



**National Association of Women
Lawyers®
The NAWL Foundation®
American Bar Center MS 21.1
321 North Clark Street
Chicago, IL 60654**



**Report of the Eighth Annual
NAWL National Survey on
Retention and Promotion of Women in
Law Firms**

February 2014

Report of the Eighth Annual NAWL National Survey on Retention and Promotion of Women in Law Firms

By Stephanie A. Scharf¹, Roberta Liebenberg² and Christine Amalfe³

The NAWL Foundation[®], the research and charitable arm of the National Association of Women Lawyers, is pleased to report the results of the eighth annual National Survey on the Retention and Promotion of Women in Law Firms (“Survey”).^{4,5} The Survey is the only national study that annually tracks 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 analyzing data about factors that influence career progression. The goals are to provide (a) an empirical picture of how women

¹ Stephanie Scharf, a senior partner with Scharf Banks Marmor LLC, Chicago, concentrates her practice on commercial litigation, life sciences and complex tort defense. Ms. Scharf created the Annual NAWL National Survey in 2006, after having practiced law for over 20 years as an associate, partner and senior partner in two AmLaw 100 firms. She is now a principal in a majority women-owned law firm. Ms. Scharf is a former President of NAWL and was the first President of the NAWL Foundation. Before graduating from law school in 1985, she received a Ph.D. in Behavioral Sciences and was Senior Study Director, NORC, The University of Chicago. Her email contact is SScharf@scharfbanks.com.

² Roberta (“Bobbi”) Liebenberg is Chair of the American Bar Association Commission on Women in the Profession, Chair of DirectWomen, and is a Board Member of the NAWL Foundation. She is a senior partner at Fine Kaplan and Black in Philadelphia, where she focuses her practice on class actions, antitrust and complex commercial litigation. In August 2012, Ms. Liebenberg was appointed by ABA President Laurel Bellows to serve as first Chair of the ABA Gender Equity Task Force. She previously served as Chair of the ABA's Commission on Women in the Profession from 2008-2011. Her email contact is RLiebenberg@finekaplan.com.

³ Christine Amalfe is the current President of the NAWL Foundation. She is a director and Executive Committee member of Gibbons PC and she chairs the Firm's Employment and Labor Law Practice Group. She is also a trustee of the New Jersey State Bar Association and a member of the New Jersey Gender Parity Council. Her email contact is camalfe@gibbonslaw.com.

⁴ Barbara Flom is Secretary of the NAWL Foundation and chaired the 2013 Survey Committee. She practiced law for more than two decades, primarily in AmLaw 100 firms. Since 2008, she has been integral to the completion and reporting of the Annual Survey.

⁵ The Foundation thanks the 2013 Survey Committee for their enthusiasm and work on the 2013 Survey: Barbara A. Kaye, Honigman, Miller Schwartz and Cohn LLP; Martha Gifford, Law Office of Martha E. Gifford; Alyson Wooten, Kilpatrick Townsend; Elizabeth K. Blenner, Susanin Widman & Brennan PC; Stinson Mundy, Moran Reeves Coon PC; Natasha Wilson, Greenberg Traurig LLP; Patricia Winston, Morris James LLP; Lindsay Carlson, Alston & Bird LLP; Sandra Kroll, Pamela Smith, Katten Muchin Rosenmann LLP; Lindsay Eriksson, Decision Quest; and Ann T. Hollenbeck, Honigman, Miller Schwartz and Cohn LLP.

We take special note of the help provided by Courtney Murtaugh, Administrator of the NAWL Foundation and Survey Administrator, and express deep appreciation for her dedication and unflagging energy on the work of the Survey.

lawyers successfully forge long-term careers and attain leadership roles 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 firms.

In 2013, we saw an enhanced focus on the challenges faced in achieving greater levels of inclusiveness and diversity, especially in private practice settings. In addition to the ongoing work of the NAWL Foundation, the American Bar Association's Gender Equity Task Force – formed in summer 2012 by ABA President Laurel Bellows – highlighted the long-standing pay gap for women lawyers, particularly women equity partners. The Task Force identified the challenges that firms, clients and individual lawyers face, and provided specific strategies and best practices that can be implemented to close the gender pay gap.⁶

The business case for increasing gender diversity among the ranks of equity partners and in leadership positions at law firms is crystal clear. The continued attrition of women from law firms and the concomitant under-representation of women among equity partners and firm leadership adversely affect not only law firms, but also their clients. Law firms lose valuable women lawyers in whom they have invested substantial resources, and also lose women role models and mentors for their less senior women attorneys. In addition, the attrition of women partners from firms adversely affects clients, as they lose the services of talented and skilled attorneys with whom they have developed a close working relationship and who possess knowledge and expertise concerning the client's business and legal matters.

⁶ See, e.g., these Task Force publications, issued in 2013: *Closing the Gap: A Road Map for Achieving Gender Pay Equity in Law Firm Partner Compensation*; *Power of the Purse: How General Counsel Can Impact Pay Equity for Women Lawyers*; *Toolkit for Gender Equity in Partner Compensation*; *What You Need to Know about Negotiating Compensation*.

[Http://www.americanbar.org/groups/women/gender_equity_task_force/task_force_publications.html](http://www.americanbar.org/groups/women/gender_equity_task_force/task_force_publications.html).

To remain competitive, firms need senior women equity partners to lead matters for their clients and to participate in meaningful numbers on their compensation, management and executive committees.

In sum, equitable treatment and inclusiveness for women in the profession is the better business model. Gender diversity enables law firms and clients to benefit from diverse perspectives, the ability to tap into a broader array of talent, and creates a culture that maximizes the potential of all attorneys, male and female.

The ongoing effort to obtain reliable and valid measures of the status of women in private practice provides an essential context for assessing how well the legal profession treats its women members and how any given firm is doing compared to its counterparts among the 200 largest firms. This year, in addition to our core questions about compensation, leadership roles, rainmaking and equity partnership, the Survey included questions about the obstacles to promotion of women lawyers, the impact of the gender composition of management and compensation committees on disparities in partner compensation, the impact of race and ethnicity on advancement in firms, gender differences in the hiring of lateral equity partners, and approaches to succession planning. The new data, coupled with our years of ongoing analysis, have given additional context to the complex issues faced by law firms and women lawyers.

Our results this year reveal that, although women in the surveyed law firms have made some inroads, overall the pace of progress remains unacceptably slow as women continue to confront the same barriers that have been identified in the seven prior NAWL Foundation national surveys. However, the gains reported in the Survey provide some cause for optimism, and demonstrate that progress can be achieved when law firms take the necessary steps to

ensure that their women lawyers are treated fairly and are afforded every opportunity to advance and succeed. It is also important to emphasize that clients can and should exercise their considerable economic clout to help ensure that the outside women lawyers who handle their matters receive fair origination and billing credit and compensation so that they can advance and succeed in their law firms.

Snapshot of the 2013 Survey Results

- **There continues to be a disproportionately low number of women who advance into the highest ranks of large firms – in spite of a decades-old pipeline of women law school graduates.** Since the mid-1980's, more than 40% of law school graduates have been women. Therefore, by now, one would expect law firms to be promoting women and men at nearly the same rate. Such parity has not been achieved, with the typical firm still counting less than 20% of its equity partners as women.
- **Lateral hiring at the level of equity partner favors men.** Many new equity partners have been hired laterally from other firms, and that practice is especially prevalent at AmLaw 100 firms. In addition, firms laterally hire men into equity partnerships much more often than women. A long-term consequence will be that the ratio of men and women equity partners is likely to stay the same – overwhelmingly male – for quite some time.
- **The large majority of firms will not report data about compensation of their men and women lawyers – and we believe that is because the gender pay gap found in so many past studies continues to be substantial.** We also believe that with a meaningful commitment to gender pay equity, there are policies and practices that give law firms the ability to achieve this goal.

- **The gender composition of law firm governing and compensation committees impacts the extent of the gender pay gap within a firm.** When two or more women are members of a firm’s highest governing committee and/or its compensation committee, the impact on compensation for women equity partners is tangible. When a firm’s compensation committee has two or more women members, the typical compensation for female equity partners is roughly on par with the typical compensation for male equity partners. In firms without that level of gender representation on these key committees, the compensation gap is much wider: women equity partners earn somewhere between 85% and 89% of male equity partners’ compensation.

- **Women continue to lag behind men with respect to credit for rainmaking and client revenue.** In most firms, the vast majority of big rainmakers – those top 10 lawyers given credit for substantial billings – are men. In the typical AmLaw 100 firm, women are credited for roughly 80% of the client billings credited to men. In the typical Second Hundred firm⁷, women are credited with 89% of the client billings credited to men. Traditional paradigms for allocating revenue credit – rather than a more modern, shared credit approach as has been adopted by some professional services firms – may explain why the vast majority of firms still credit men as their biggest rainmakers.

- **Firms view women’s perceived lack of business development and high rate of attrition as the two primary reasons why the number of women equity partners has not been increasing.** While firms view these factors as reasons why they have not advanced more women into equity partnership, at the same time there is little doubt that firms can have a meaningful impact on the business for which women are given credit, on forestalling attrition

⁷ The “Second Hundred” firms are those ranked 101-200 in the AmLaw 200.

among women lawyers, and on the other factors that blunt the long-term prospects for women in firms.

- **Minority women lawyers are not being advanced consistent with the available pipeline and are advanced less often than male minority lawyers.** Overall in the AmLaw 100, female minorities occupy 2% of equity partnerships and male minorities occupy 6% of equity partnerships. In the Second Hundred firms, women minorities occupy 2% of equity partnerships and male minorities occupy 4% of equity partnerships. These data show the continuing double bind of gender and minority status faced by women of color.

- **Formal succession planning has not been a means, to date, of identifying and grooming women leaders.** While the practice of succession planning has been recommended as a way for firms to prepare women and other diverse lawyers for future leadership roles, it has not received widespread acceptance in large firms. The majority of firms do not engage in formal succession planning and, when they do, gender diversity is not a significant consideration.

- **Advancing women in law firms is not a universal goal in the AmLaw 200, as it should be.** While it appears that some firms are taking effective actions to redress the obstacles facing women as identified in this Survey and previous surveys by the NAWL Foundation, unfortunately many others are not. Too many firms continue to fail to recognize that facilitating the advancement of their women lawyers also redounds to the benefit of the firms themselves as well as their clients.

Below are more detailed analyses and reporting.

A. Advancement into Equity Partnership and Other Positions

This year, the typical firm in the AmLaw 200 reported that women made up approximately 17% of the equity level of partnership.⁸ The 2013 statistics are about the same whether we look at AmLaw 100 firms or the Second Hundred firms. We note, as well, that these statistics are consistent with data gathered by the National Association for Law Placement (“NALP”) about the number of women partners in various law firm offices.⁹

We found, however, a substantial difference between one-tier and two-tier firms, a finding noted in previous Survey reports. One-tier firms report that about 22% of their equity partners are women, while the typical two-tier firm reports only 17% of its equity partners as women.

This year we also surveyed whether the newest annual promotions to equity partnership – those that took place between February 1, 2012 and January 31, 2013 – were more likely to include women. To the extent that firms are likely to advance women partners, we should be seeing enhanced prospects for women among the newest promotions to equity partnership. The numbers, however, were somewhat disheartening – at least with respect to the very largest firms. In AmLaw 100 firms, only about 20% of new equity partners were female. Second Hundred firms showed a better balance of male

⁸ The Survey defines an equity partner along traditional lines: a lawyer who owns an interest in her or his firm and receives the majority of her or his compensation as a distribution tied directly to that ownership interest. A non-equity partner receives his/her compensation in the form of fixed salary and/or performance-based bonus. A “mixed tier” partner – a form of partner that has gained ground in the past few years – is a lawyer who receives the majority of her or his compensation as a salary and a lesser portion based on an ownership interest in the firm. Some firms, for example, may title a mixed tier partner as “equity partner” although in reality that partner does not have the same level of compensation or governance rights as full-fledged equity partners.

⁹ NALP’s data are reported on an office by office basis, and not about firms as a whole. NALP also reports that a large number of firms did not want to differentiate between equity and non-equity partners – a reporting artifact that skews the data to appear more favorable for women. See http://www.nalp.org/demographics_of_equity_update.

and female promotions: some 40% of new equity partners were female. The number of lawyers promoted into equity partnership is small to begin with: the typical AmLaw 100 firm promoted roughly 10 lawyers into equity partnership in the 2012 time frame, and the typical Second Hundred firm promoted roughly 5 lawyers into equity partnership in 2012. In any event, it remains to be seen if this is a one-year statistical aberration or whether it augurs a new trend.

Another phenomenon, however, is affecting the gender composition of equity partners. To a large extent, promotion to equity partner no longer occurs because of sequential promotion from associate to non-equity partner to equity partner within one firm. Instead, many firms acquire new equity partners through lateral hiring. Whether lateral hiring is efficient or beneficial as the major means of growth is an open question.¹⁰ A recent American Lawyer/LexisNexis survey estimates that fewer than 30% of law firms found the hiring of laterals to have been “very effective” over the past five years, and 10% said hiring laterals was either neutral or negative. But, even of those that considered the hiring neutral or negative, the large majority of firms expect to continue lateral hires. As one commentator put it, lateral hiring of law partners all too often comes with high expectations and average to low success rates.¹¹ Nonetheless, for an individual lawyer, a lateral move can greatly increase compensation and stature.

¹⁰ "Lateral Hiring Push Will Continue Despite Uncertainty About Its Impact", American Lawyer, October 16, 2012. <http://www.americanlawyer.com/id=1202575195242&slreturn=20120923153002>

<http://hildebrandtblog.com/2013/02/13/is-lateral-hiring-good-for-law-firm-business/>

¹¹ <http://about.bloomberglaw.com/practitioner-contributions/successful-lateral-integration-for-law-firms/>

When we last studied lateral hiring in 2009, we found that for both male and female lawyers, moving was a better strategy than staying in the original firm; males were recruited far more often for equity partnership than females; and firm structure impacted the extent to which home-grown lawyers or lateral hires were promoted to equity partner, with one-tier firms more likely than two-tier firms to promote women from within the firm to equity partner.¹²

Today, lateral hiring continues to dominate the process by which big firms move lawyers into equity partnership.¹³ Our results shows that in the AmLaw 200 firms, some 80% of new equity partners are lateral hires, which means that only 1 out of 5 new equity partners, on average, was promoted after a number of years in the firm. Some 66% of all new male equity partners are recruited laterally; about one-half of new female equity partners are recruited laterally. One possible explanation for the gender difference is that men are more likely to seek lateral moves when they have substantial business. That said, the data on lateral hiring raise questions that cannot be answered in the Survey. We recommend that firms closely examine whether they are experiencing gender differences in promoting lawyers to equity partner from within the firm and also when they recruit equity partners on a lateral basis.

We also were able to show with Survey data that a firm's willingness to share data on the advancement of women lawyers is, in and of itself, an indicator of the firm's effectiveness in advancing women lawyers. In 2013, there were a substantial number of firms – 33 – that declined to participate in this Survey although they had previously

¹² See 2009 Report of NAWL Annual Survey, www.nawlfoundation.org.

¹³ Even as recently as 10 years ago, a firm's "new" equity partners would typically be from the ranks of junior non-equity partners, with promotion to equity partner tied to year of graduation from law school.

participated in our Survey as recently as last year.¹⁴ There may be several explanations why some firms declined to participate in the 2013 Survey. Firms are much more leanly staffed with each passing year and at the same time are asked to participate in more and more studies about law firm performance, thus stretching the resources they have for participation in any given study.

Another explanation is that those firms that declined to participate in the 2013 Survey are generally less interested in the subject of advancing women lawyers and/or are hesitant to share, even on an anonymous and confidential basis, statistics that show that their women lawyers lag behind their male counterparts.

Regarding the gender composition of other positions in firms, the 2013 Survey data show that 47% of associates are women; 38% of counsel are women; and 29% of non-equity partners are women. With respect to staff attorneys – those lawyers who are not on a partner track and are in positions more junior than associates – the 2013 Survey shows that 64% are women. The data this year show the same trend as in previous years: the greatest percentage of women occupy the lowest positions in firms (staff attorneys), and the highest positions in firms (equity partner) are occupied by the lowest percentage of women. In short, the higher up the pyramid you look in the 200 largest firms, the fewer women you will find.

B. Compensation

The Survey's questions with respect to compensation obtained the lowest response rate, by far. Despite assurances of confidentiality and anonymity, only 48 firms were willing to provide data on compensation of equity partners. Of those, the large majority

¹⁴ On the other hand, a substantial number of new firms participated in the 2013 Survey, which means that the 2013 data set are sufficiently robust to allow the conclusions we draw from the Survey this year. This year, just under 100 firms participated in the Survey.

were in the Second Hundred; only 18 firms in the AmLaw 100 were willing to disclose the compensation they paid to their male and female equity partners.

With this quality of data, any compensation statistics would suffer from response bias – first, because less than a quarter of the nation’s 200 largest firms actually reported about compensation at the equity level and second, because a disproportionately larger number of AmLaw 100 firms would not report about equity level compensation. Firms’ unwillingness to report about gender and compensation – even in a situation like this where the individual firm is never identified and results are reported only in the aggregate – reinforce what we know from past NAWL Surveys, from studies sponsored by the ABA Commission on Women, and from extensive anecdotal reports: the gender pay gap for women equity partners remains significant. Thus, it continues to be the case that compensation at the highest level of firms remains an overwhelmingly male enclave. Within the AmLaw 100, 96% of firms report that their highest paid partner is male; within the Second Hundred firms, 92% of firms report that their highest paid partner is male. And, as noted above, women lag behind men with respect to origination and billing credit for rainmaking and client revenue.

We believe, though, that the pay gap can be eliminated if law firms, perhaps prodded by their clients, focus on strategies for doing so.¹⁵ We have confidence in this prediction because of data (below) showing that certain law firm best practices have a major impact on eliminating the gender gap in compensation.

¹⁵ See, e.g., references in Footnote 6.

C. Governance and Compensation

A number of studies suggest that the gender composition of corporate decision-making committees make a difference in the advancement and compensation of women.¹⁶ For the first time, the Survey analyzed whether the gender composition of key law firm committees likewise affects compensation of women lawyers. Our analysis is limited because so many firms, especially those in the AmLaw 100, would not report their relative male/female compensation.

With these factors in mind, the data do show a clear effect. For the 31 firms that have two or more women on the governance committee, in the representative firm, women equity partners earn 95% of what male equity partners earn.¹⁷ In contrast, for the 17 firms where there are fewer than two women on the governance committee, women equity partners earn only 85% of what male equity partners earn.

Similar results occur when women achieve a critical mass on compensation committees.¹⁸ For the 17 firms that have fewer than two women on the compensation committee, in the typical firm, women equity partners earn 89% of what the male equity partners earn. In those firms that have two or more women on their compensation committees, the gender pay gap is just about eliminated.

The lesson is clear: a critical factor in closing the pay gap is increased gender

¹⁶ E.g., <http://blogs.law.harvard.edu/corpgov/2012/07/24/gender-composition-of-boards-important-for-competitiveness/>

¹⁷ In about half of the surveyed firms, 23% of the highest governing committees are female. The remaining firms have fewer female members on their highest governing committees.

¹⁸ We note, at the threshold, some 36% of firms report that their governing and compensation committees are one and the same. Almost 10% of firms report they do not have a formal compensation committee. We are not quite sure how to interpret these statistics because we know from anecdotal evidence that some firms who reported no separate compensation committee in fact have a separate group of lawyers who do consider and make recommendations about compensation, even if such a group is not titled a “committee” or may be a committee that makes recommendations about a range of administrative issues, not only compensation.

diversity on governing and compensation committees, not simply one token female or none at all.

D. Rainmaking

We are reluctant to delve too deeply into the numbers concerning origination credit, since there is so much variation in how firms attribute origination credit to their partners. Nonetheless, women continue to be given less credit than men for client origination and the situation is worse for women in the larger firms. In 2013, in reporting firms, the typical male equity partner was given origination credit for just over \$1 million, an increase over the 2012 figure. The typical female equity partner was given origination credit for \$867,000, or about 87% of billings credited to men. There are marked differences, however, between AmLaw 100 and Second Hundred firms. As a prime example, in the typical AmLaw 100 firm, women are credited for roughly 80% of the client billings credited to men, while in the typical Second Hundred firm, women are credited with 89% of the client billings credited to men.

We recognize that firms allocate origination credit in myriad ways, and not necessarily on the basis of the lawyer who is actually responsible day-to-day for managing the work of the client. Traditional paradigms for revenue credit may explain why the vast majority of firms still count men as their highest rainmakers. Thus, when asked about the number of women included in the firm's top 10 rainmakers, 34% of firms have no women in the top ten, 57% of firms have 1 or 0 women in the top ten, and 84% of firms have 2 or fewer women in the top ten. On the other hand, that means that 16% of firms have at least 3 women who are credited with sufficient revenue for the firm that they are counted in the top 10 of business generators.

E. Law-Firm Perceived Obstacles to Promotion of Women Lawyers

In this year's Survey, we asked firms to tell us what they perceive to be the greatest obstacles to retaining women associates and promoting women to equity partner. We deliberately structured the question to allow open-ended answers – and the answers were telling about the challenges faced by women lawyers, as perceived by the firms.

Only 6% of firms report that retaining women associates is not a problem, while the vast majority of firms see at least some obstacle to retaining women associates. Approximately 38% of firms believe that work-life balance issues are obstacles to retention; 22% believe that lack of business development opportunities is the greatest obstacle; 13% believe that lack of mentors or women in leadership is the greatest obstacle; 11% believe that confusion about partnership track or the difficulty of partnership track is the greatest obstacle; and 11% believe that better outside job options are the greatest obstacle for retaining women associates.

When describing impediments to the attainment of equity partnership by women, firms focus on four similar factors but weigh them differently. The greatest obstacle for women to achieve equity partnership – as described by 44% of firms – is lack of business development. Attrition was an obstacle identified by 31% of firms – which was described variously as women leaving the firm or a slowdown in work for women who stay in the firm. The other two common obstacles included work-life balance (10%) and fewer sponsors and mentors (11%). Only 4% of firms do not perceive any obstacle to promoting women to equity partner.

These various impediments are, of course, to some extent within the control of a firm: many firms create inordinate demands for billable hours, do not provide equal access to business opportunities, do not promote women into leadership roles, and do not make transparent the criteria or process of promotion to partnership. Our data showed, for example, that a number of firms – 12% – do not permit part-time lawyers to be promoted to equity partnership, an impediment that lacks a solid rationale in today’s market and which disproportionately impacts the promotion of women lawyers.

The systematic loss of a large swath of senior female lawyers from firms jeopardizes the long-term health of firms as well as the continuity and quality of their client services.

F. Advancement of Minority Women

There is little question that minority women – compared to white men, white women and minority men – face the most daunting challenges to advancement in law firms.¹⁹ Because few organizations collect systematic data on the impact of race and gender at the level of equity partnership, the Survey periodically looks at those statistics and did so again in 2013. We found that within the typical AmLaw 100 firm, female minorities account for only 2% of the equity partners and male minorities account for 6% of equity partners. In the typical Second Hundred firm, women minorities occupy 2% of equity partnerships and male minorities occupy 4% of equity partnerships.

It states the obvious to note that minority lawyers are not achieving partnership at the rate they are entering law firms. Minority women who advance continue to play the

¹⁹ See MCCA/PAR/ABA 2010 study finding that women attorneys of color are often excluded from rainmaking opportunities, their contributions to rainmaking are discounted, and their efforts to obtain fair billing credit are often disputed. *New Millennium, Same Glass Ceiling? The Impact of Law Firm Compensation Systems on Women*, J. Williams and V. Richardson, at www.attorneyretention.org.

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.²⁰

G. Succession Planning

In recent years, succession planning has been the subject of greater interest by law firm management. There are several reasons why, including the desire to maintain ongoing, robust client relationships as senior partners take on a range of responsibilities that do not directly pertain to the client or reach retirement; the growing recognition that leaders are likely made, not born, and that the development of management skills enhances successful leadership; and the recognition that succession planning can be a vehicle for achieving diversity goals.²¹

This year, the Survey examined how large firms were managing succession planning. We found that, overall, firms have not yet formalized their approach to choosing successors of current law firm leaders. The overwhelming majority of firms – 95% – have not identified their next managing partner. With respect to practice group leaders,²² only about 30% of firms have a formal succession planning process. Of those, roughly two-thirds report that a committee or some kind of collaborative process is used to choose future practice group leaders. Otherwise, for the most part, a firm leader, such as the chair of the firm, appoints practice group leaders.

²⁰ See, e.g., <http://www.nalp.org/2004womenandattorneyscolor>, http://www.nalp.org/lawfirmdiversity_2013. See also <http://www.lexisnexis.com/legalnewsroom/lexis-hub/b/diversity/archive/2010/09/29/statistics-reveal-that-minority-lawyers-greatly-affected-by-recession-cutbacks-women-make-gains-as-partners.aspx>

²¹ See, e.g., http://www.americanbar.org/publications/law_practice_magazine/2011/may_june.html. See also *Closing the Gap: A Road Map for Achieving Gender Pay Equity in Law Firm Partner Compensation*.

²² Most, but not all, large firms that we sampled are organized around practice groups.

Firms report that several factors are taken into account in choosing new practice group leaders. The most common factor is management skills (45% of firms). Other factors considered by firms include tenure with the firm/level of experience (11%), degree of revenue generation (20%), client relationships (8%), and diversity, including racial/ethnic and gender diversity (16%).²³

We also asked about how the next client relationship partner is chosen when the current relationship partner retires or leaves the firm. The data show no consensus among firms about the approach they use, and certainly no overwhelming reliance on clients to make those choices. About 25% of firms say that the current relationship partner decides on his or her successor, which is the traditional “inheritance” approach to becoming the next relationship partner. Otherwise, many different approaches are used. Among a range of approaches that were reported, some firms choose relationship partners with input from the current relationship partner and some client input; some firms report that the firm leader is involved in the selection although it is unclear to what extent; some firms report a committee is involved; and some firms report that they do not have a designated relationship partner. And, of course, a firm may use more than one approach to choose the next relationship partner for a given client.

Succession planning is a process that potentially opens up – or closes – opportunities for women to be recognized for the meaningful roles they play in client service. We urge clients to be proactive in selecting their relationship partners, and not leave the decision entirely, or almost entirely, in the hands of their outside law firms. We also question the viability of firm systems that permit only one person to be

²³ These percentages do not add up to 100% because firms could choose more than one answer.

designated as a relationship partner – a topic that should also be the subject of a discussion between client and firm.

Conclusion

The NAWL Foundation, together with NAWL, sponsors an annual Survey designed to assess the progress of women lawyers in the 200 largest U.S. law firms and to elucidate the factors that impede or support their retention and promotion. Firms have repeatedly advised us that they are committed to the goal of increasing gender equity and they wish to implement concrete steps to assist their women lawyers in advancing their careers. We hope that the data presented here will assist those efforts by sparking constructive dialogue and concrete actions across the profession on these important topics.

We express deep appreciation to all of the firms that participated in the 2013 Survey and their willingness to entrust us with confidential and sensitive data to facilitate the analyses presented above. We also applaud those individuals, law firms and companies that support the work of the NAWL Foundation for their interest in the Survey as well as their other cooperative efforts to enhance the role of women in the legal profession. And we especially recognize this year's larger donors to the NAWL Foundation, which include: New Jersey Women Lawyers' Association, Gibbons PC, Pricewaterhouse Coopers LLP, Rosen Seymour Shapss Martin and Company LLP, Allstate, Altria Group, Inc., Baker & McKenzie LLP, Bollinger Insurance Solutions, Comcast, Dechert LLP, Deloitte Financial Advisory Services LLP, DiFrancesco Bateman PC, DLA Piper LLP, Doar Litigation Consulting, DTI, Exelon Corporation, Facebook, Fox Rothschild LLP, Gap Inc., GlaxoSmithKline, Greenberg Traurig LLP,

Hodgson Russ LLP, Holland and Knight LLP, Kirkland & Ellis LLP, Kroll Ontrack, Latham & Watkins LLP, Litigation Management, McKenna Storer, Merrill Corp, Montgomery McCracken LLP, Morgan Lewis LLP, Navigant, Norton Rose Fulbright LLP, Orrick, Herrington & Sutcliffe LLP, Pohlman USA, Quaker, Scharf Banks Marmor LLC, TransPerfect Legal Solutions, US Legal Support , Veritext Corp., and Wiss & Company LLP.

Appendix on Survey Methodology

The NAWL Survey was sent in March 2013 to the 200 largest firms in the U.S. as reported by *The American Lawyer*²⁴. Although we recognize that most attorneys in private practice work in smaller organizations, we have chosen to focus on the largest firms because they are an easily defined sample, include firms from all parts of the U.S., and are viewed as benchmarks and bellwethers for the larger profession.

The Survey solicited information about each firm's U.S.-based lawyers as of February 1, 2013. The 2013 questionnaire included comparative questions about associates, counsel, non-equity and equity partners, staff and contract attorneys, law firm structure, compensation, governance and rainmakers. As has been true since the inception of the Survey in 2006, NAWL does not publish any individual law firm data. We believe that performing aggregate analyses of the law firm population, rather than highlighting individual firm data, is more consistent with the goals of tracking how women are doing overall and setting benchmarks. We also believe that the confidentiality we promise encourages firms to be forthcoming with sensitive information that immeasurably

²⁴The list of the nation's 200 largest firms, as defined by revenue, was published by *The American Lawyer* in 2012 and served as the basis for the population of firms surveyed in early 2013.

enriches the data available for our analysis.

To measure representativeness of the Survey sample, we compare Survey respondents to the population, the 200 largest firms as reported by *The American Lawyer* (“AmLaw Firms”). 92 firms responded to the 2013 Survey, a response rate of 46%. 50 of the 92 are in the AmLaw 100, and 42 are in the Second Hundred. The response rate varied by region. National firms had the highest response rate (54%) while International firms had the lowest (29%). National firms account for a higher proportion of the Survey while East firms account for a lower proportion of the Survey.²⁵

The typical Survey respondent is not significantly different than the typical AmLaw Firm by revenue per lawyer or profits per partner. The typical Survey firm is slightly larger in terms of net operating income and gross revenue.

Response rates varied by question. The Survey’s questions on compensation received the lowest response rates. Only 52% responded to questions on median equity partner compensation. On the other hand, many questions had response rates greater than 90%. This includes questions on topics asked in previous years such as race and ethnicity and highest governance committee members, but also includes new topics such as new equity partner hiring and how firms select a new managing partner.

The 2013 analysis was assisted by Russell Bittmann, Economics Ph.D. student at The University of Chicago.

²⁵ 20% of AmLaw Firms are National as opposed to 23% of this year’s Survey respondents. 34% of AmLaw Firms are from the East as opposed to 29% of this year’s Survey respondents. All other regions’ respective proportions are within 2 percentage points of each other.