



The 5 hidden benefits of a diverse legal team

Corporate law departments are demanding more from their outside law firms, including meaningful deployment of diverse attorneys on their cases

BY KELLIE LERNER, STACEY P. SLAUGHTER

By now, the state of disruption in the legal industry is well documented. For good reason, corporate law departments are demanding more from their outside law firms, including meaningful deployment of diverse attorneys on their cases. For those who question whether this trend should last, consider the top 5 hidden reasons every law department should insist that their matters be staffed with diverse attorneys.

1. Diversity makes us smarter

While many of us have a reflexive tendency to associate with people who look and act like ourselves, scientists, psychologists and economists universally agree that working in diverse teams makes us more creative and improves decision-making. To be sure, diversity does make us *smarter*. But why? People from different genders and races can draw upon a wider collective pool of life experience when working together to solve a legal or business problem. Barbara Corcoran, a businesswoman who sold the Corcoran Group for \$66 million in 2001 and who now stars in the successful television show “Shark Tank,” summed up the benefits of diversity as follows:

Who did I look for in a partner?
Someone who was opposite . . . Most people like to hire pals that they get along with that are similar to themselves. *Always the wrong call.*

And while this advice makes intuitive sense, the wisdom is also backed up by hard science in a number of large data-set studies. For example, a professor from Stanford Graduate School of Education studied the influence of diversity on group discussions. After breaking students into small discussion groups, the researchers asked members who held dissenting views to present these views to their group. Interestingly, when a person of color presented a dissenting view, it was far more likely to be deemed “novel” and to lead to further discussion than when a Caucasian individual presented the exact same opinion. In other words, when we hear a dissenting view from someone who looks different from ourselves, it is more likely to provoke further discussion.

According to Deloitte in its September 2011 publication, “Only Skin Deep? Re-examining the Business Case for Diversity,” diverse teams avoid “groupthink,” whereas non-diverse teams may tackle problems from the same viewpoint.

2. Diversity improves performance

The verdict is in — whether in a corporate boardroom or in a law firm — diversity improves the bottom line. According to a Catalyst, Inc. study comparing Fortune 500 companies where the most women serve on their boards to those companies where the least serve, the former outperformed the latter by 66 percent in return on invested capital, 42 percent in return on sales, and 53 percent in return on equity. Similarly, according to the American Sociological Review, on average, the most racially diverse companies bring in nearly 15 times more revenue than the least racially diverse.

The benefits Corporate America reaps from diversity apply equally to law firms. In “Good Business: A Market-Based Argument for Law Firm Diversity,” a study among the 200 highest grossing law firms demonstrated that the most diverse law firms reported, on average, the highest profits per partner and revenue per lawyer. Translated into dollars, “a firm ranked in the top quarter in the diversity rankings will generate more than \$100,000 of additional profit per partner than a peer firm of the same size in the same city, with the same hours and leverage but a diversity ranking in the bottom quarter of firms.” It is, therefore, a logical leap to conclude that the profitability of these diverse law firms is a result of the superior services they provide to their corporate clients.

3. Diversity provides a courtroom advantage

Hiring a diverse legal team also gives your company a competitive edge with the judge and jury. Today’s jury pool is comprised of every race and ethnicity, so it follows that an all-white male legal team may have limited connections with at least some members of a jury. Thus, hiring a diverse legal team is going to maximize the “relatability” between your lawyers and the jury (or judge) to whom they present your case. And while many judges prefer the inclusion of diverse lawyers on legal teams, at least one judge, the Honorable Harold Baer Jr, has gone as far as issuing an order that the plaintiff’s law firms «make every effort» to put at least one woman and one minority lawyer on the team.

4. Diversity conveys the right message

Since diversity improves performance and decision-making, companies want to do all they can to retain and recruit diverse talent within their organizations. By hiring diverse

legal teams, and perhaps more importantly, by *firing* law firms that fail to live up to these standards, companies send a message to their employees that diversity is a core value. Rick Palmore, while general counsel at the Sara Lee Corporation (he is now general counsel at the General Mills Corporation) pioneered this philosophy by spearheading the Association of Corporate Counsel’s *Call to Action*. In the *Call to Action* program, which was ultimately signed by at least 120 general counsel from U.S. companies, corporate law departments agreed to evaluate outside law firms’ diversity efforts to ferret out those law firms who failed to meaningfully embrace diversity. According to Palmore, two law firms lost Sara Lee’s business, and firms who fell in the bottom tier lost at least 50 percent of their work. Thus, companies that insist on diversity in outside hiring are likely to be the same companies that support inclusion within their own organizations — and employees are certain to take notice.

5. Diversity is needed in law firm leadership

Women, on average, comprise less than 20 percent of equity partners in the largest 200 law firms. In 2013, the National Association for Law Placement reported that minorities accounted for a mere 7.1 percent of the partners in major U.S. law firms. While there is no silver bullet solution to solve this problem, corporate clients can help improve these statistics by acting as drivers of change and demanding diversity on their legal teams, or better yet, have the confidence to award major cases to diverse attorneys within a firm. With added client pressure, law firms will be forced to do more to retain, recruit and promote diverse talent.

About the Authors

Kellie Lerner

Kellie Lerner is a trial attorney at Robins, Kaplan, Miller & Ciresi L.L.P. Kellie is Co-Chair of the firm’s Diversity Committee and she has amassed more than a decade of experience litigating high-stakes antitrust disputes on behalf of plaintiffs and defendants in federal courts throughout the country. She can be reached at klerner@rkmc.com.

Stacey P. Slaughter

Stacey Slaughter is a partner at Robins, Kaplan, Miller & Ciresi L.L.P. She represents businesses and institutional investors that face significant financial markets disputes and complex business problems. spslaught@rkmc.com.