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Three Ways to Enhance Business Development Through Diversity and Inclusion

Law firms should undoubtedly focus on financial health and business models—but that includes promoting and mentoring diverse young attorneys.

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On January 27, 2019, more than 170 general counsel and corporate legal officers penned an open letter to law firms criticizing the new class of firm partners, which is composed largely of white men. The letter was a direct response to law firms that promoted few women and minorities to partnership. The letter showed a commitment to diversity and inclusion and reflected corporate counsel's awareness of the overwhelming lack of diversity among outside counsel and their demand for diverse teams that will provide more innovative legal solutions. Despite the demand for more diverse outside counsel, too many law firms still fall short and have failed to increase diversity. In turn, these firms are paying a stiff economic price. Law firms should undoubtedly focus on financial health and the best business model for the firm—which includes promoting diversity and inclusion. The following tips are ways law firms can use diversity as an intangible asset to not only gain corporate clients but also to retain them.

Create a Structure Centered Around the Client's Need for Diversity

The legal profession is undoubtedly a service industry, and most importantly, it is a relationship-driven profession. Many corporate counsel today are women and minorities. In turn, more corporations are creating diversity initiatives and are demanding their outside counsel have reputable diversity statistics within their firms. Firms that are blind to the evolving demographics of their corporate counsel and the corporate counsel's needs for increased diversity run a real risk of losing out on future business. Many corporations seeking diverse counsel informally solicit information regarding a firm's diversity before reaching out to the firm for potential business. Firms with good diversity track records are routinely recommended by diverse corporate counsel. Meanwhile, firms lacking diversity will end up losing future business without ever knowing it.

Use Diversity and Inclusion as a Strength to Stand Out from the Competition

A firm's reputation is one of its most important business development assets. In an increasingly competitive profession, it is difficult for most corporate clients to distinguish between firms. To make matters worse, a firm's institutional relationship with a corporate client matters less now than it did in previous eras. Consequently, firms are beginning to create niche specialties and brands centered around those specialties. Specifically, firms are now touting their abilities to deliver cost-effective and efficient legal services through varied pricing options and matter management. Most firms forget that diversity and inclusion provide another way for potential corporate clients to differentiate between prospective firms.

Obviously, firms with a diverse workforce have an advantage when seeking business, primarily because corporate counsel can connect and build relationships with attorneys who share similar backgrounds and experiences. For example, when firms send out client pitch teams to obtain business, they can increase their chances of securing business from a potential client by not only having a diverse pitch team but also by showcasing its diversity initiatives and efforts to those clients. Firms seeking the client's business should not be afraid of being different and distinguishing themselves from most firms. Firms must make conscious efforts to diversify their firms and appeal to potential corporate clients.

Focus on Recruiting and *Retaining* Diverse Talent

This point seems obvious. However, too many firms spend substantial amounts of time focusing only on recruiting diverse talent as opposed to recruiting and *retaining* diverse talent. Today, a large percentage of law graduates are women, and an even larger percentage of graduates are minorities. Law firms are now competing for the best and brightest among the diverse graduates, and it is crucial for firms to articulate what the graduate's career path will look like within their firm, regardless of whether the graduate decides to pursue partnership or alternative career paths.

Firms that want to set themselves apart must invest in the professional development of their diverse lawyers and proactively identify high-performing diverse associates within the firm. Exhibiting a commitment to diversity raises awareness about the importance of acquired diversity. Further, firms that accomplish diversity can gain an advantage the legal marketplace. More importantly, law firms committed to having a diverse partnership must recognize the potential for bias and the negative impact bias can have on the career

progression of its diverse attorneys. To defeat the influence of bias, firms should create sponsorship programs to identify high performers and to promote greater diversity within the partnership. Firms striving to leverage diversity in a multicultural legal market may see these initiatives as steps toward avoiding homogeneity within its organization.

Firms must focus not only on diversity but also on inclusion. Firms can do so by

- offering constructive feedback,
- providing associates with autonomy,
- empowering decision-making from associates,
- encouraging client contact,
- supporting associates in their professional endeavors outside of the firm (i.e. participation in professional organizations, speaking engagements, etc.), and
- including associates in the firm's marketing and business development opportunities with potential clients.

Inclusive behaviors foster innovation and encourage a broad range of viewpoints and opinions from diverse people. Inclusive leadership is particularly useful in client and industry teams, but it can also have a significant impact on leadership at an organization's highest levels. It sets the standard for creating a firm that proactively seeks diverse opportunities to positively impact how law firm colleagues interact with each other and their clients.

More importantly, corporate clients expect that women and diverse attorneys to do the work *and* receive financial credit for business development. In the past, law firms participated in a "window dressing" game by sending diverse attorneys on marketing pitches as props but never allowing the attorneys to work on the client's files. Corporate clients have taken notice, and in turn, have pulled work from the firms, and even worse, have penalized the firms by withholding bills from firms that do not meet the client's staffing requirements. Therefore, law firms must be aware that companies expect certain diversity initiatives to be met by allowing diverse attorneys to have a significant role in working on the case.

Conclusion

Diversity and inclusion are more than checking a box. Both remain a priority within the legal profession, and as corporate counsel continue to stress its importance, law firms must quickly take notice and implement ways to move the needle forward. Firms must make diversity and inclusion a core value and understand that money is left on the table by failing to implement both within their firms.

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