

Law Firms Pledge \$5M to Fix Legal Industry's Diversity Problem

Stephanie Russell-Kraft *Sept. 18, 2019* *Blomberglaw.com*

Five major law firms have joined together with 26 general counsel from prominent corporations to create a \$5 million fund that will incubate ideas to combat the persistent problem of a lack of diversity and inclusion in the legal profession.

As part of the newly-created Move the Needle Fund, the law firms will make a large investment in measurable diversity goals that will be tracked. They'll report on their progress via a public-facing website over the next five years.

The firms will work with each other, general counsel, and outside diversity experts to test new programs based on research. "Instead of working in isolation as competitors, or instead of the GCs looking at law firms and saying, 'do better,' they're all working together," said Caren Ulrich Stacy, CEO of Diversity Lab, the legal industry diversity incubator spearheading the project.

Orrick Herrington & Sutcliffe, Goodwin Procter, Eversheds Sutherland, and Stoel Rives will participate. They'll pick a fifth firm through a blind application process by the end of the year. Each will invest at least \$1 million to pay for the research and costs of the program. "Obviously no one wants to fail publicly, but look, the greater failure would be to not try," said Mitch Zuklie, chairman and CEO of Orrick. "You're looking a group of peers in the eye and saying you're going to do this." The legal departments and GCs involved represent nearly \$1.5 billion in annual legal spend, according to Diversity Lab. The legal department heads hail from companies including Ford Motor, Starbucks, SurveyMonkey, U.S. Bank, Salesforce, Uber, 3M, Intel, Pfizer, HP Inc., eBay, GAP, and Bloomberg LP.

The 26 participating legal general counsel also have committed to increasing diversity in their legal departments, and many have signed on to provide paid internships to law students from historically underrepresented schools. They'll also help direct at least \$100,000 in annual investment from the fund toward existing programs designed to build diverse legal talent pipelines.

Big Law is under pressure to recruit and promote more minorities and women. A 2018 study found that while women, minorities and LGBT lawyers made gains in representation at major U.S. law firms, progress has been incremental at best. Such lags have caused clients to push for more focus on diversity at their outside law firms.

The five firms will examine their systems in areas such as hiring, compensation, work allocation, and performance reviews in order to see where these could be improved using strategies like bias interrupters. "Our goal is to take all of the research that exists and see what other industries are doing to increase diversity and inclusion, and test those things within these five law firms," said Ulrich Stacy. Each participating law firm has set a specific goal that it hopes to reach by 2025. Orrick has pledged that its top 40 strategic clients will be served by "teams that are at a minimum 55 percent diverse." Eversheds' goal is to increase its partnership to 33 percent female and 15 percent "diverse. One reason we're doing it is to work on our own situation, but the other part of it is to see if we can't come up with some things that can be replicated by other firms across the industry," said Eversheds' managing partner Mark Wasserman. Goodwin plans to focus its efforts specifically on retention and promotion, so that by 2025, its senior associate and young partner classes will match the diversity of its incoming first year lawyers. The firm has also set a goal that each of its leadership teams will be "40 percent diverse." "Our entering classes are quite diverse," said Goodwin chairman David Hashmall. "But then you take a snapshot of our senior associates and young partners, it doesn't reflect that diversity." Stoel Rives will also focus on retention, with the goal that the retention rate of its "diverse attorneys" will be equal to the retention rate of "non-diverse" attorneys by 2025. Diversity Lab consultants help the firm "assess our statistics and help us figure out why diverse attorneys are leaving, so we can get to the root of the problem," said Melissa Jones, Stoel Rives' managing partner-elect.