

**The New York Times**

## **Pushed by Clients, Law Firms Step Up Diversity Efforts**

By KAREN DONOVAN

Published: July 21, 2006

The nation's largest law firms, long dominated by white men, have struggled to attract, keep and promote minority and women lawyers.

Now these firms have a powerful incentive to do better: Some of their biggest corporate clients are demanding that they increase the number of minority and women associates and partners.

Indeed, for some companies, diversity is as important as cost-cutting and performance when evaluating which law firm to hire. And they are threatening to fire firms that do not show enough progress.

Until recently, "law firms have been able to be successful while ignoring" the hiring of more minorities, said Meredith Moore, director of the office for diversity at the New York City Bar. "It's that client pressure that's forcing them to address this question. You almost can't ignore it anymore."

[Wal-Mart Stores](#) has dropped two law firms — pulling active work from them — because of unhappiness with the firms' lack of diversity.

"Both of those firms were performing well, exceeding expectations, in the category of performance and in the category of cost," said Thomas Mars, Wal-Mart's general counsel. Wal-Mart has also decided not to send any additional work to several other firms.

Companies that have sought to present a face that reflects the diversity of their customers are keen not to have their lawyers undermine that public image. And companies that have faced racial and sex discrimination lawsuits — as has Wal-Mart, which is fighting a huge sex discrimination class action — are particularly sensitive to their law firms' diversity. (Mr. Mars says that Wal-Mart's efforts with its law firms have nothing to do with the litigation against the company.)

The recent corporate effort to push law firms to improve their diversity record began with Roderick A. Palmore, general counsel at Sara Lee, who wrote his peers at the top of corporate law departments to commit themselves to "end or limit our relationships with firms whose performance consistently evidences a lack of meaningful interest in being diverse."

Mr. Palmore began the effort in 2004 because, he said, he saw no real progress, especially at the large firms, in the aftermath of a 1999 statement signed by more than 500 corporate lawyers, urging law firms to hire more women and minorities.

Mr. Palmore, who is 54, has experience with big firms' track records. Before joining Sara Lee in 1996, he had been a partner at two big law firms; at each, he was the firm's first black partner.

When he started the initiative at Sara Lee, seeking to benchmark the number of minority partners and associates and how many of those people were "homegrown" by rising through the ranks of a law firm, he found that many firms did not track the most basic information about their progress on this issue.

"I have heard every excuse under the sun and I openly acknowledge that it's not an easy issue," Mr. Palmore said.

He concluded that many firms were not really focused on diversity — and would not be — because it did not affect their bottom line.

About 100 companies, including American Airlines, [Boeing](#) and [General Motors](#), have signed onto Mr. Palmore's pledge.

Yet aside from Wal-Mart, he is hard pressed to cite other examples of companies making good on the threat to fire a law firm for lack of progress on diversity.

The statistics show there is a long road ahead: Lawyers of color accounted for just 4.63 percent of partners at the nation's major law firms in 2005, according to research by the National Association for Law Placement. And data recently collected by the New York City Bar from 92 law firms with offices in the city show the pace of change is not accelerating much, especially when compared with the numbers for women. In 2006, 7.4 percent of minority associates were promoted to partner, barely up from 7 percent in 2004. The number of women promoted to partner jumped to 29.1 percent in 2006 from 20.4 percent in 2004.

Lorraine S. McGowen, the chairwoman of the diversity committee at the law firm of Orrick, Herrington & Sutcliffe, said clients had asked not just for information on the diversity statistics for the firm, but also for the numbers relating to the team of lawyers working on a matter and the hours billed by minority lawyers.

It goes without saying that you can't go to a beauty contest with a token lawyer in order to try and demonstrate diversity," she said. "If you don't have a meaningful role for every attorney, you are doing yourself a disservice. Clients are off put by that. They see through it so quickly."

Even those minorities who make partner may find themselves on the sidelines. Samuel M. Reeves, the Wal-Mart associate general counsel in charge of increasing diversity in its outside counsel, came to that realization at a panel in Philadelphia he attended last year, when a black partner at a law firm said that he knew of women and minority partners and associates with not enough work to do.

"The light bulb kind of went off when I heard that," Mr. Reeves said.

At the top 100 firms who handle Wal-Mart’s work, 82 of its “relationship partners” — the lawyers who handle the day-to-day interaction with the company and, more important, assign legal work to their colleagues — were white males.

Mr. Reeves asked each firm to submit a slate of three to five lawyers for that role, and include at least one woman and one minority lawyer on the list. Mr. Mars also talked with the management at these firms, telling them that the company intended to move its business if the new relationship partner switched firms.

After reviewing the firms’ responses, Wal-Mart made 40 changes. Joan Haratani, a San Francisco partner at Morgan, Lewis & Bockius, was one beneficiary.

“I was very lucky,” said Ms. Haratani, who is the first woman of color to lead the San Francisco Bar Association. “Wal-Mart is leading the charge in adding an accountability component to the business case for diversity.”

The [DuPont](#) Company has had diversity as one of six criteria to choose the law firms awarded the bulk of its business since 1992, when it announced that it would limit outside legal work to a select few. Today, 42 firms handle the bulk of about \$120 million in business.

DuPont “parted ways” with one firm that did not adequately support its diversity efforts, said Ramona E. Romero, the DuPont senior counsel who oversees the company’s relationship with its law firms. She said that 30 of the 39 American firms representing DuPont had minorities or women in charge of the relationship, though the company has never made that a requirement.

“We prefer the carrot to the stick,” she said.