

Why Your Diversity Initiative Is Irrelevant . . . and How to Fix It

By Joanne Cleaver, Melissa McClenaghan Martin and Dr. Anne Perschel



“Let me close my office door,” said the firm managing partner. That’s when we knew the truth was going to come out.

“Women keep leaving our firm,” he said into the phone. “We can’t figure out why. Everyone gets the same opportunities. We have a women’s initiative so the women can get together and hear from women partners. We give them extra business development and leadership training. None of it seems to make a difference. Women quit anyway. This can’t continue. What are we doing wrong?”

As consultants with complementary practices, we often collaborate to help professional firms diagnose and address vexing problems with retaining and developing women and diverse talent. We’ve seen too many misguided initiatives doomed from the start. They’re doomed because the initiatives are seen as add-ons: programs ancillary, not necessary, for the firm’s future.

Women are half of the legal profession’s new talent. For too long, firms have assumed the pipeline problem will solve itself – that more women funneling to firms

from law schools will automatically result in more women partners. The same misguided logic has been applied to other diverse talent.

But then, diverse talent quits for a variety of reasons. Poorly designed, underfunded, badly executed and run largely by practitioners, initiatives make the problem worse by elevating expectations, only to fuel cynicism

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and disillusionment when the initiatives don't deliver as promised. Moreover, millennial talent often avoids such initiatives, seeing them as out of touch with a workplace that should be a true meritocracy. Clearly, things aren't working as they should.

Through our consulting work across professional services, we know how successful initiatives can transform a firm's diversity efforts, improving retention and promotion rates, significantly increasing firm revenue and ROI, and engaging and inspiring diverse talent. Some of the most successful models are outside of the legal profession. For example, at many accounting firms, gender diversity initiatives have been more entrenched, better funded and more effective than many law firm efforts. Here, we profile key aspects from some of the best diversity initiatives across sectors, including both law and accounting firm examples.

For each aspect, we detail common initiative misfires and the corresponding "silver bullet" solutions that best practices firms use to fix them.

Begin With Metrics and Accountability

By Joanne Cleaver

The problem: Many diversity initiatives don't seem to deliver results. Why should firms keep spending when there's scant proof of return on their investment?

The solution: Build metrics and accountability into initiatives from the start and create action plans for achieving them. Hold the firm accountable both internally and externally, sharing its successes, as well as areas for improvement.

Moss Adams LLP, one of the 15 largest accounting firms in the United States, makes no secret of its ambitions for "Forum W," its women's initiative: 30 percent women partners by 2020.

And because the firm publishes an annual report about Forum W, everyone, from staff to clients, can see how close it is to making its goals. Moss Adams has momentum, making steady progress and reaching 26 percent women partners in early 2017.

"The act of publishing our goals becomes a motivation – we can see where we've been and what we need to strive toward," says Tricia Bencich, the Moss Adams human resources manager who oversees Forum W and related talent development efforts for the firm's 1,700 employees. In 2016, the firm added a parallel initiative for diverse staff and is considering publishing an annual report about that initiative's mission, strategy and results.

Accountability starts at the top at Moss Adams. Each office managing partner has a demographic snapshot – referred to as the "women's initiative scorecard" – that illustrates how that partner's practice is contributing to the firm's goals for advancing women – or not. The numbers are both dispassionate and compelling, says Bencich, and the personal accountability report motivates partners

to find innovative ways to use Forum W to achieve office objectives by advancing women.

But the diversity conversation at Moss Adams doesn't stop at the scorecard, as it does at many firms. It's prescriptive as well, utilizing a women's initiative liaison to help managing partners create detailed action plans to improve salient metrics.

In addition to its Forum W annual report, Moss Adams also holds itself accountable externally through its participation in the Accounting MOVE Project, an industry-wide initiative that provides detailed best practices for key metrics, programs and aspects of culture that clearly drive retention of women. (MOVE was designed and launched in 2010 by my firm.) Although there's no corollary to MOVE in the legal profession, many best practices identified by MOVE are relevant to law firms, given the similar partnership structures and cultures at law and accounting firms.

"Clients are just as concerned about advancing women in their organizations as we are for our own workplace," says Bencich. "By sponsoring the Accounting MOVE Project and being on the project's advisory board, we show clients that we share their values. That's critical for building long-lasting relationships and for differentiating Moss Adams in a fragmented and fast-moving market."

By connecting the dots from initiatives, programs and cultures to proven results, MOVE equips member firms with well-tested strategies. For instance, firms receive detailed MOVE scorecards that benchmark their performance against peers in key metrics and provide best practice case studies.

"We are pretty sure we are an innovator in developing initiatives and programs for women, but we confirm that through the benchmarking tools we get through the MOVE Project," says Bencich. "Our best practices help others, and we always learn new tactics that help us keep Forum W relevant in today's market."

As Moss Adams has found, the truism "you get what you measure" is particularly relevant for designing initiatives that work.

However, at many firms, measurement of diversity initiatives often is worse than an afterthought: many firms measure the wrong thing – focusing on activity, and not whether programs improve retention and promotion statistics. When diversity initiatives are busy filling their calendars with brown bag lunches, partner panels, one-off trainings or client events, activities become the dominant metrics. Retention and promotion predictably stall, the initiatives don't appear to make a difference, funding is cut and the firm endures another round of disappointment and confusion about what went wrong.

But, by finding (should it be funding?) and tracking the right metrics, firms will move beyond activity-based diversity initiatives and start to truly move the needle because leaders will understand what they are working toward and act accordingly. Many firms on the

MOVE Best CPA Firms for Women list have done exactly that. Among MOVE firms, the aggregate percentage of women partners and principals has increased from 17 to 25 percent in six years. Firms on the MOVE list also advance women faster than the norm for the profession. As accounting firms are starting to find, the best practices tracked and examined by MOVE can also begin to move the needle for diverse professionals.

With the right metrics and accountability, firms can see trend lines and make necessary course corrections. Leaders can also focus on the right actions, transforming activity-based programs into robust initiatives that can truly advance diverse talent.

Transform Diversity and Women's Initiatives Into Business Drivers

By *Melissa McClenaghan Martin*

The problem: At many law firms, women's business development programs are woefully underfunded, typically comprised of episodic trainings and perhaps a few women's client events. Leadership wonders "what's the point?" – women are still leaving, little new revenue comes from these events, and too few women are making significant rain. Programs for diverse attorneys are given less attention and, not surprisingly, have even worse results.

The solution: Transform your diversity initiative into a business driver for the firm. And, if you do it right, in the process you'll engage and inspire diverse talent to become true rainmakers, deepen their connection to the firm, foster a business development culture and improve your retention and promotion statistics, while bringing in significant new revenue and showing ROI.

Rothstein Kass & Company, P.C., a national accounting firm with more than 1,000 employees as of 2014 (when its assets were acquired by KPMG LLP) and a client of mine, was able to achieve all of those things through its women's initiative, referred to as "LIFE." I helped create LIFE's business development platform, delivered business development training to pre-partner women and designed and helped execute numerous prospecting initiatives for the firm.

In three years, LIFE's business development program achieved extraordinary successes, bringing in more than \$6.5 million in new revenue for the firm. Early on, we converted LIFE detractors into some of our biggest and most vocal advocates. Retention and promotion rates for participating women rose significantly in both cases. And, throughout it all, we saw women become engaged and inspired by their careers, take greater leadership roles inside and outside the firm, and become thought leaders and rainmakers.

LIFE had several important components such as mentoring and work-life initiatives, says Rosalie Mandel, a former Rothstein Kass partner and founder of LIFE, "but our business development program was the most trans-

formative in terms of engaging larger numbers of women and convincing firm leadership of the business case for the women's initiative."

And why were we so successful? We went beyond the norm and beyond the "activities" which characterize many women's initiative business development efforts.

Business development training is not new to women's or diversity initiatives. But, if you want to achieve substantial gains, you need to change behavior, instill new habits and create a marketing mindset. You can't do that with one or two trainings, like most firms provide; participants need continued attention and practice.

That's why our first LIFE business development training series (provided to about 20 pre-partner women) was launched alongside a parallel track of conversion-oriented business development opportunities. These opportunities weren't just one-off women's client events with training "for" the event, the approach common at most firms.

Rather, we introduced participating women to key potential sources of referral and industry groups and helped nurture those relationships through a series of

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facilitated events and meetings. With referral sources, we went beyond typical "meet and greets" to create meaningful and sustained relationships that converted into significant revenue. With industry organizations, our relationships went far deeper than the usual sponsorship models. And we used our trainings to help participants fully leverage these opportunities.

We also positioned our women as industry leaders through thought leadership. To that end, we launched the Women in Alternative Investments Survey ("WAI Survey"), which provided seminal research regarding the opportunities and challenges facing women fund managers, and showcased the insights of Rothstein Kass women partners. (The WAI Survey continues at KPMG, where I co-author it.)

Training and opportunities continued, with new women joining LIFE's business development program each year.

One thing that was essential to our success: a significant budget. In its last year, Rothstein Kass' LIFE budget was about \$540,000. "Thirty percent of that was for business development because we knew we'd continue to see exponential revenue gains," says Mandel.

And, as anyone in professional services should know, "You can't leave it up to practitioners to move your initiative forward in a meaningful way," she adds. "You

need dedicated resources internally and outside experts in each area of your women’s initiative platform. That’s why we were able to achieve the gains we did.”

More of the same – diversity initiatives focused on activities, given little funding, managed by practitioners or overstretched diversity staff, well-intentioned but badly executed – will not achieve significant results. If firms truly seek transformation, more is needed: significant resources need to be given and bold new initiatives need to be undertaken. Only then will firms be able to move the needle.

Firms Lose Ground by Standing Still on Sponsorships

By Dr. Anne Perschel

The problem: Executive sponsors are among the most important career promoters but are more readily available for men than women or diverse protégés.

The solution: Well-designed, structured sponsorship initiatives attract, advance, engage and retain women and diverse leaders, while creating a more inclusive culture.

If you ask senior leaders how they rose to leadership, most will attribute their rise, at least in significant part, to one or more executive sponsors who served as advocates. It’s not unusual for sponsors to coach and mentor their protégés as well. Sponsors also use their influence and credibility to introduce protégés to internal power players, ensure protégés obtain the right development opportunities and facilitate protégés’ advancement internally.

Most sponsorships develop organically, when a mentor or supervisor becomes a protégé’s informal sponsor. Because men comprise the majority of senior leaders, they account for the majority of sponsors. The homophily factor – the tendency to associate and bond with people “like me” – further exacerbates the lack of equal sponsorship opportunities for women. Advantages accrue to male protégés, for whom sponsorship develops organically, while women and diverse talent suffer undeserved disadvantages. When we achieve real diversity, the organic process will work for everyone. Until then, intentional, focused and well-designed sponsorship initiatives are a best-known practice to achieve that vision. That is why the best-known companies for promoting diverse talent, such as American Express, Genentech, and Intel, have sponsorship initiatives.

And yet, intentional sponsorship initiatives for women and minorities don’t exist at most law firms. Certainly, a greater number of law firms have mentoring programs now than in the past, but few have taken affirmative steps to ensure sponsorships are equally available for all attorneys.

Crowell & Moring is an exception and a pioneer in this area among law firms. Ellen Dwyer, general counsel and management board member at Crowell & Moring, introduced and launched her firm’s sponsorship initiative with a team of Crowell partners and professional staff.

Dwyer says the journey began with active internal dialogue about how to develop and retain the firm’s women and diverse lawyers.

With support from external consultants and significant investment in learning about sponsorship, they began translating and adapting practices from large corporations to Crowell. Next, they established an incubator to experiment with a range of strategies to accomplish two measurable goals: (1) impact career advancement of people on the cusp of promotion and (2) embed sponsorship into the culture. The initiative is open to all eligible Crowell & Moring attorneys, but it is designed to ensure that women and minorities are not left out of sponsorship relationships.

Several years later, Dwyer reports, “We definitely made measurable progress toward achieving our first goal, and we are assessing progress, recalibrating, and figuring out how to embed sponsorship more fully into the firm’s culture.”

Holland & Knight LLP has a unique approach to sponsorships. Like Crowell & Moring, the firm ensures sponsorships are open to diverse talent, but with one important difference – at Holland & Knight, sponsor-protégé relationships develop organically. The organic approach works for Holland & Knight, in large part, because its diversity and women’s initiatives have already helped embed sponsorships for diverse talent into firm culture.

For example, Holland & Knight’s “Rising Stars” program, launched in 2003, is a robust and comprehensive leadership program that provides pre-partner women direct access to firm power players. Frequent interactions between potential sponsors and protégés ensure matches occur more organically. In addition, Tammy Knight, a partner at the firm and women’s initiative chair, identifies and advocates for women as the right opportunities arise.

While there is no one-size-fits-all model for a successful sponsorship initiative, certain aspects are essential: (1) sponsors must be influential firm leaders, (2) there should be a structured sponsor-protégé matching process that simulates the organic process (arranged matches are not the best) and (3) sponsors and protégés need to be educated about roles, responsibilities and expectations.

Law firms are losing women and diverse talent at greater rates than their non-diverse male peers. By standing still on structured sponsorship initiatives, firms will continue to lose ground on diversity and gender balance goals.

Conclusion

Advancing diverse talent isn’t a “woman problem” or a “minority problem.” It’s everyone’s problem. Every practice area, every client and every succession plan pivots on retaining and developing tomorrow’s partners. Firms that align their growth, revenue and profit goals with the aspirations of rising women and diverse talent are the ones that will gain a commanding lead that benefits all. ■