

FINDINGS FROM THE SURVEY OF WOMEN PARTNERS ON LAW FIRM COMPENSATION SYSTEMS

Presented by:

Roberta D. Liebenberg
Fine, Kaplan and Black
Philadelphia, Pennsylvania
rliebenberg@finekaplan.com

Chair, ABA Commission on Women in the Profession



**Commission on Women
in the Profession**
American Bar Association

SURVEY OF WOMEN PARTNERS ON COMPENSATION SYSTEMS¹

- First-of-its-kind study of the experiences and perspectives of women partners concerning law firm compensation systems
- Collaborative effort involving the Minority Corporate Counsel Association (MCCA); the Project for Attorney Retention (PAR) and ABA's Commission on Women in the Profession
- Study is based on a survey of nearly 700 women law firm partners
- Survey Respondents
 - 90% were in firms of more than 100 attorneys
 - 40% were income partners
 - 60% were equity partners
 - 14% were racial or ethnic minorities

[1] "New Millennium, Same Glass Ceiling? The Impact of Law Firm Compensation Systems on Women" (July 2010)

KEY FINDINGS

- Top 3 factors for compensation decisions or promotion to equity partner:
 - Revenue collected
 - Billing origination
 - Billable hours

- Five factors that were rarely listed by respondents as important in compensation or advancement decisions:
 - Development of human capital
 - Contributions to diversity efforts
 - Effective leveraging of associates
 - Associate development work; and
 - Pro bono and community service

KEY FINDINGS

- Compensation decisions are made by:
 - 1.) Management or Executive Committee
 - 2.) Compensation Committee
 - 3.) Managing Partner, Chair or President

- Respondents said very few women serve on these committees at their firms, and minority women are virtually absent from these committees.
 - 70% of respondents said there was either no women or only one woman on their firm's compensation committee
 - Many respondents expressed belief that membership on compensation committee and committee's decisions reflect "implicit bias"

KEY FINDINGS

- ❑ Only 36% of women equity partners, 24% of income partners, and 22% of minority partners said their firm's compensation criteria were applied consistently from partner to partner
- ❑ Only 32% of equity partners, 16% of income partners and 15% of minority partners surveyed said they were satisfied that their firm's compensation system is based on the right combination of factors
- ❑ 70% of income partners and 66% of minority partners said their firm's compensation criteria were not sufficiently clear
- ❑ 14% of white income partners and 12% of minority partners reported they had been de-equitized

DISPUTES ABOUT CLIENT ORIGINATION CREDIT

- ❑ 55% of respondents said they had been denied their fair share of origination credit
- ❑ Almost 30% of respondents said they had been subjected to intimidation, threats or bullying to back down after origination credit dispute with their partners
- ❑ 2/3 of respondents said they were uncomfortable about appealing origination credit decisions; 39% were dissatisfied with the outcome of such disputes
- ❑ Women minority partners were more likely to:
 - Have credit improperly denied
 - Report being bullied
 - Participate in successful client pitches, and not receive origination credit

BEYOND THE STATISTICS – ANECDOTES FROM THE SURVEY

- ❑ One respondent was told "I can make your life difficult. On the other hand, I can be helpful."
- ❑ "My practice group leader demanded a large percentage of origination credit for a client when I had the relationship. Since he was my practice group leader, I felt intimidated to agree."
- ❑ "I have had experiences where men tried to undermine my involvement, take credit for my work, claim credit for relationships when the client literally did not know who they were, and in the past, I have literally been told I was stupid to think the client was basing its decision to use my services on me."

BEYOND THE STATISTICS – ANECDOTES FROM THE SURVEY

- "[T]he firm seems to use whatever factors justify paying men more and women less..."
- "Women are not groomed in the same way men are at the firm for business development... You have to be in the boy's club to get the origination, which is really the way power is measured at the firm."

BEST PRACTICES

- 1. TRANSPARENCY -** Compensation criteria must be transparent so that partners understand exactly what they need to do to reach compensation levels or points.
- 2. METRICS -** Firms must implement methods to measure how women and minority partners are being compensated and to identify and understand reasons for any disparity.
- 3. DIVERSITY -** Compensation and allocation dispute committees must be diverse and include more than a token woman or minority partner.

BEST PRACTICES

- 4. REDESIGNING ORIGINATION CREDIT SYSTEMS –**

Origination credit should not be "inheritable" - partners should not be able to "bequeath" origination credit to whomever they want.

Reward women partners who help attract and expand business from a client

Reward teams for developing business.
- 5. EVALUATE COMPENSATION SYSTEMS –**

Compensation systems must be evaluated to ensure that compensation decisions are not affected by implicit bias.
- 6. ENSURE EQUITABLE BUSINESS DEVELOPMENT OPPORTUNITIES –**

Women must be afforded equal rainmaking opportunities and the ability to participate in client pitches.
- 7. OTHER IDEAS?**



Thank you

American Bar Association
Commission on Women in the Profession
321 N. Clark Street
Chicago, IL 60654
312.988.5715
W: www.abanet.org/women
E: abacwp1@abanet.org