear discussion. First, there is the relationship/rainmaking partner who anticipates the day in the foreseeable future when he or she will want to slow down or retire. The other category is, of course, the up-and-coming attorney who hopes to step into the successor relationship.

A. Relationship/Rainmaking Attorney

The first and most pressing question for the relationship/rainmaking attorney is whether he or she has given any thought whatsoever about succession planning. If they have thought about it, then one would hope that a younger successor attorney is already being positioned to move into the relationship when the time arrives. Anyone grooming a successor needs to understand that it cannot occur over night. It is essential that the proposed successor be brought into the relationship with sufficient time to allow for trust to be established between the client and the attorney and to allow the successor attorney to understand the business needs of the client. It is a given that the successor attorney must have the subject matter knowledge and the skill to successfully handle the client’s work at a reasonable price with reasonable billings. Therefore, to the extent that a more senior attorney begins to anticipate retirement, some very open discussion and planning needs to take place between senior counsel and his or her successor. Once the timeline and planning for succession has been discussed, then it is probably beneficial (if not essential) to bring the client into the discussion and to let the client know that a successor is on the horizon. Sometimes, the successor moves into the relationship seamlessly, and no discussion is even needed because the senior lawyer over time has allowed the younger lawyer enough contact with the client that the younger lawyer has become a defacto successor simply by progression of the relationship.

In firms in which origination credit discourages sharing of clients in successorship, then the retiring attorney and proposed successor are going to have to be involved in a conversation with the firm as to how the transition occurs. More times than not, the relationship partner is the one who is going to decide who the successor is going to be, but sometimes the firm will want to have some input, particularly if the selection of the successor will create controversy in the law firm. In instances where multiple potential successors exists, it may be imperative for the firm to be involved so that the retiring attorney is not burdened with choosing between one or more equally qualified candidates. In such a situation, the client should likely also be involved in the decision.
B. Proposed Successor Attorneys

A famous American politician, Oliver Wendell Holmes once said, “Destiny (opportunity) is a matter of choice not chance.” Not every law firm gives its younger lawyers the opportunity to craft a practice area or choose a client. However, it is well known in all walks of life that the persons who behave strategically in their career advancements will have a greater chance for success than those who let opportunities come their way.

If young lawyers aspire to be successors to a client relationship, then they must position themselves to be a successor. That means trying to be a part of the team that represents the client, and trying, in all ways possible, to develop client trust and respect and client awareness of the attorney’s involvement. Ideally, the opportunities to gain trust and respect are facilitated by the partner who controls the relationship. In those instances in which the relationship partner does not facilitate relationships among young lawyers, then younger lawyers simply have to credential themselves in the substantive area of practice, and they need to do all they can to be timely, responsive, and competent in the work they perform. They should take every opportunity that comes along for them to meet the client and make a good impression. In addition, they need to study all that they can in the public domain to learn as much as they can about the client's business so that their representation of the client reflects the depth of understanding that they have of the client’s needs. With proper succession planning a client and firm may be able to place the successor candidate in-house for a period of time with the goal of learning the client’s business and people.

If given a choice between standing silent or letting the relationship partner know of the associate’s interests, it is likely best to error on the side of disclosing long term interests in serving the client. One could hope that the relationship partner would already notice and recognize the potential successor’s level of interest, but that is not always clear.

The bottom line is that no young lawyer is going to succeed to a client relationship unless they have done all of the things they can possibly do to demonstrate that they are worthy in all respects of moving into a closer client relationship role that could evolve into relationship partner.

VI. Succession Challenges Unique to Women

A 2015 survey (attached) by the National Association of Women Lawyers (NAWL) demonstrated that over the last ten years, women lawyers have continued to lag behind male colleagues in being promoted to equity partnership and senior leadership roles within their law firms. They also continue to lag in compensation. This survey was taken of the top 200 AmLaw firms. This survey suggests that women will have a harder time gaining more senior relationship partner positions. The same challenges ring true for women who work in in-house positions. As women climb the proverbial “corporate ladder”, the higher they climb the less diversity. Women continue to be left behind or be paid less than their male counterparts.

What does this mean for younger rising women in defense law firms? At a minimum, it demonstrates the need for women to be as strategic in their personal career plans as they can be. This is no time to sit on the sidelines or be shy. Women must clearly articulate to the rainmakers and relationship partners their career goals and seek feedback on their plans and results. Seeking feedback on progress along the way is critical. It may be uncomfortable on both sides of the fence; however, feedback is essential to development. Ask targeted questions. Instead of asking a colleague “how am I doing” a better questions would be “can you suggest 2 – 3 things that may improve my results? Don’t be defensive when feedback is delivered. Absorb, contemplate and remember, it’s not whether the feedback is “right” or “wrong,” it’s the perception of others that matters most.

Much has been said and written about the differences between how men and women develop, cement, and maintain relationships. As the business and insurance world have become more metrics driven
and more focused on diversity in the work place, there may be no better time than now for women who aspire to succeed to client relationships to position themselves. Long term, the quality of legal work, the consistency of responsiveness, and the demonstration of professional and substantive competence will earn the opportunity for younger female lawyers to gain successor client relationship opportunities.

It is going to be incumbent upon leaders, both women and men, to continue to push to lift up and mentor aspiring successors. Men should make note of the importance of gender diversity in law firm promotion and client succession. This will mean overcoming any lingering biases among male clients who prefer a male relationship manager. It may require greater attention communication within the law firm and to communication with clients on client relationship matters. Above all else, it will certainly require a strategic approach to client development and client relationship succession.

It cannot be understated that women have the direct ability to positively influence the career growth of other women. But, it takes deliberate and thoughtful action. As you walk through your career you make choices daily that could impact others. Some examples include:

1. You are handling a matter for a client and you need to hire an arbitrator. Give thought to hiring a woman. Helping other women to generate revenue helps that person succeed.
2. You need a mediator: Make sure you are considering female mediators, especially those in a firm who are working on their own career development plan.
3. You need to retain local counsel for one of your files: look for a woman.
4. If you are an in-house corporate attorney with the ability to make hiring choices, make sure you have a diversity inclusion policy. As in-house counsel you literally hold the key to the success of several attorneys throughout the country. Use your key wisely! Even one assignment to a woman can be the grain that tips the scale.

VII. In Summary

In summary, clients and law firms alike cannot afford to ignore the importance of succession in client relationships. With the disruptive innovation of the internet, competition for clients will increasingly be coming from new directions. Attorneys and law firms can no longer take client relationships for granted. They need to be pro-active within their law firms and their mentoring programs to bring a team approach to client management and to groom multiple successors for the inevitable day when the relationship/rainmaking partner will experience a life cycle change that will result in departure from the law firm or retirement. The lawyers who plan ahead and think strategically will be ready. Each one of us has the ability to positively impact the career of those around us. Take time to help others succeed in their careers. Developing succession plans can literally promote the career of individuals and ensure the financial longevity of a firm.
In 2006, the National Association of Women Lawyers issued its NAWL Challenge: Increase the number of women equity partners, women chief legal officers, and women tenured law professors to at least 30 percent by 2015. As reported in the First Annual NAWL Survey, “The impetus for the Survey grew from the now familiar ‘50/15/15’ conundrum: For over 15 years, 50 percent of law school graduates have been women yet for a number of years, only about 15 percent of law firm equity partners and chief legal officers have been women. The partnership pipeline is actually richer than these numbers suggest because, for over two decades, law schools have graduated women in substantial numbers and law firms have recruited women at the entry level in about the same ratio as men.”

The NAWL surveys focus specifically on women in law firms, as detailed in this report. With respect to the two other
Among the non-equity partners who graduated from law school in 2004 and later, 38 percent were women and 62 percent were men.

components of the NAWL Challenge, women in corporate general counsel positions and law school tenured faculty have fared better than women equity partners in law firms. Women now represent approximately 23 percent of Fortune 500 general counsels¹ and 37.5 percent of tenured positions.⁵

This year’s NAWL Survey of women in law firms demonstrates what we have long seen: The number of women equity partners in law firms has barely increased in the past 10 years, despite all the available talent and opportunity present in 2006, and earlier. Indeed, the NAWL Challenge goal seemed like one that could reasonably be accomplished. With a full pipeline, there was every reason to be optimistic that the legal profession would achieve these goals.

The data reported below, however, demonstrates that, particularly with respect to equity partner promotions and compensation, the gender gap is far more appropriately described as a gender gulf, and achievement of the NAWL Challenge within law firms remains an elusive goal. The survey responses report a level of stagnation with respect to achieving gender parity that ought to serve as a wake-up call to the profession.

Women still lag far behind their male colleagues in their promotion to equity partnership and senior leadership roles, as well as in the amount of compensation they are paid. Relative to their long-standing numbers in law school and as new lawyers, the results reported in this survey should be telling a vastly different story. That the results are generally similar to what we reported at the start of the NAWL Challenge nearly a decade ago is, instead, a story of institutional failure.

Recently, The American Lawyer, in its cover story addressing the continued challenges women are facing in achieving equality in private practice, wrote this about the NAWL Challenge: “The

**Representation of women in attorney positions**

Note: For equity partners, we restrict data to equity partner subsample. See appendix on survey methodology.
Ninth Annual Survey at a glance*

Firms have made no appreciable progress in the rate at which they are promoting women into the role of equity partner. The data demonstrate that women still comprise only approximately 18 percent of equity partnership.

Not only do the responses to the questions about equity partner elevation demonstrate the lack of progress for women, the data also suggest that the opportunities for equity partnership in general are diminishing for both male and female associates. For those who began their careers at their law firm, the overall elevation rates are lower than for lateral attorneys. Of new equity partners promoted in the year prior to the survey, the typical firm had one female equity partner who started with the firm and one who was a lateral. For men, the typical firm promoted one lawyer into the equity partnership who started with the firm and five who were laterals.

Men continue to be promoted to non-equity partner status in significantly higher numbers than women. Among the non-equity partners who graduated from law school in 2004 and later, 38 percent were women and 62 percent were men. This data remain vexing in light of the longstanding pipeline of women, as women have been graduating from law school in nearly equal numbers for decades.

The data continue to be challenging for other diverse groups. Lawyers of color represent 8 percent of the law firm equity partners. LGBT lawyers comprise 2 percent of equity partners.

The compensation gender gap remains wide. Not one of the responding law firms reported having a woman as its highest earner. Moreover, the gap between what women equity partners earn compared to men is striking: the typical female equity partner earns 80 percent of what a typical male equity partner earns.

Women continue to be under-represented on law firm compensation committees, yet law firms that report more women on their compensation committee have narrower gender pay gaps. In the 12 firms that reported having two or fewer female members on the compensation committee, the typical female equity partner earns 77 percent of that earned by a typical male equity partner. In the 18 firms that reported three or more women on the compensation committee, the typical female equity partner earns 87 percent of that earned by a typical male equity partner.

Men continue to outpace women in obtaining rainmaking credit. Moreover, client relationships are frequently passed down to the fortunate beneficiaries who inherit the internal credit, often with little client input on the decision. This year’s survey shows a wider gender gap in client origination credit than last year. Among the firms that provided data regarding the gender of the 10 lawyers who generated the highest amount of revenue, 88 percent of the Top 10 were men and 12 percent were women. Similar to last year, approximately a quarter of the firms report that the current relationship partner selects his or her successor, meaning that valuable client credit is, in essence, an inheritance that can be passed from one individual to another.

There is a gender gap in revenues generated from client billings, even as women report overall higher working hours. The typical female equity partner bills only 78 percent of what a typical male equity partner bills. When asked to report total client billable and non-billable hours, however, the total hours for women equity partners exceeded the total hours for men equity partners. The median hours reported for the women were 2,224 and, for the men, were 2,198. The data raises questions about whether committee assignments, hourly billing rates, and the distribution of pro bono hours contribute to disparities in client billings.

Women continue to be under-represented on the highest governance committees. The typical firm has two women and eight men on their highest U.S.-based governance committee. Women do slightly better in achieving these key leadership roles at AmLaw 100 firms, compared to the Second Hundred, but both groups report numbers that demonstrate limited progress when compared to the decades-long pipeline of women in the profession.

Every respondent reported having a Women’s Initiative, but the budgets allocated to these efforts reinforce that women’s affinity groups lack sufficient resources to accomplish strategic goals. Seventy-five percent of the responding law firms reported having a formal budget for their Women’s Initiative, which is lower than the 80 percent reported in the NAWL Foundation’s 2012 survey of Women’s Initiatives. Even as the responses indicate the limited overall financial resources available for Women’s Initiatives, there is a significant variance between the average budgets in AmLaw 100 firms and the lower budgets reported in the Second Hundred. The median annual budget for the AmLaw 100 is $112,500; for the Second Hundred, the median annual budget is $82,000. Half of the reporting AmLaw 100 firms report that their Women’s Initiative annual budget is $100,000 or less; only 25 percent report that the budget exceeds $200,000. None of the Second Hundred firms report an annual budget of $200,000; 73 percent report being in the $100,000 or less category.

Training programs vary significantly. Of note, 20 percent of the respondents reported that they do not provide training on unconscious bias, and 57 percent do not train on the topic of micro-inequities.

There are more male associates than female associates in the U.S. offices of the respondents, including at the more junior and senior levels, suggesting that women may be turning elsewhere for greater professional fulfillment. Women comprise 44 percent of associates. Even as the AmLaw 100 firms have more female associates than the Second Hundred, the AmLaw 100 also employs more females designated as staff attorneys.

* Each of NAWL’s nine surveys reflects annual data collected by responding law firms. Due to processing time, survey results have been tabulated and reported for nine out of the ten years since NAWL issued its challenge to the profession in 2006.
goal seemed within reach. After all, since at least 1991 women have made up just under half of law school graduates and new associates, and partnership promotions would be expected to occur between eight and 10 years later, driving up the numbers. Across the country, firms responded: as of 2012, according to NAWL, 97 percent had rolled out women’s initiatives to better retain and train women for advancement. But … [t]heir efforts have mostly failed.6

As the article reported, if the pace of progress over the past 10 years continues, women equity partners will not reach 30 percent until the year 2181. NAWL believes this failure to make measurable progress reflects poorly on the legal profession and makes law firms less attractive career options for women seeking professional growth and satisfaction.

Each year, NAWL has described the goal of this survey: to address the gap in objective statistics regarding the advancement of women lawyers into the highest levels of private practice. For many years, NAWL’s Survey was the only national study that annually tracked the professional progress of women in the nation’s 200 largest law firms by providing a comparative view of the careers and compensation of men and women lawyers at all levels of private practice, as well as by analyzing data about the factors that influence career progression.

By compiling annual objective data, the Survey continues to provide: (a) an empirical picture of how women forge long-term careers in law firms and what progress is being made in reaching the highest positions in firms; (b) benchmarking statistics for firms to use in measuring their own progress; and (c) over a multi-year period, longitudinal data for cause and effect analyses of the factors that enhance or impede the progress of women in law firms. The emergence of other surveys over the past several years analyzing similar aspects of women’s progress confirms the troubling results seen by NAWL.7

**Overview comparison of women in law firms — then and now**

Images can be an effective substitute for words. This is particularly true when comparing law firm data from the 2006 NAWL Survey — when the NAWL Challenge was first announced — to the data collected for this Ninth Annual Survey, the NAWL Challenge goal year. The chart on page 2 demonstrates (1) the slow pace of change at the higher echelons, (2) the increasing numbers of women in “counsel” slots, and (3) a slight decline in the number of women associates.

As discussed in greater detail below, the pace at which women are promoted into the partnership ranks is barely improving. The data show that, for this Ninth Annual NAWL Survey 44 percent of associates are women; 34 percent of attorneys designated as counsel are women; and 28 percent of non-equity partners are women.

The percentage of women designated as “Of Counsel” has increased significantly since 2006. NAWL fully supports the availability of alternative career paths for men and women, and recognizes that the counsel designation can be a beneficial way to retain lawyers who are not seeking partnership. The difficulty arises, however, when women are slotted in these roles less by choice than by the impact of unconscious biases, leading to a limiting of career options.

The slight decline in women associates may be consistent with the similarly slight decrease in women attending law school during this time period, two trends of concern with respect to the future pipeline. Even a modest drop in the number of women in the pipeline may be an indication that women are choosing alternative career paths because of a perception that law firms have fewer opportunities for advancement.

In 2006, the concept of “staff attorney” rarely existed and was not included in the survey. Over the past few years, an increasing number of firms have added this category of lawyers, which is generally considered a non-partnership track position. Within the firms reporting data regarding this position, 54 percent of staff attorneys are women. The typical AmLaw 100 firm employs 100 percent of firms reported that its highest U.S. paid partner is male
16 women and 11 men in the staff attorney role, and the Second Hundred employs 8 women and 6 men as staff attorneys.

**Advancement into partnership**

Only 64 percent of the law firms that responded to the NAWL Survey provided reliable data regarding equity partner counts by gender and law firm graduating class (47 of 73 firms overall). Moreover, responses to the question about total equity partners in this year’s survey are 43 percent lower than in the First Annual NAWL Survey. In light of that low response rate, it is reasonable to question whether the firms that respond to these questions tend to be those that believe they have a more positive story to tell, and that the number of those firms is declining.

These 47 firms reported that, in their U.S. offices, 18 percent of their equity partners were women and 82 percent were men. There was little difference in reported results between the AmLaw 100 and Second Hundred firms. Among the 25 AmLaw 100 firms reporting, the equity partner break-down was 19 percent women and 81 percent men; among the 22 Second Hundred firms reporting, women comprised 18 percent of the equity partnership.

As reported in prior years, there continues to be a difference between one-tier and two-tier firms, with women comprising a higher percentage of equity partners in the one-tier firms. Overall, women comprise 20 percent of the equity partners in one-tier firms and 16 percent in the two-tier firms. When the data is analyzed by AmLaw 100 and Second Hundred, the break-down is relatively similar.

The differential between one-tier and two-tier partnerships was noted in the First Annual NAWL Survey as well. At that time, women were reported to comprise 17 percent of equity partners in one-tier firms and 15 percent in two-tier firms.

For the second year in a row, NAWL asked respondents to provide data on equity partner elevations made in the past year. The question seeks to determine whether newer promotion decisions are more likely to include women. Of new equity partners elected between February 1, 2014, and January 31, 2015, 24 percent were women.
Succession Planning: Protecting Your Firm & Clients’ Legal Interests in...

■ Mote et al. ■ 17

Majority women who advance continue to play the role of pioneers in the AmLaw 200

In one respect, however, the responses regarding new equity partner promotions showed a significant decline from the data reported last year. The 2014 NAWL Survey reported that 40 percent of the newest equity partners in the Second Hundred were women, and further stated that “it remains to be seen if this is a one-year statistical aberration or whether it augurs a new trend.” Based on this year’s data, it was an aberration. Among the Second Hundred firms, 22 percent of the new equity partners were female.

Of new equity partners promoted in the year prior to the survey, the typical firm had one female equity partner who started with the firm and one who was a lateral. For men, the typical firm promoted one lawyer into the equity partnership who started with the firm and five who were laterals. Clearly, the majority of equity partner promotions do not come from the existing associate pool within the law firm. This troubling trend should serve as a warning for the law firm pipeline.

In asking firms to report on their non-equity partner numbers, the survey asked for data in class year groupings. The purpose of this question is to determine if parity is being achieved with the younger classes of senior associates elevated to the non-equity partner level, since these classes began their careers with relatively equal numbers of men and women. Among the non-equity partners who graduated from law school in 2004 and later, 38 percent were women and 62 percent were men.

Various reports over the past 10 years show that virtually no progress has been made by the nation’s largest firms in advancing minority partners and particularly minority women partners into the highest ranks of firms.

Minority women who advance continue to play the role of pioneers in the AmLaw 200. Indeed, various reports over the past 10 years show that virtually no progress has been made by the nation’s largest firms in advancing minority partners and particularly minority women partners into the highest ranks of firms.

We again report discouraging data regarding lawyers of color, based on the data in this year’s survey. Lawyers of color constitute only 8 percent of the law firm equity partners. Among this small percentage of equity partners of color, even fewer are women. The typical firm has 105 white male equity partners and seven minority male equity partners, and 20 white female equity partners and two minority female equity partners. Women comprise only 24 percent of Hispanic equity partners, 33 percent of black equity partners, and 29 percent of Asian equity partners. So few Native American and Asian Pacific equity partners were identified that the median reported for both men and women was zero.

Law firms were also asked to report data regarding partners who identify as LGBT. According to the data provided by 56 firms, only 2 percent of female and 1 percent of male equity partners are LGBT.

The graphic on the next page describes, for each diverse group, the percentage of total equity partners within that group who are female compared to the percentage who are male.

Compensation

Last year’s NAWL Survey noted the low response rate for questions regarding firm compensation, notwithstanding the promise of both confidentiality and complete anonymity. This year’s total number of responses to the compensation questions was even lower.

Forty-one firms responded to the inquiry about the gender of the U.S. partner receiving the highest compensation; 100 percent of those firms reported that it was a male. When this question was posed in the First Annual NAWL Survey, of the 62 firms that reported...
whether a male or female lawyer earned the most compensation in the firm, 57 firms – or roughly 92 percent – reported that their highest paid lawyer was a man.

When asked to provide the median compensation for equity partners in the firm, only 30 firms provided data. Of these responses, the typical female equity partner earns only 80 percent of what a typical male equity partner earns. The median compensation is reported as $504,000 for female equity partners and $629,407 for male equity partners.

The gender compensation gap shrinks within other levels in a firm, although the response rate limits the conclusions that can be drawn. Only 25 firms responded to the compensation question about non-equity partners. Among those, the data indicated that the typical female non-equity partner earns 96 percent of the typical male non-equity partner. The median compensation reported for women non-equity partners is $230,000, and, for men, the reported median is $239,000.

Of the 30 responses to the median compensation question for counsel and the 33 responses to the median compensation question for associates, the typical woman in each category made 93 percent of the typical man. The median compensation for women counsel is $189,000 and $204,121 for men. For associates, the median compensation reported for women is $151,162; for male associates, the median is $162,000.

A comparison to the data in the First Annual NAWL Survey suggests that women have made little progress in the past decade in closing this gap. In that first survey, 35 firms reported male and female median compensation for the equity partner position. Among those firms, the average median compensation of a male equity partner was reported as $510,000. The comparable figure for a female equity partner was $429,000, which is 84 percent of the compensation of a typical male equity partner.11 The gap in compensation among male and female equity partners reported a decade ago in the First Annual NAWL Survey was less than the gap reported in this more recent data.

Also in 2006, 27 firms reported male and female median compensation for non-equity partners. Among these firms, the average median compensation for men was reported as $239,000 and for women as $207,400, which is 87 percent of the typical male compensation.

The 2006 NAWL Survey stated that 29 firms reported male and female median compensation for of-counsel positions. The average median compensation for men of-counsel was reported as $202,000, and the median for women was $184,000, which is 91 percent of the typical male compensation.

We know from other studies of salary inequality that the gender pay gap widens with seniority and with the degree of discretion that exists in the compensation process. This is similarly demonstrated in the legal profession, where the gender gap in compensation is narrower among associates and lawyers designated as counsel, and grows significantly at the equity partner level.

**Rainmaking credit and client succession**

As observed in the Eighth Annual NAWL Survey, delving too deeply into origination credit data poses many challenges, due to the wide

---

**Minority law firm equity partners**

(Total equity partners of color 8%)

The typical firm has 105 white male equity partners, seven minority male equity partners, 20 white female equity partners and two minority female equity partners.

<table>
<thead>
<tr>
<th>Hispanic equity partners</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Women</strong> 24%</td>
<td><strong>Men</strong> 76%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>African American</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Women</strong> 33%</td>
<td><strong>Men</strong> 66%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Asian</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Women</strong> 29%</td>
<td><strong>Men</strong> 71%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Native American 0%</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asian Pacific 0%</strong></td>
<td></td>
</tr>
</tbody>
</table>
There is a gender gap in revenues generated from client billings, even as women report overall higher working hours.

variations in how law firms attribute origination credit for new clients and new matters from existing clients. What remains clear, however, is that women continue to receive less credit than men for client work.

The limited data reported in this year’s survey shows a wider gender gap in client origination credit than last year. Only 37 firms provided data regarding the gender of the 10 lawyers who generated the highest amount of revenue, which represents only about half of the overall survey respondents. Among these 37 firms, 88 percent of the Top 10 were men and 12 percent were women. When broken down by AmLaw category, it appears that women do better in the Second Hundred, where 15 percent of the top 10 business generators were women, compared to the AmLaw 100, where only 9 percent of the top 10 were women.

In the Eighth Annual NAWL Survey, firms were asked for the first time how the next client relationship partner is chosen when the current relationship partner retires or leaves the firm. Understanding this dynamic is critical, as many law firms generate significant revenue from institutional clients. For those lawyers who receive credit for clients when prior relationship partners are no longer with the firm, the impact on compensation can be significant, as can the advantage that comes with being perceived as a rainmaker.

Similar to last year, approximately a quarter of the firms report that the current relationship partner selects his or her successor, meaning that valuable client credit is, in essence, an inheritance that can be passed from one individual to another. In 6 percent of the firms, the Practice Group Leader chooses the successor, and only one firm reported that the client chooses its successor relationship partner. Of the firms indicating that the successor relationship partner is selected with input from a variety of individuals, less than half included client input as part of the process.
selected with input from a variety of individuals, less than half included client input as part of the process.12

The bottom line is that compensation and business generation credit are integrally entwined. To achieve gender parity in compensation, law firms must provide a credit origination system that: ensures rainmaking opportunities and pitch teams are inclusive of women; fairly allocates credit among teams; offers a process for resolving credit disputes among partners; removes decisions about the “inheritance” of client credit from individual partners; and develops a system that systematically involves clients, firm leadership, and the partners who service the work in credit succession decisions.13 Until firms engage in a genuine dialogue challenging historic practices in this area, these numbers are unlikely to improve significantly.

Billable hours and non-client billable time
Concerns regarding the gender gap in dollars billed, as discussed in the following section, are brought into sharper focus when analyzed against responses to questions about billable hours. Together, this data could suggest that women are working harder but with less opportunity and reward.

For example, when asked to report total client billable and non-billable hours, the total hours for women equity partners exceeded the total hours for men equity partners. The median hours reported for the women were 2,224 and, for the men, were 2,198.

Of importance, however, women had fewer client-billable hours and more pro bono hours. Specifically, the typical female equity partner’s median client-billable hours were 1,545, compared to the typical male equity partner’s median client-billable hours of 1,571; median annual pro bono hours were reported as 13.5 and 12, respectively.

When this data is analyzed by AmLaw 100 and Second Hundred firms, the results show a gap. The median client-hours billed for female equity partners in the AmLaw 100 are 1,585 and for male equity partners are slightly lower at 1,579. In the Second Hundred responses, the median client-billable hours for women equity partners are 1,450 and 1,530 for men equity partners.

Moreover, women equity partners in the Second Hundred are reported to have higher annual median pro bono hours than men equity partners: 12.2 compared to 9.4; in the AmLaw 100, the female to male ratio for annual median pro bono hours reported for equity partners is 14 to 13.

Female full-time non-equity partners are reported to bill slightly fewer client hours and more pro bono hours than their male colleagues. With respect to the AmLaw 100 respondents, the median client-billable hours for full-time non-equity women partners are 1,468, compared to a median of 1,482 for the men equity partners. Among the Second Hundred respondents, the median client-billable hours is 1,530 for the women equity partners and 1,536 for the men equity partners.

The gender gap for women non-equity partners in reported pro bono hours is primarily seen among the AmLaw 100 firms; in fact, Second Hundred firms reported that men non-equity partners have slightly higher pro bono hours than women non-equity partners. Among the AmLaw 100 responding firms, full-time female non-equity partners bill an annual median of 17.3 pro bono hours compared to an annual median of 11.6 billed hours by their male colleagues. In the Second Hundred responses, women non-equity partners are reported to bill an annual median of 15 hours, compared to 16.5 median annual pro bono hours billed by men non-equity partners.

Revenue generation as working attorney
Survey participants were asked to report the median amount of client billings in 2014 for full-time equity partners. Only 27 of the 73 respondents overall provided data (a 37 percent response rate among the respondents and only 13.5 percent of the total AmLaw 200 law firms).

Female full-time non-equity partners are reported to bill slightly fewer client hours and more pro bono hours than their male colleagues.
the typical female equity partner bills only 78 percent of what a typical male equity partner bills.

The data also reveals a significant gap between the total reported equity partner billings at AmLaw 100 and at Second Hundred firms. The overall median amount of client billings for full-time equity partners reported by AmLaw 100 respondents is $1,445,795 and, at the Second Hundred firms, is $812,345.

The gender gap in billings, however, narrows considerably in the Second Hundred firms. The median amount billed by men equity partners reported by the AmLaw 100 firms is $1,787,900, and for women equity partners, is $1,239,175. At the Second Hundred firms, the median amount billed by men equity partners is reported to be $864,239, and, by women equity partners, is $789,024.

Stated in terms of a percentage, the typical female equity partner in an AmLaw 100 firm bills only 69 percent of what a typical male equity partner bills. In the Second Hundred, the typical female equity partner bills 91 percent of what her male counterpart bills.

In light of the relatively similar levels of client billable hours billed by men and women, it is certainly reasonable to conclude that female partners work as hard as their male colleagues. It is also reasonable to conclude that women in the AmLaw 100 are as hard working as women in the Second Hundred. This data regarding client billings raises questions as to the possible reasons for this discrepancy. For example, are women being billed at significantly lower rates? Are women being asked to undertake more non-client billable committee roles, such as mentoring and associate recruitment that men are not asked, or possibly decline, to do? If so, does the time that women spend on these roles impede the time they might otherwise be able to devote to business development? Is it possible that there are differences in work flow and assignment opportunities?

These questions are part of important conversations that law firms should have, as resolving the gender gap in client billings will likely yield similar positive changes in resolving the gender compensation gap.

**Firm governance and compensation committee representation**

One data point of critical significance emerged when we compared compensation committee representation to the gender pay gap. Firms were asked about the number of women on their compensation committee. That data was then compared to the equity partner compensation gap in those firms. For the firms that provided responses to both sets of questions, the results indicate that the gender gap closes significantly as more women participate on compensation committees.

In the 12 firms that reported having two or fewer female members on the compensation committee, the typical female equity partner earns 77 percent of that earned by a typical male equity partner. In the 18 firms that reported three or more women on the compensation committee, the typical female equity partner earns 87 percent of that earned by a typical male equity partner.

Firms were asked to provide data regarding the composition of their highest governance committee in the United States. The typical firm reported having two women and eight men, a ratio that changed little between the AmLaw 100 and the Second Hundred. By way of further analysis, 35 percent of the respondents had zero or one woman member, 41 percent had 2 or 3 women, and only 24 percent had four or more women on their highest governance committee. Of note, only one Second Hundred firm reported having four or more women on its highest governance committee, compared to 12 firms in the AmLaw 100.

Of the 25 firms that reported having a single managing partner, 82 percent were men and only 18 percent were women.

Of the 25 firms that reported having a single managing partner, 82 percent were men and only 18 percent were women.

To compare the representation of women on the highest governance committee in this year’s responses with the data reported in the First Annual NAWL Survey, the following bar graph tells the story of the limited progress made since the inception of the NAWL Challenge. Specifically, in the past 10 years, women’s representation on law firms’ highest governance committees has increased from 16 percent to 22 percent, meaning that the average firm’s highest governance committee only expanded by approximately one woman over a 10-year period.
Reduced-hours as a barrier to promotion

Firms were asked whether they permitted part-time lawyers to be promoted to either equity or non-equity partner status. Even after years of research and articles demonstrating the benefits of flexible work arrangements, there are still top law firms that do not permit women to advance if they are on a reduced-hours schedule. Of the 64 firms responding to this question, 14 percent reported they do not permit women to be promoted to equity partner if they work less than full-time. There is also a barrier, although less pervasive, for those seeking to become a non-equity partner while on a reduced-hours schedule: of the 46 respondents to this question, 7 percent said they would not promote someone on a part-time schedule to the non-equity partner ranks.

Women’s Initiatives

In 2012, the NAWL Foundation conducted a separate survey on law firm Women’s Initiatives. As the report noted, firm-wide women’s affinity groups have become a staple of law firm culture, but little was known about their resources or strategic design. The results of the Women’s Initiatives survey revealed that Women’s Initiatives generally lack both a specific mission and goals for the advancement of women. In addition, the survey responses revealed that Women’s Initiatives are “woefully underfunded,” noting that “the typical law firm spends far less on their [sic] women’s initiatives than the salary of a first year associate.”

This year’s survey incorporated questions on Women’s Initiatives as a follow up to that 2012 survey, to determine whether firms were bringing a greater strategic direction or improved resources to their efforts. The results showed regrettably little progress.

All of the 70 firms responding to the question asking whether they had a Women’s Initiative said yes. Asked if they had a formal budget for their Women’s Initiative, 65 firms responded. Of these, 75 percent responded in the affirmative, which is a decrease from the 80 percent of respondents who reported affirmatively in the Women’s Initiatives survey.

With respect to the actual budget allocation, the results were again woefully inadequate to the task of accomplishing many goals, particularly when compared to other investments made by law firms of this size. The median total annual Women’s Initiative budget is $90,000, far less than the salary of a first-year associate at an AmLaw 100 firm. When analyzed by sector, the median annual budget for the AmLaw 100 is $112,500; for the Second Hundred, the median annual budget is $82,000.

Half of the reporting AmLaw 100 firms report that their Women’s Initiative annual budget is $100,000 or less; only 25
Many respondents did not provide a response to the most critical questions regarding law firm equity partner metrics and compensation percent report that the budget exceeds $200,000. None of the Second Hundred firms report an annual budget of $200,000; 73 percent report being in the $100,000 or less category.

The firms were also asked to state the strategic purpose of their firm’s Women’s Initiative. The results reveal a substantial disconnect between the potential and the reality of women’s affinity groups. Most described an outward-facing mission: networking, events relating to the expansion of client relationships, community engagement, mentoring, coaching, programs focused on work-life integration, pro bono opportunities, sponsorships of non-profit organizations and their events, showcasing women’s skills, and other career and leadership skills and development programming.

Each of these and related areas of focus are important, but absent a concerted effort to address the internal, institutional barriers to women succeeding in parity with men, the data is likely to continue to disappoint. Women’s Initiatives can provide an important opportunity to assess internal structural and cultural barriers that prevent women from succeeding into leadership roles and equity partner positions, and that result in lower compensation levels.

When a Women’s Initiative focuses primarily on female skill development, it unfairly assumes that women themselves are the barrier to their own achievement of parity. Decades of research prove otherwise.18

Conclusion
Over the 10-year period that NAWL has been tracking the percentage of women equity partners, the numbers have barely moved. Especially in this year in which the NAWL Challenge was intended to be met, it is disappointing that the slight improvement in the numbers do not seem to reflect a more inclusive legal profession for all lawyers. As stated in the First Annual NAWL Survey: “At this point, the results are both encouraging and disheartening. While
Response rate
It is axiomatic that what is not measured is not accomplished. Law firms know this well. Most law firms, for example, articulate billable hour expectations and targets for matter originations to drive profits and provide measurable data that is factored into compensation decisions. Yet, when it comes to diversity and inclusion metrics, numbers are harder to find.

Since its inception, the survey has been sent to the largest 200 firms in the country. As noted in the chart below, in 2008, the year with the highest response rate, 69 percent of the firms responded to the survey. By 2012, the response rate dropped to 54 percent and has declined since then.

This year, 73 law firms responded, a response rate of 37 percent. Like previous years, not one question was answered by 100 percent of the respondents. Many respondents did not provide a response to the most critical questions regarding law firm equity partner metrics and compensation, nor inquiries such as the total number of associates in their firm.

Appendix on survey methodology
The NAWL Survey was sent in February, 2015, to the 200 largest firms in the United States. The top 200 law firms are selected based on the compilation provided annually in The American Lawyer, which ranks law firms according to measures of financial performance that includes profits per partner and revenue per lawyer. The firms are divided into the categories of: the AmLaw 100 (the top 100 firms as measured by financial performance) and the Second Hundred (the firms which rank 101-200 in financial performance). In referring to AmLaw, the AmLaw 100, and the Second Hundred, NAWL is referencing survey respondents that fall within these categories.

To measure representativeness of the Survey sample, we compare Survey respondents to the population, the 200 AmLaw firms. Of the 200 firms contacted, 73 responded.

On average the typical respondent to this year’s NAWL Survey may be different than the typical AmLaw 200 firm. In this year’s NAWL Survey, there are more AmLaw 100 firms responding, 42, than Second Hundred Firms, 31.

The typical firm that responded to this year’s NAWL Survey has a higher total lawyer count, 511 lawyers, than the median firm in the AmLaw 200, 436 lawyers.

Measured by four financial indices published by AmLaw, the typical NAWL 2015 participating firm is slightly larger and more profitable than the typical non-participating firm. First, the typical (median) participating firm, has a higher gross revenue ($320,500,000) than the typical non-participating firm ($306,500,000). Second, the typical participating firm is slightly more efficient in terms of revenue per lawyer ($715,000 vs. $710,000). Third, the typical participating firm has a higher net operating income than the typical non-participating firm, $109,500,000 and $99,000,000 respectively. Finally, the typical participating firm is more profitable per equity partner. The typical participating firm earns $905,000 in profits per equity partner, slightly larger than the typical non-participating firm’s $880,000.

We ran quality checks to verify survey responses. In doing so, we identified nine respondents that each had an implausible response to question 7, which asked firms how many equity partners they have by gender and by the year they graduated law school. Each of these respondents had conflicting responses to the subparts of question 7; accordingly, we dropped responses from these nine firms when we created analyses involving equity partner counts. We refer to the set of responses without these nine respondents as the Equity Partner Subsample. Other than this modification, all analyses use the full sample of data received.

<table>
<thead>
<tr>
<th>Year</th>
<th>Requests</th>
<th>Responses</th>
<th>% Responses</th>
<th>Y-o-Y Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>200</td>
<td>103</td>
<td>52%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>200</td>
<td>112</td>
<td>56%</td>
<td>5%</td>
<td>9%</td>
</tr>
<tr>
<td>2008</td>
<td>200</td>
<td>138</td>
<td>69%</td>
<td>13%</td>
<td>23%</td>
</tr>
<tr>
<td>2009</td>
<td>200</td>
<td>116</td>
<td>58%</td>
<td>-11%</td>
<td>-16%</td>
</tr>
<tr>
<td>2010</td>
<td>200</td>
<td>117</td>
<td>59%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>2011</td>
<td>200</td>
<td>121</td>
<td>61%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>2012</td>
<td>200</td>
<td>107</td>
<td>54%</td>
<td>-7%</td>
<td>-12%</td>
</tr>
<tr>
<td>2014</td>
<td>200</td>
<td>92</td>
<td>46%</td>
<td>-8%</td>
<td>-14%</td>
</tr>
<tr>
<td>2015</td>
<td>200</td>
<td>73</td>
<td>37%</td>
<td>-10%</td>
<td>-21%</td>
</tr>
</tbody>
</table>
Without addressing the institutional barriers to women succeeding in parity with men, Women’s Initiatives will continue to disappoint.

There has been marked improvement in the number of women equity partners from the last generation of lawyers to this one — comparing women who graduated before 1980 with those who graduated between 1980 and 1995 — there is a considerably lower percentage of equity partners than the number of women law school graduates would predict.

This is an especially striking finding given that the number of women and men who start out as associates in the large law firms is roughly the same, and has been for a number of years. In addition, these data cannot tell us whether the somewhat higher number associated with the most junior level of equity partner represents a meaningful increase in the rate at which women lawyers are currently achieving and maintaining the position of equity partner or whether, as these younger women progress in their legal careers, there will be a noticeable loss of women from the ranks of equity partnerships. One reason why NAWL intends to complete its Survey on an annual basis is to be able to address such questions with meaningful trend data.

At a time when NAWL hoped to celebrate significant gains for women, particularly in the key areas of compensation parity, equity partner elevations, and participation in top governance committees, we, instead, are reporting little change.

The legal profession has learned a great deal about diversity and inclusion since the NAWL Challenge was first issued in 2006. We have the benefit of many studies that prove a clear business case for gender parity, demonstrate that women generally leave law firms only after all efforts to succeed have failed, and demonstrate that, when women do leave, they are generally successfully employed elsewhere.

We also know that the legal profession is changing dramatically. Clients are demanding a stronger voice in the way their outside lawyers manage their legal issues and their bills. Equity partner opportunities are narrowing for both men and women, and the compensation gap between those at the senior levels and those at the junior levels has never been higher. Technology has introduced competitive threats to services that lawyers have historically performed, but now are available at the download of an app. Younger lawyers are paying attention to these dynamics, questioning the value of following the same traditional path that lawyers at the top of AmLaw 200 firms have followed.

Law firms that do not manage their talent pool with a critical level of care and attention are squandering expensive resources and may be putting their future at risk. The NAWL Challenge should no longer be viewed as a gender issue alone; it is the tip of the iceberg that is human capital development in our service-driven profession.

Law firms that do not manage their talent pool with a critical level of care and attention are squandering expensive resources and may be putting their future at risk.
Endnotes

1 The data is analyzed by Russell Brittain, Ph.D. Candidate in Economics at the University of Chicago. This is Russell’s third year assisting with the NAWL Survey.

2 Of importance, the NAWL Challenge was widely reported and influenced other organizations seeking to advance opportunities for women in the profession. For example, at the 2009 Women’s Power Summit on Law and Leadership, convened by the Center for Women in Law at The University of Texas School of Law, the Austin Manifesto was adopted by acclamation. Through the Austin Manifesto, the attendees at the Women’s Power Summit pledged: “…to identify goals and timetables that are specific, measurable, achievable, relevant, and trackable. We commit to achieve no less than 30% women equity partners, tenured law professors, and general counsel by 2015…”


5 Catalyst Knowledge Center, “Women in Academia”, (July 9, 2015), http://www.catalyst.org/knowledge/women-academia. The summary further noted that 32.5% of women faculty are in non-tenure track positions compared to 19.6% of men faculty.


8 Also note that this percentage drops considerably when viewed against the entire population of AmLaw 200 firms: a total of only 23.5% provided equity partner data. For analyses regarding equity partners, we use a subsample of the data, the Equity Partner Subsample. See Appendix on Survey Methodology.


10 Id. at 15-16.

11 In 2006 and 2015, each firm reported median compensation by position. The 2006 first NAWL Survey summarized compensation by presenting the average of these responses. In this 2015 NAWL Survey, compensation is summarized by presenting the median of these responses.

12 The question about client succession also included an open-ended component for those whose responses did not fit within the multiple choices offered. Of the 33 Firms who provided additional information, most described varying combinations of consultation between the current relationship partner and the practice group leader(s). Less than half mentioned client input as a part of the process.

13 These issues and related recommendations were discussed in depth in the report issued by the American Bar Association Task Force on Gender Equity. See: Lauren Stillr Riddle, Closing the Gap: A Road Map for Achieving Gender Pay Equity in Law Firm Partner Compensation, (American Bar Association 2013). See also: Actions for Advancing Women in Law Firm Leadership and in the General Counsel’s Office, Report of the National Association of Women Lawyers, Report on Second Summit, (July 2013).
A recent study of billing patterns and price realization in law firms revealed significant differences by gender, including females being billed at lower rates compared to their male counterparts, even as female partners billed more minutes in a day. See: Sky Analytics, White Paper – Gender Study of Legal Spend Management (Spring 2014).

See, e.g. information available on the Diversity & Flexibility Alliance website, http://dfalliance.com/research/


Id. At 5.


As noted in prior NAWL Surveys, although most lawyers in private practice work in smaller settings, focusing on the top 200 firms provides a year-to-year benchmark, and serves as a bellwether for the profession as a whole.