

Benefits of Diversity and Inclusion for Law Firms

By Sarah Garvey, BCG Attorney Search Diversity Director

There are enormous benefits of diversity, and many reasons why law firms should strive to become more diverse and inclusive. These benefits include:

Offering better legal representation through more creative, textured, and insightful problem-solving;
Attracting and retaining top talent in a changing world;
Complying with the demands of corporate clients and thus maximizing profits;
Promoting better workforce morale;
Improving public prestige and reputation; and
Being fair and equitable in accordance with values underlying the legal system that law firms serve.

Better Lawyering

One of the main benefits of diversity is better lawyering. Diverse teams of lawyers can achieve better results because they have more minds--and more perspectives and experiences--to bring to the task at hand. Whether that is closing a complicated transaction or representing a client in a lawsuit, a firm that has a diverse set of lawyers focused on it will come up with the best solution.

In addition to the intellectual benefit that results from having a diversity of input, law firms also get an edge from tapping into a host of other attributes one finds in a diverse legal team. Attorneys operate in a variety of venues--from conference rooms to courtrooms and around the country and world--that are filled with people of all genders, races, ethnicities, identities, orientations, nationalities, cultures, religions, political leanings, backgrounds, and experiences. It is thus beneficial for legal teams to include attorneys on their legal teams who can meaningfully appreciate and operate effectively within these varied venues and with the people that populate them.

Moreover, having a diverse workforce opens up additional possibilities that team members will have qualities that are essential to successfully representing a client or running a law firm. These qualities include grit, tenacity, and fortitude; highly developed interpersonal and communication skills; and a talent for rainmaking and business development.

Attracting and Retaining Talent in a Changing World

Some of the most talented and qualified attorneys out there today and coming up through the ranks are members of diverse groups. These diverse attorneys understandably want to be at firms where they are valued and where others like them are valued. Moreover, the best non-diverse attorneys--including those of the Millennial generation, who came of age in a more diverse and inclusive era--also recognize excellence and the way of the future when they see it, and they too want to be at firms that reflect the diversity of the modern world.

Additionally, the demographics of this country are changing, especially when it comes to the Asian, Hispanic, and multiracial population, which is supposed to double or even triple in the coming decades. At the same time, more and more LGBTQ individuals also are coming out of the shadows and being true to their identities in public arenas. This means that the face of future generations of law students, lawyers, and consumers of legal services is changing to become less homogenous.

Firms that hope to be influential and profitable in this evolving, dynamic, and competitive environment need to make proactive efforts to find and hire diverse attorneys. They also need to make better efforts to cultivate and retain those attorneys once they have been hired. This is particularly important with respect to women

and African-American attorneys, who far too often leave law firms after just a few years of practice.

Meeting Client Demands

Corporate clients are among the most important stakeholders leading the charge for diversity and inclusion in law firms. Corporations have learned that in order to operate effectively in a global environment they must employ a wide variety of people. They also understand that diversity correlates with increased profitability. In [Why Diversity Matters by McKinsey & Company](#), that leading management consulting firm revealed that according to its study, companies in the top quartile for racial and ethnic diversity are 30 percent more likely to have financial returns above their national industry medians and those in the top quartile for gender diversity are 15 percent more likely to have financial returns above their national industry medians.

Corporate clients want their outside legal teams to be more reflective of the diversity they have implemented in their companies and internal legal departments, that they see in the larger commercial landscape, and that leads to the "diversity dividend" of increased profitability.

Clients who generate work for law firms and pay law firm invoices have thus been in the vanguard of calling out law firms for not "walking the walk" when it comes to diversity. In addition to a series of open letters demanding diversity, GC's have instituted various financial incentives and penalties and other initiatives to facilitate the diversity progress of their outside counsel.

The long list of leading multinational corporations that have adopted concrete initiatives in the law firm D&I space includes: Facebook, HP, Microsoft, Wal-Mart, Prudential, MetLife, Verizon, Bristol-Myers Squibb, Bank of America Merrill Lynch, Morgan Stanley, PepsiCo, PayPal, and NBCUniversal.

Better Workforce Morale

Nobody wants to work for a firm where they or the people around them feel underappreciated. Yet this is exactly the way many diverse attorneys feel in their firms. In far too many cases, diverse attorneys feel as if they are not valued by their firms, and as if they have limited long-term prospects there. Despite the progress we have made, attorneys of color still feel like they need to work harder than other attorneys for the same amount of respect, and struggle to access the best assignments, mentors, and institutional support they deserve and need to get ahead.

Women also feel like they have to work harder to overcome stereotypes and assumptions about their commitment to their firms and the profession. They are not always compensated equally for equal work and unjustly face discrimination and harassment.

The marginalization of diverse attorneys has many causes, including bias, homophily, failure of leadership, and systemic issues, but the result is a negative impact on the psyche of the attorneys who suffer from it and their colleagues, which leads to overall reduced morale of their firms. This is unproductive and unnecessary and firms should do what they can (and there are many things they can do) to improve diversity and inclusion and boost morale.

Prestige and Improved Reputation

Given the number of diversity "top" lists, surveys, conferences, and the prominence of the D&I topic in today's discourse, it is clearly more beneficial for firms to be perceived as doing well rather than lagging behind in this important area. For example, a leading AmLaw firm recently elected an all-white and almost exclusively male partnership class and the event caused immediate controversy and made headlines throughout the profession and even in major non-legal press outlets like the New York Times. Over 170 corporate general counsel were motivated to write an open letter to law firm partners expressing their general displeasure at the state of D&I at law firms.

In such a climate, law firms need to be mindful of the public up and downsides of diversity and inclusion efforts and maximize initiatives that generate a positive impact.

Equality and Fairness

The legal profession continues to be one of the least diverse professions, which is unfortunate and ironic given that lawyers serve a legal system that aspires to notions of equality and fairness. In the interest of integrity and elevating the dignity of the profession, law firms should make every effort to embody in practice the equality and fairness the profession stands for in principle, and cultivate policies and norms that advance diversity and inclusion.