

NEW YORK  
CITY BAR

---

---

# LAW FIRM DIVERSITY BENCHMARKING REPORT

---

---

2006 Report to Signatories of the Statement  
of Diversity Principles



## 2006 Diversity Benchmarking Study:

### A Report to Signatory Law Firms

#### **Sponsored by:**

Deloitte

UBS

© 2006 by the New York City Bar Association

For further information, please contact:  
Meredith Moore, Director of the Office for Diversity,  
at 212-382-6689 or [mmoore@nycbar.org](mailto:mmoore@nycbar.org).

The New York City Bar Association  
42 West 44<sup>th</sup> Street, New York, NY 10036  
[www.nycbar.org](http://www.nycbar.org)

## **TABLE OF CONTENTS**

- 1) Introduction (3)
- 2) Executive Summary (4)
- 3) Associates (8)
- 4) Special Counsel (10)
- 5) Partnership (11)
- 6) Turnover (14)
- 7) Flexible Work Arrangements (17)
- 8) Racial/Ethnic Minorities (18)
- 9) Gender (24)
- 10) Openly Gay Attorneys (27)
- 11) Attorneys with Disabilities (28)
- 12) Corporate Signatory Comparisons (30)
- 13) Conclusion (32)
- 14) Appendices (33)
  - Analyzing Firm Data
  - Acknowledgements
  - 2006 Contributors to the Office for Diversity
  - Enhance Diversity in the Profession Committee
  - Signatories to the Statement of Diversity Principles

## **PURPOSE**

This is the second annual New York City Bar law firm diversity benchmarking report. Signatories to the Association's Statement of Diversity Principles have committed to monitor improvement on key diversity metrics over time. The initial study of 2004 data established a baseline for law firms when the majority signed the Statement of Diversity Principles to track progress. The benchmarking studies showcase where individual firms, and the signatories as a whole, are achieving progress towards diversity goals and where active intervention needs to occur. Firms can identify and learn from where they are accomplishing their diversity goals, as well as prioritize where additional attention is necessary. We believe that benchmarking is essential to measure, and ultimately, achieve progress with respect to diversity in the New York legal community.

## **METHODOLOGY**

This data is based on the responses of 93 law firm signatories to the New York City Bar's Statement of Diversity Principles, as of March 2006. This represents a 93 percent response rate. The initial study reflected the responses of 82 firms.

Each individual firm's response to the web-based survey is treated as anonymous and confidential. Participating firms receive a customized report with their individual data compared to all firms and those of a similar size.

This data is a snapshot of participating firms as of January 2006. The initial study published in 2005 was based on firm statistics between January to March 2004 when the majority of firms first signed the Statement of Principles to serve as a baseline for measuring progress.

This data represents only the New York City area offices of the signatory firms.

For comparison purposes, we utilized the demographic categories and terminology employed by the National Association of Law Placement (NALP). As such, we collected data on Women, Men, American Indian, Asian-American/Pacific-Islanders, Black, Hispanic, Multi-racial, Openly Gay, and Attorneys with Disabilities.

As in the first study, we gathered data on the current associate pool by class year, total associate composition, special counsel/senior attorney positions, partners, new partner promotes and lateral hires, and those on formal full-time and part-time flexible work arrangements by level.

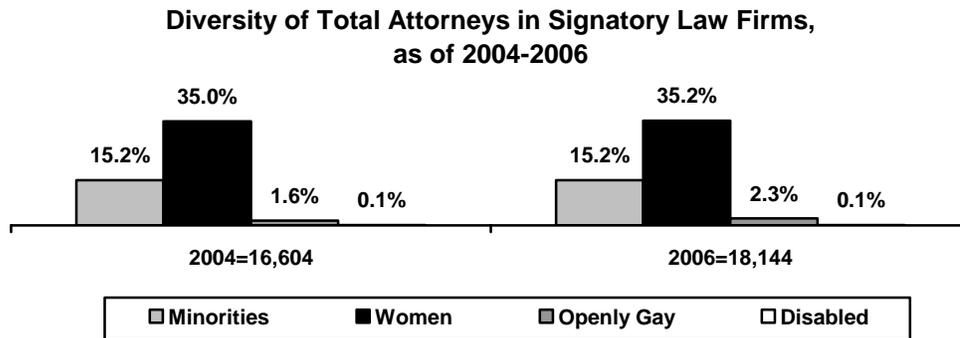
In 2006, we collected data for the first time on the intersections of race and gender enabling us to compare white men, white women, men of color, and women of color.

In addition, this year we collected data on voluntary attrition by level in 2005. There are a number of ways to calculate turnover. We decided for simplicity's sake to divide the number of attorneys by level who voluntarily left the firm in 2005 by the number of attorneys in each of those levels who had been there at year end 2004.

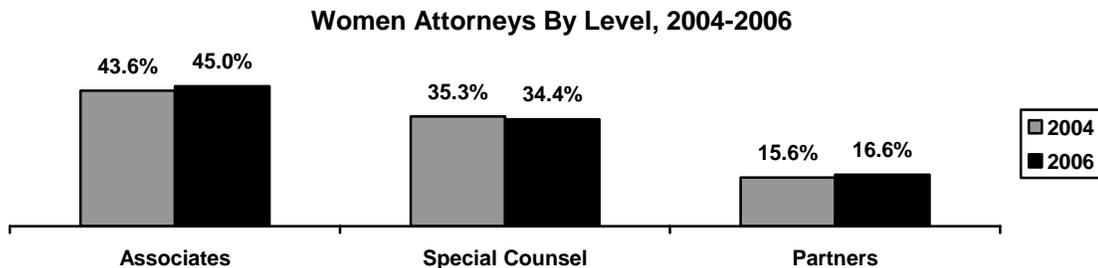
## EXECUTIVE SUMMARY

**Progress, Stagnation, and Decline.** The 2006 Law Firm Benchmarking Report highlights both signs of progress and disappointment. Overall, the demographic composition of signatory firms, and the partnership in particular, has experienced little change since the last study despite considerable interest in diversity in the legal community. There is good news with sizable increases in new women partners and more firms collecting data on openly gay attorneys. Discouragingly, this data also indicates that signatory firms must intensify their efforts when it pertains to racial/ethnic minorities and attorneys with disabilities, where there has been stagnation and even decline. In addition, our first year of data on turnover rates confirms that attrition is an important contributing factor in the under representation of women and minorities at the highest levels of signatory firms.

**Overall, Little Change in the Composition of Signatory Firms.** As a whole, the diversity of signatory firms is virtually unchanged since 2004, the baseline year of data collected when most firms first signed the statement of principles.

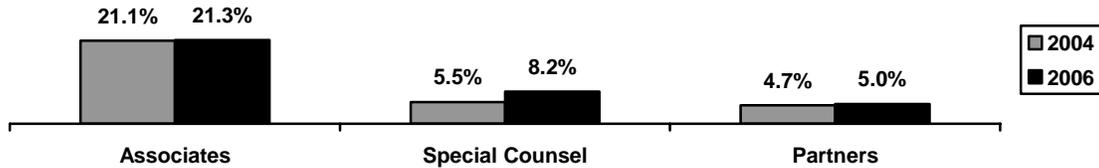


Looking at the signatories by gender, women continue to be disproportionately represented in the associate ranks relative to their presence in firm leadership. The representation of women at the associate and partner levels increased slightly from 2004 to 2006. There is a slight decrease in the percentage of women special counsels, perhaps due to new partner promotions.



The situation is reversed with respect to race/ethnicity, with imperceptible changes for associates and partners and a more tangible increase for special counsels. In large part, the special counsel up tick can be attributed to an increase in Asian-Americans.

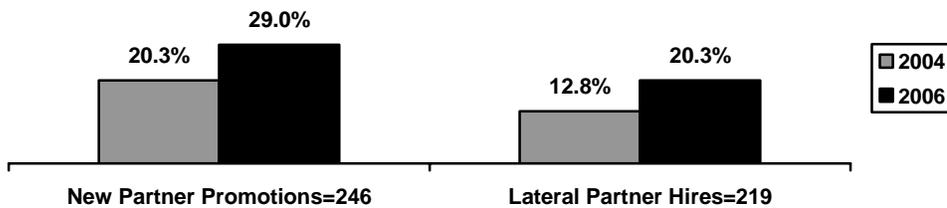
Racial/Ethnic Minority Attorneys By Level, 2004-2006



The New York offices of signatory firms are on par with NALP’s national average of 44.1 percent women associates, but lag somewhat behind the 17.3 percent women partners nationwide<sup>1</sup>. The reverse is true for minorities whereas signatory firms exceed the national figures for minority associates (15.6%), but are virtually identical for minority partners (4.6%).

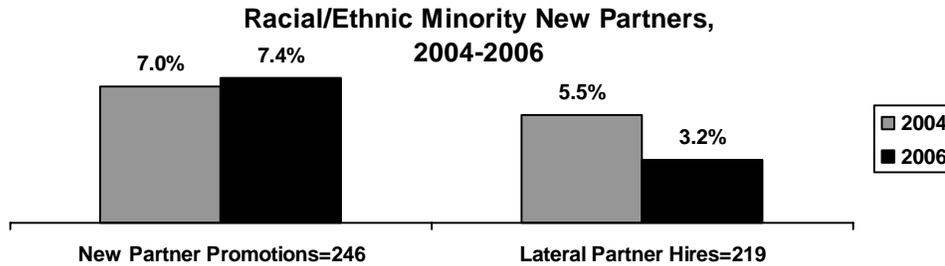
**Progress for New Women Partners.** One of the most encouraging developments since the last study is the notable increase in the percentage of new women partners. As of January 2006, women represented 29 percent of the most recent partner promotions, a marked improvement over 20.3 percent in 2004. Likewise, women represented 20.3 percent of lateral partner hires in 2006 compared to 12.8 percent in 2004.

Women New Partners, 2004-2006

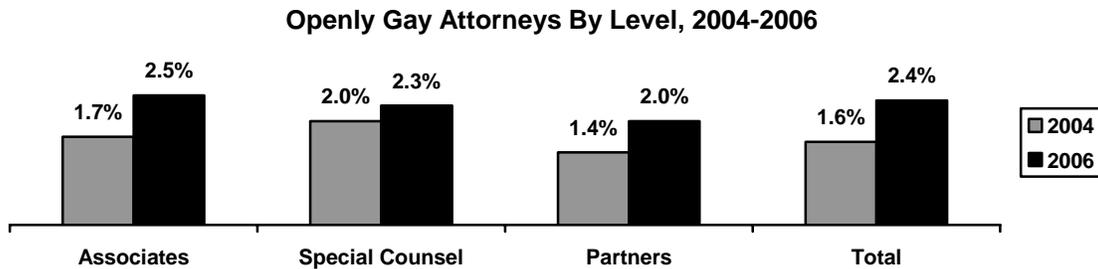


**Stagnation and Decline for New Minority Partners.** Gains achieved by women new partners are not shared by racial/ethnic minorities. New partner promotions are essentially flat with minorities representing 7.4 percent of new partner promotions in 2006 compared to 7.0 percent in 2004. By racial/ethnic group, the increase in new Asian-American partners was offset by the corresponding decrease in new Black partners. The proportion of minority lateral partner hires actually decreased from the already low 5.5 percent to 3.2 percent. An increase in Hispanic lateral partners was negated by the decrease in both Asian-American and African-American lateral partners.

<sup>1</sup> National Association of Law Placement, *2005-2006 NALP Directory of Legal Employers*, 2006.



**More Data Collected on Openly Gay Attorneys.** One of the most gratifying improvements is that twice as many openly gay attorneys are reported this year by signatory firms. Of the over 18,000 attorneys at signatory firms, 428 are counted as openly gay (2.4%), compared to only 272 (or 1.6%) in last year's study. Seventy-four firms reported having at least one openly gay attorney this year compared to 52 in last year's survey. Furthermore, these figures exceed the data reported to NALP with 1.2 percent openly gay attorneys overall<sup>2</sup>.



We attribute this gain in part to our urging of firms to solicit a more accurate count of openly gay attorneys and attorneys with disabilities, among other NALP categories. This year we included a sample confidential and anonymous survey for distribution to all attorneys with the diversity benchmarking questionnaire.

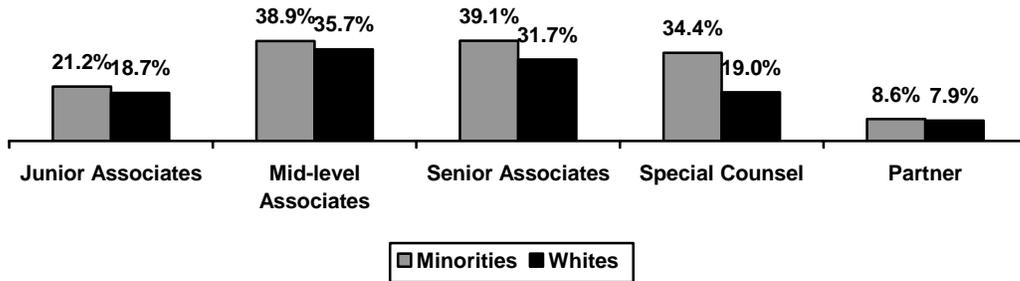
**Little Progress on Attorneys with Disabilities.** The numbers for attorneys with disabilities remain largely unchanged despite the increase in reporting on openly gay attorneys. Attorneys with disabilities continue to be the forgotten diversity group. In part, it may reflect a lack of common definition on disabilities. Signatory firms report that attorneys with disabilities represent only one-tenth of one percent of their overall ranks, or only fifteen attorneys with disabilities in New York area law offices. These numbers are actually a slight decrease from last year (17) despite the presence of additional signatory firms. The NALP figures are similarly disappointing at 0.1 percent of attorneys reported nationwide.

<sup>2</sup> National Association of Law Placement, *2005-2006 NALP Directory of Legal Employers*, 2006.

**Turnover Diminishes Women and Minority Representation Across Levels.**

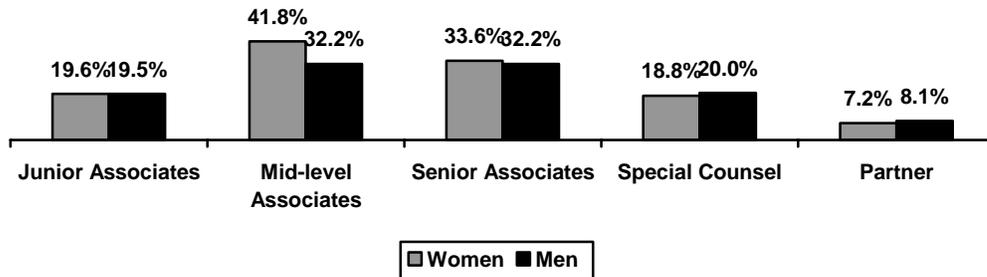
For the first time, we collected data on the turnover of each group by level. At every level, racial/ethnic minorities have a higher turnover rate than their white counterparts. The differential is the most pronounced for senior associates and special counsel, in part due to the small numbers of minorities at these levels.

**Turnover Rate for Whites and Minority Attorneys By Level, 2005-2006**



With respect to gender, women associates have a higher turnover rate than men associates. The differential is most pronounced at the mid-level associate level where over 40 percent of women departed compared to over 30 percent of men. The tables are turned for special counsels and partners where men have a higher attrition rate.

**Turnover Rate for Women and Men Attorneys By Level, 2005-2006**



**Conclusion.** There continues to be considerable diversity across race and gender in associate ranks that is not yet reflected in the partnership ranks of New York area firms. While firms generally hire diverse incoming classes, turnover erodes the representation of women and minorities. Although openly gay attorneys and attorneys with disabilities continue to be distinct minorities in signatories, firms are making strides in capturing data on their diverse talent.

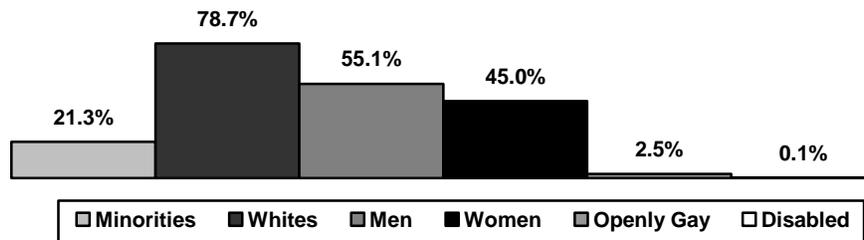
The overall partner numbers inched upward for women and racial/ethnic minorities, with women registering notable gains in partner promotions and lateral partner hires in contrast to minorities. It is not reasonable to expect the partner numbers to be transformed overnight, so the new partner numbers are the best proxy to determine if we are heading in the right direction. This data suggests that firms are on the right track with regards to women, but that much still needs to be done to attract, retain, and advance racial/ethnic minorities. It is time for firms, and the profession as a whole, to re-double their efforts on this front.

## FULL REPORT

### ASSOCIATES

**Total Associates.** The associate ranks of New York offices of signatory law firms boast considerable diversity. Over one in five associates are racial-ethnic minorities<sup>3</sup> and over two in five are women. Although only 2.5 percent are reported as openly gay, this percentage is notable in its increase from 1.7 percent in 2004. A mere one-tenth of one percent are registered as attorneys with disabilities.

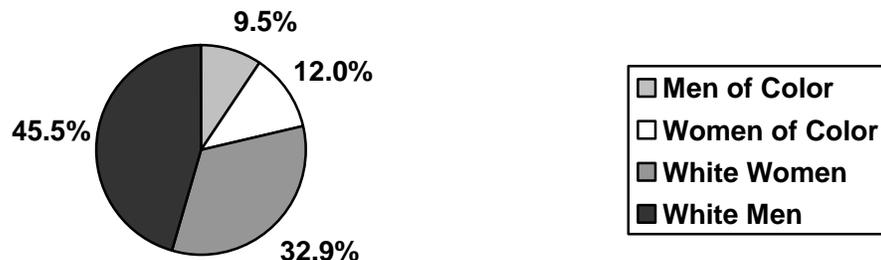
**Total Associates (11,065) in Diversity Signatory Law Firms, as of January 2006**



Between 2004 and 2006, associate numbers increased for both openly gay and women attorneys. The representation of racial/ethnic minorities and attorneys with disabilities are virtually unchanged in their proportion of the associate ranks since 2004.

Examining race and gender together for the first time this year, white men represent nearly one-half of the associate ranks followed by white women who occupy nearly one-third. There are slightly more women of color than men of color associates, with both filling about one-tenth of the associate ranks.

**Race and Gender of Total Associates, As of January 2006**



<sup>3</sup> For data by specific racial/ethnic group, refer to the Racial/Ethnic Minority section later in this publication.

**Associates by Class Year.** Delving deeper into the associate ranks, there are greater concentrations of women, openly gay, and racial/ethnic minorities in the most recent associate classes than those remaining from earlier class years. The percentages of associates with disabilities are low across all class years.

| <b>Demographics of Current Associates Remaining at Firm by Class Year<br/>(as of January 2006)</b> |                         |                         |                         |                         |                         |                       |                       |                       |                                   |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------------------|
|  | <b>2005<br/>(1,696)</b> | <b>2004<br/>(1,622)</b> | <b>2003<br/>(1,510)</b> | <b>2002<br/>(1,418)</b> | <b>2001<br/>(1,146)</b> | <b>2000<br/>(901)</b> | <b>1999<br/>(750)</b> | <b>1998<br/>(621)</b> | <b>1997<sup>4</sup><br/>(396)</b> |
| Minorities   | 25.9%                   | 21.9%                   | 24.1%                   | 23.9%                   | 23.0%                   | 21.8%                 | 17.9%                 | 16.6%                 | 14.4%                             |
| White  | 74.1%                   | 78.1%                   | 75.9%                   | 76.1%                   | 77.0%                   | 78.2%                 | 82.1%                 | 83.4%                 | 85.6%                             |
| Women  | 45.6%                   | 47.4%                   | 49.4%                   | 47.1%                   | 44.4%                   | 41.1%                 | 36.7%                 | 37.2%                 | 38.6%                             |
| Men  | 54.4%                   | 52.6%                   | 50.6%                   | 52.9 %                  | 55.6%                   | 58.9%                 | 63.3%                 | 62.8%                 | 61.4%                             |
| Openly<br>Gay  | 2.9%                    | 2.5%                    | 2.1%                    | 2.5%                    | 1.4%                    | 1.9%                  | 1.7%                  | 1.9%                  | 1.5%                              |
| Disabled   | 0.1%                    | 0.1%                    | 0.1%                    | 0.1%                    | 0.0%                    | 0.0%                  | 0.0%                  | 0.0%                  | 0.3%                              |

This data reflects associates remaining at the firm and is not an indication of the diversity of these classes when they were first hired. The challenge firms face is to maintain this diversity overtime as the turnover data described later demonstrates. Furthermore, this data does not distinguish between those hired as first year associates and lateral associate hires. Future benchmarking surveys may include questions about lateral associate hiring in order to better understand whether firms are maintaining the diversity they achieve in their first year associate classes when they hire in later class years to compensate for turnover.

In addition, this study did not collect data on staff attorneys. A small number of firms indicated that they have growing numbers in this job classification. For some of these firms, the growth of staff attorneys corresponds with heightened associate turnover. In others, staff attorneys can be deployed as needed on large-scale cases. This could also be recognition that some attorneys are willing to sacrifice advancement opportunities for reduced hours and stress.

**New Hires.** The greatest concentration of diversity is present in the incoming class. Racial/ethnic minorities comprise over one-quarter and women nearly one-half of the class of 2005. In contrast, the remaining class of 1998 is comprised of less than one-fifth minorities and over one-third women. The percentages of openly gay and attorneys with disabilities also decline comparing the incoming class to the remaining associates eight years ahead.

These figures reflect the available talent pool from top tier and local law school graduates. At the top 20 law schools, over one-quarter of 2005 graduates were racial/ethnic minorities (26%) and nearly one-half were women (46%)<sup>5</sup>. In

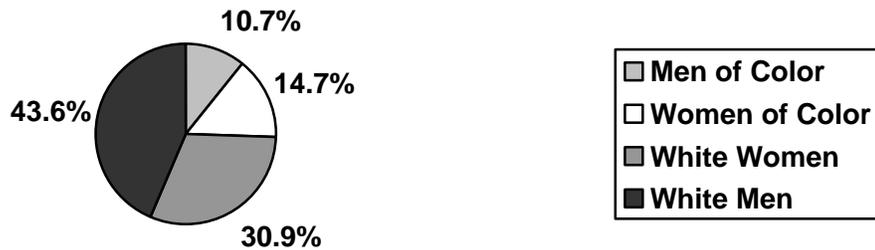
<sup>4</sup> The data collected for the classes of 1996+ is not included here due to space constraints.

<sup>5</sup> These figures were calculated using the 2006 US News and World Report Law School Rankings.

addition, minorities represented one-fifth (21%) of the graduates at the 14 New York metropolitan area law schools while women approached parity (48%).

Breaking the data down further, women of color represent nearly 15 percent of the 2005 class, one-fifth are men of color, three-tenths are white women, and under one-half of the incoming class is filled by white men.

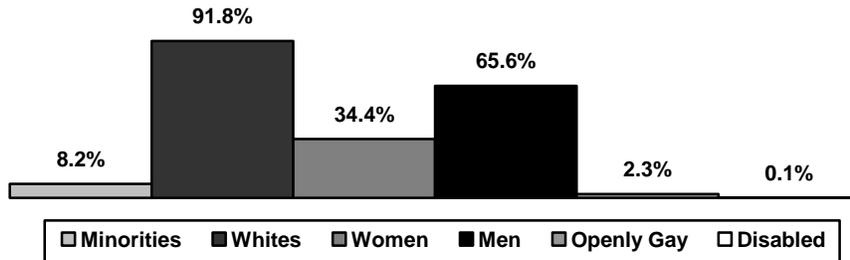
**Race and Gender of Associates Class of 2005,  
As of January 2006**



## SPECIAL COUNSEL

Of the over 1500 special counsels and senior attorneys at signatory law firms, over 90 percent are white and two-thirds are men.

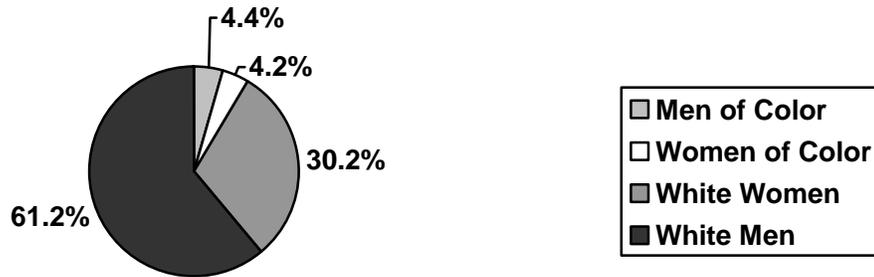
**Total Special Counsels (1,529) in Signatory Law Firms,  
as of January 2006**



Since 2004, the proportion of minority special counsel increased from 5.5 percent to 8.2 percent, in large part driven by increases in Asian-Americans. In contrast, the percentage of women special counsels declined somewhat from 35.3 percent to 34.4 percent. The decrease in women special counsels in concert with the marked increase in women promotions to partner and lower turnover for women compared to men counsels suggests that some women may have been promoted from the special counsel ranks. If so, we can hope that some signatory firms will tap the pool of minority special counsels for partnership in the future.

Looking at the data by race and gender, over six in ten special counsel are white men, three in ten are white women, and over four percent each are men and women of color.

**Race and Gender of Special Counsel, As of January 2006**

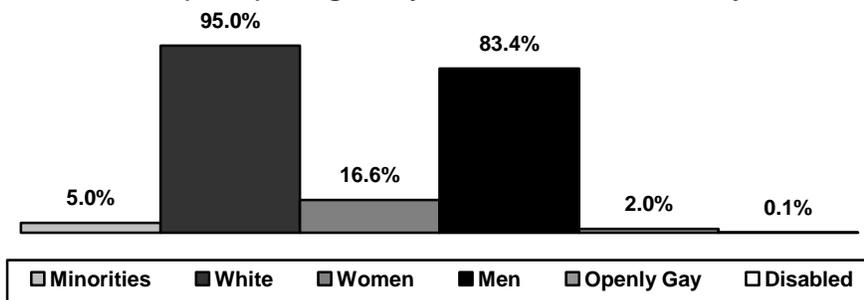


It should be noted that the highest percentage of attorneys working part time is special counsel (14.4% compared to 3.7% for all attorneys). This is particularly true for women special counsel with 30.6 percent of women special counsels working part time—the highest percentage of flexible work arrangements at any level.

**PARTNERSHIP**

The face of the partnership at signatory law firms remains predominantly both white and male. Of the over 5,500 New York area law partners, 16.6 percent (926) are women and 5.0 percent (279) are minorities. Firms report that two percent of their partners are openly gay (112) and less than one percent (5) are attorneys with disabilities.

**Partners (5,577) in Signatory Law Firms, as of January 2006**

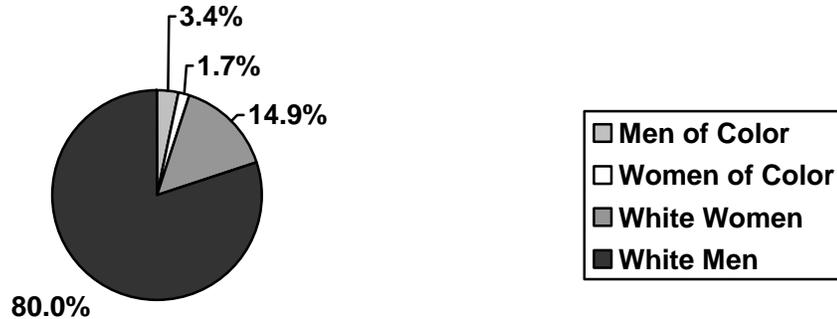


The percentage of minorities in the partnership has changed little since 2004 when they represented 4.7 percent of partners. The representation of women in the partnership has increased somewhat from 15.6 percent in 2004. Firms are doing better at reporting openly gay partners (1.4%) and partners with disabilities (0.0%) since 2004.

By race and gender, eight in ten partners are white men. Another approximately 15 percent are white women. There are twice as many men of color partners

than women of color. Fewer than 100 women of color are partners in signatory firms (1.7%) and nearly 200 are men of color (3.4%). This is a reverse of the 2005 class where there are more women of color than men of color.

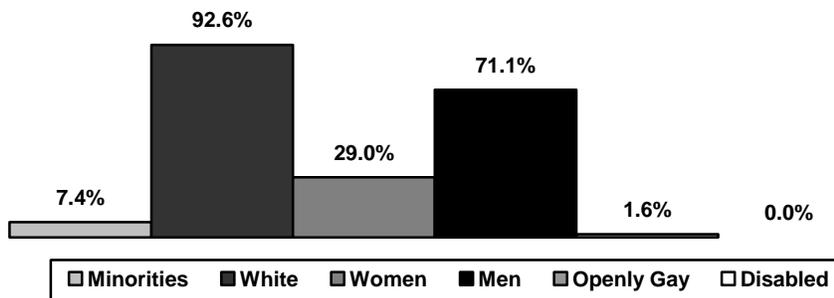
**Race and Gender of Partners, As of January 2006**



This study looks only at the partnership as a whole, without differentiating between equity and non-equity partners. Also, we do not know the composition of the executive committee and practice leadership positions. Future diversity benchmarking studies may explore these distinctions.

**New Promotions to Partner.** The majority of new partner promotions continue to be white and men. Yet, the proportion of women admitted to partnership in signatory firms increased from nearly two in ten in 2004 to three in ten in 2006. In contrast, there has been little growth in the percentage of minority partner promotions from 7.0 percent in 2004 to 7.4 percent in 2006.

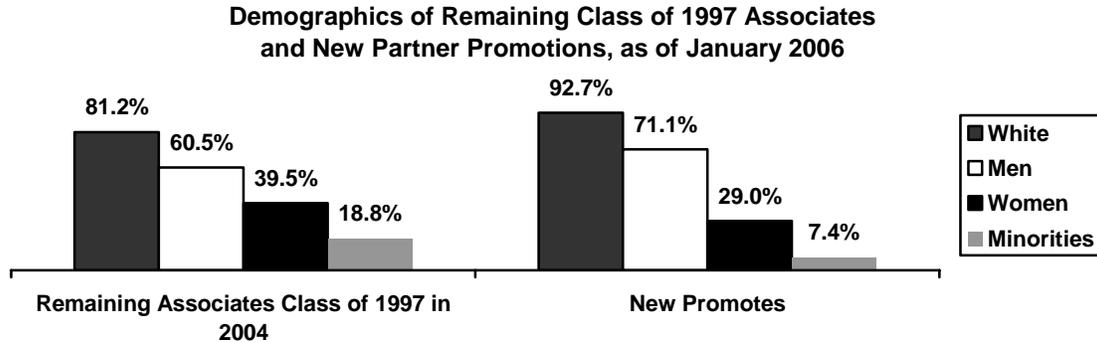
**Most Recent Partner Promotions (245), as of January 2006**



Looking at the data by race and gender, two-thirds of new partner promotions are white men. Nearly one-quarter of newly admitted partners are white women. Men and women of color comprised 5 percent each of the remaining new partner class.

**Pre-Partner Pool.** Assuming an average 8 year partnership track, the class of 1997 was largely the talent pool for the 2005 new promotions to partner. Looking

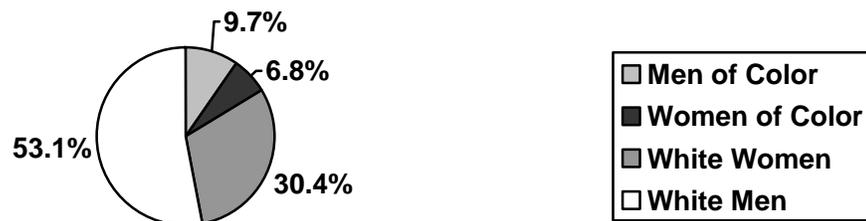
back at the remaining class of 1997 in the prior study<sup>6</sup>, 19 percent were minorities compared to 7.4 percent of new promotions to partner. Forty percent of the class of 1997 were women in the prior study, compared to 29 percent of the new partners in 2005.



Looking ahead, the remaining members of the class of 1998 can be considered the pre-partner pool for the upcoming 2006 partnership decision. If the upcoming class of partners matched the demographics of the available talent pool still remaining then women would increase to 37 percent and minorities would more than double to 17 percent.

When considering the upcoming partner decisions by race and gender, 53 percent of the pre-partner pool are white men compared to 66 percent of the prior year’s new promotions to partner. Men of color provide the greatest opportunity representing nearly 10 percent of the remaining associates in the pre-partner pool, compared to the 5 percent elevated in the prior year.

**Race and Gender of Associates Class of 1998, As of January 2006**



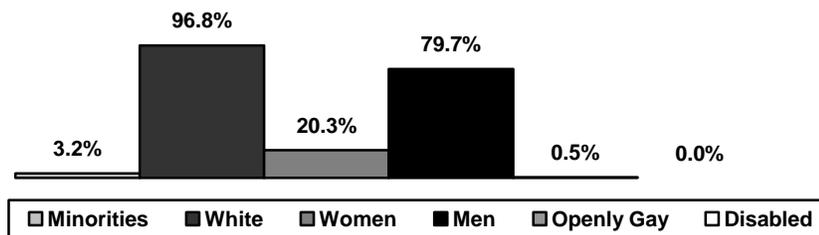
**Lateral Partner Hires.** Partners hired laterally<sup>7</sup> are even more dominated by white men than new promotions to partner. Three-quarters of lateral partner hires are white men compared to two-thirds of internal partner promotions. Only

<sup>6</sup> New York City Bar Association, *Diversity Benchmarking Report: A Report to Signatory Law Firms of the Statement of Diversity Principles*, 2005.

<sup>7</sup> Generally speaking, lateral partners are those hired externally over the course of the year as of January 2006.

three percent of lateral partners are minorities, down from 5.5 percent in 2004. Women represent one-fifth of lateral hires, a sizable increase from 13 percent in 2004.

**Lateral Partner Hires (217), as of January 2006**



Women of color are markedly under-represented with less than one percent of lateral partner hires, followed by 4 percent men of color. In contrast, three-quarters of lateral hires are white men. The remaining 19 percent are white women.

Nearly half of all new partners in signatory firms are hired externally (47%), a dramatic manifestation of the changes impacting signatory firms. This makes the lack of diversity in lateral hiring more troubling with respect to the future diversity of the partnership.

Often there is the perception that it is only a matter of time before a particular demographic group reaches critical mass in the partnership. The increase in the proportion of new women partners demonstrates that change is possible. Maintaining this pace of change, over time the partnership will begin to reflect the presence of women in the profession as a whole. However, firms must actively address the reasons why few minorities are being admitted into the partnership from the available talent pool.

## **TURNOVER**

The law firm model is predicated on attrition. Therefore, it is to be expected that there are higher departure rates among associates than special counsels and partners. The challenge is to maintain the level of diversity achieved in the entering class and to ensure that the best talent remains. While this study cannot assess the caliber of the associates who leave or stay, the data confirms that there are meaningful gaps in turnover rates by race and gender<sup>8</sup>.

<sup>8</sup> We calculated the turnover rate by dividing the number of attorneys by level who voluntarily left the firm in 2005 by the number of attorneys in each of those levels who had been there at year end 2004. In other words, of the 9,000 associates in signatory firms as of December 31, 2005, 2,500 left the firm in 2006, thereby resulting in a 27 percent turnover rate.

**Associates by Race/Ethnicity.** Across the board, racial/ethnic minority associates have a higher turnover rate than their white counterparts. The disparity is most notable among senior associates.

| <b>Turnover Rates By Race/Ethnicity and Associate Level<br/>January – December 2005</b> |                   |                      |                   |                  |
|---|-------------------|----------------------|-------------------|------------------|
|   | Junior Associates | Mid-Level Associates | Senior Associates | Total Associates |
| Minorities  | 21.2%             | 38.9%                | 39.1%             | 29.6%            |
| Whites  | 18.7%             | 35.7%                | 31.7%             | 26.9%            |

While the differential may be smaller than would be expected given the declining proportion of minorities in the associate pool by class year, it is the cumulative effect of the departures on already relatively low numbers of minority hires that diminishes the diversity of the talent pool<sup>9</sup>. In addition, this may also be a reflection of lateral associate hiring practices where the minority talent that is lost is replaced by white hires.

**Associates by Gender.** Overall, women associates have higher attrition rates than men associates. Yet the differential is minimal with the exception of mid-level associates where there is a ten percentage point gap.

| <b>Turnover Rates By Gender and Associate Level January – December 2005</b> |                   |                      |                   |                  |
|---|-------------------|----------------------|-------------------|------------------|
|   | Junior Associates | Mid-Level Associates | Senior Associates | Total Associates |
| Women   | 19.6%             | 41.8%                | 33.6%             | 28.5%            |
| Men   | 19.5%             | 32.2%                | 32.2%             | 26.7%            |

It is important to note that some signatory firms report an increasing number of associates leaving for one-year clerkships. These firms expect most of this group to return to the firm at the end of their clerkships, considering it temporary rather than permanent attrition. Generally, the associates accepted the clerkships before they joined the firm. There appears to be little discernable impact of this turnover on diversity statistics. For the purposes of this year's survey, associates leaving for one year clerkships are counted as voluntary attrition in the numbers shared above.

**Special Counsels and Partners.** Not surprisingly, the turnover rate declines precipitously for both special counsels and partners overall. The notable exception for special counsels is racial/ethnic minorities with one-third leaving

<sup>9</sup> It is important to note that this data is not cumulative, meaning that the percentage who left in any particular group cannot be added together to explain the percentage of that group that leaves overall. E.g., it is not appropriate to add turnover rates of minority associates by level to determine the percentage of minorities who ultimately leave their firm by the time they become senior associates.

compared to less than one-fifth of their white counterparts. Similarly, racial/ethnic minority partners have the highest attrition rate of all groups at 8.6 percent. While partner turnover is quite low even for minorities, the racial gap is still a cause for concern given the low representation of minorities in the partnership overall and as lateral partner hires.

| <b>Turnover Rates By Special Counsel &amp; Partners January – December 2005</b> |                 |          |
|---|-----------------|----------|
|   | Special Counsel | Partners |
| Minorities  | 34.4%           | 8.6%     |
| Whites  | 19.0%           | 7.9%     |
| Women   | 18.8%           | 7.2%     |
| Men   | 20.0%           | 8.1%     |

**Race and Gender.** Women of color have the highest departure rates at all levels with the exception of the partnership level. Men of color have the highest partner turnover and the second highest turnover at the special counsel and junior and senior associate levels. At the mid-level associate ranks, white women have the second highest attrition rates.

| <b>Turnover Rates By Race/Ethnicity and Gender January – December 2005</b> |                   |                      |                   |                 |          |
|--|-------------------|----------------------|-------------------|-----------------|----------|
|  | Junior Associates | Mid-Level Associates | Senior Associates | Special Counsel | Partners |
| Men of Color   | 22.2%             | 31.5%                | 35.9%             | 29.0%           | 10.4%    |
| Women of Color   | 22.2%             | 45.0%                | 41.8%             | 31.4%           | 5.0%     |
| White Women  | 18.5%             | 40.7%                | 31.8%             | 17.6%           | 7.4%     |
| White Men  | 19.0%             | 32.4%                | 31.6%             | 19.6%           | 8.0%     |

This data corroborates other research showing higher turnover rates for women of color than other groups. In a 2005 NALP study, 81 percent of women of color associates had left their firms within five years (55 months) compared to 78 percent of men of color and 77 percent of white women<sup>10</sup>. The recent ABA study on Women of Color also supports these findings<sup>11</sup>.

Analyzing data by demographics and levels allows firms to target their retention efforts. The pronounced gender gap for mid-level associates indicates that firms should examine why more women are leaving at that point and tailor interventions to retain them. The minority data suggests that retention efforts need to begin with junior associates as soon as they walk in the door and must continue through partnership ranks, particularly for women of color.

<sup>10</sup> National Association of Legal Placement, *Toward Effective Management of Associate Mobility: A Status Report on Attrition*, 2005.

<sup>11</sup> American Bar Association, *Visible Invisibility: Women of Color in Law Firms*, 2006.

## FLEXIBLE WORK ARRANGEMENTS

Overall, signatory firms report that 733 attorneys, or 4.0 percent, work flexibly<sup>12</sup> in New York law offices—the great majority of which work part-time schedules. This is a decrease since 2004 when 5.0 percent were reported as having FWAs. The lower numbers on some flexibility indices may be attributed to more clarity in the definition and formatting for full-time formal flexible work arrangements. In the initial study, there may have been some confusion of who counted in this category versus standard full-time schedules.

**By Gender.** At every level, women continue to avail themselves of flexible work arrangements in greater percentages than their male counterparts. Overall nine percent of women attorneys work flexibly compared to less than one percent of men. The highest percentage of both men and women working flexibly do so as special counsel, and the lowest percentages are as partners.

| <b>Formal Flexible Work Arrangements by Level and Gender, as of January 2006</b> |                        |   |                              |                                  |                                      |
|--|------------------------|---|------------------------------|----------------------------------|--------------------------------------|
| <b>Gender</b>  | <b>Level</b>           | <b>Total Flexibility (Full &amp; Part-time)</b> | <b>Part-time Flexibility</b> | <b>Percent Total Flexibility</b> | <b>Percent Part-time Flexibility</b> |
| <b>Women</b>   | <b>Associates</b>      | 374   | 351                          | 7.5%                             | 7.1%                                 |
|  | <b>Special Counsel</b> | 170   | 161                          | 32.3%                            | 30.6%                                |
|  | <b>Partner</b>         | 77  | 59                           | 8.3%                             | 6.4%                                 |
|  | <b>Total</b>           | 621   | 571                          | 9.7%                             | 8.9%                                 |
| <b>Men</b>   | <b>Associates</b>      | 39  | 38                           | 0.6%                             | 0.6%                                 |
|  | <b>Special Counsel</b> | 63  | 59                           | 6.3%                             | 5.9%                                 |
|  | <b>Partner</b>         | 10  | 9                            | 0.2%                             | 0.2%                                 |
|  | <b>Total</b>           | 112   | 106                          | 1.0%                             | 0.9%                                 |

Put another way, women comprise 90.2 percent of part-time associates, 73.2 percent of part-time special counsel, and 86.8 percent of part-time partners. While few associates or partners working part time are men, over one-quarter of part-time special counsels are men.

The only notable change from 2004 is with respect to women partners, increasing from four percent in 2004 to nine percent in 2006. We cannot determine from this study whether the increase is from women being promoted to partner on part-time arrangements. In future studies, we may explore the extent to which women and men are making partner on flexible work arrangements.

<sup>12</sup> Generally speaking, full-time flexible work arrangements (FWAs) are defined as alternative arrangements for full-time work that vary the timing or location of work (e.g., flex-time and telecommuting.) Part-time, or reduced schedule, FWAs involve fewer hours than what would be considered full time.

Partner role models of both genders are essential to counter the perception that flexibility is an impediment to advancement and that it is just a women’s issue.

**By Race and Gender.** Looking at part-time flexible work arrangements by race and gender, white women are the most frequent users of flexibility across groups by far with racial/ethnic minority men being the least likely to work part time. These differences transcend level with 7.4 percent of white women partners working a reduced work schedule compared to 1.1 percent of minority women partners.

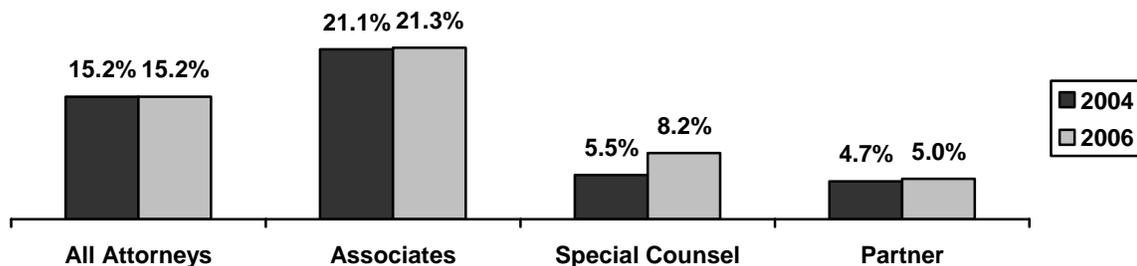
| Formal Part-Time Flexible Work Arrangements by Level, Race/Ethnicity and Gender, as of January 2006 |             |                |              |           |
|---|-------------|----------------|--------------|-----------|
| Level   | White Women | Minority Women | Minority Men | White Men |
| Associates  | 8.6%        | 2.5%           | 0.6%         | 0.6%      |
| Special Counsel   | 31.8%       | 21.9%          | 4.5%         | 6.0%      |
| Partner   | 7.0%        | 1.0%           | 0.0%         | 0.2%      |
| Total   | 10.5%       | 3.2%           | 0.7%         | 0.9%      |

It is difficult to discern what drives the differences between white and minority women. One explanation is that flexibility is perceived to be an additional impediment for advancement for a woman attorney with an additional strike of race against them.

**RACIAL/ETHNIC MINORITIES**

There has been no change in the overall percentage of minority attorneys in signatory firms between 2004 and 2006. Racial/ethnic minorities represent one in five associates, under one in ten special counsel, and one in twenty partners. The only level where there is any discernable increase since 2004 is with respect to special counsels.

**Representation by Level by Minorities in Signatory Law Firms 2004-2006**



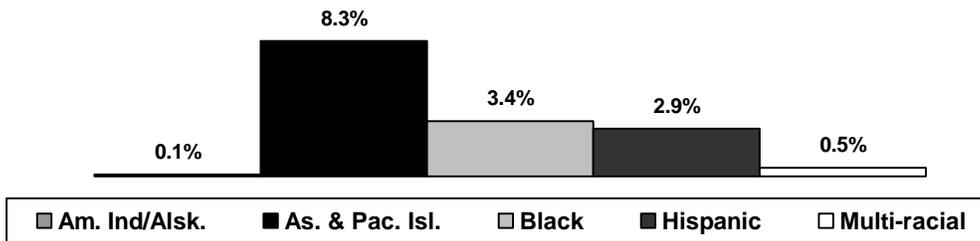
Overall, New York City signatory firms have a greater percentage of minority associates (21.3%) than the legal profession nationally (15.6%<sup>13</sup>). However, this

<sup>13</sup> National Association of Law Placement, 2005-2006 NALP Directory of Legal Employers, 2006.

difference disappears at the partnership level with 5.0 percent minority partners in signatory firms compared to 4.6 percent nationwide.

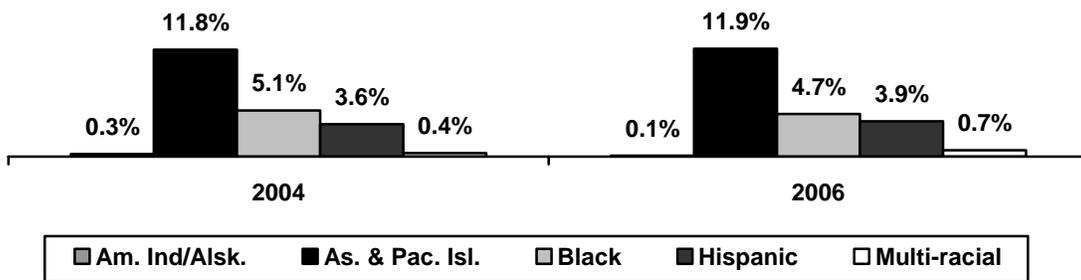
Examining signatory firms by racial group, the largest percentage of racial/ethnic minorities is Asian/Pacific Islanders. There are more than twice as many Asian-American attorneys than the next largest racial group, Black/African-Americans. There are fewer than one percent each American Indian/Alaskan and Multi-racial attorneys.

**Total Attorneys by Race/Ethnicity in Signatory Law Firms 2006**



**Associates.** Much of the racial diversity present in signatory firms can be found in the associate ranks, but is most pronounced for Asian-Americans. Similar to the overall demographics, the percentage of Asian/Pacific Islander associates is more than double the percentage of Black/African-Americans.

**Associates by Race/Ethnicity in Signatory Law Firms 2004-2006**



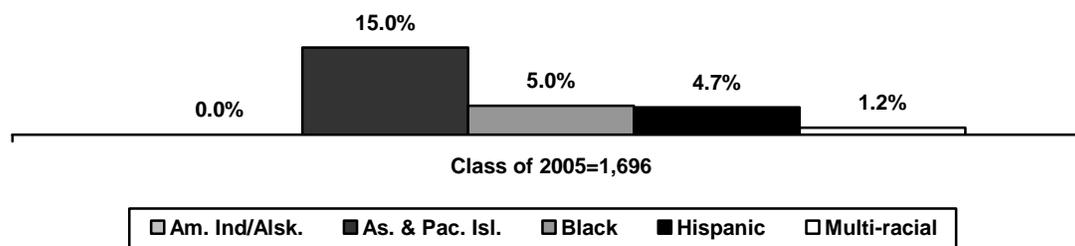
There has been little change in the racial composition of the associate ranks since 2004. There is a small decrease in the percentage of African-American and Native American associates, notable only in that the percentages are already low to begin with. Also, there are negligible increases in Asian-American, Hispanic, and Multi-racial associates. Increases in multi-racial may be due in part to efforts to better count diverse associates through anonymous surveys.

**Associates by Class Year.** Looking at the racial/ethnic composition of associates by class year, there is more diversity to be found in the more recent class years, i.e., junior associates, than what remains in the later class years, i.e., senior associates.

| <b>Race/Ethnicity of Current Associates Remaining at Firm by Class Year<br/>(as of January 2006)</b> |                         |                         |                         |                         |                         |                       |                       |                       |                                    |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|-----------------------|-----------------------|------------------------------------|
|  | <b>2005<br/>(1,696)</b> | <b>2004<br/>(1,622)</b> | <b>2003<br/>(1,510)</b> | <b>2002<br/>(1,418)</b> | <b>2001<br/>(1,146)</b> | <b>2000<br/>(901)</b> | <b>1999<br/>(750)</b> | <b>1998<br/>(621)</b> | <b>1997<sup>14</sup><br/>(396)</b> |
| <b>Am. Ind./Alsk.</b>  | 0.0%                    | 0.2%                    | 0.1%                    | 0.1%                    | 0.0%                    | 0.0%                  | 0.1%                  | 0.0%                  | 0.0%                               |
| <b>As. &amp; Pac. Isl.</b>   | 15.0%                   | 12.5%                   | 13.4%                   | 13.4%                   | 12.8%                   | 12.1%                 | 10.4%                 | 8.7%                  | 9.9%                               |
| <b>Black</b>   | 5.0%                    | 4.8%                    | 5.3%                    | 5.6%                    | 5.3%                    | 4.6%                  | 3.5%                  | 4.0%                  | 2.0%                               |
| <b>Hispanic</b>  | 4.7%                    | 3.8%                    | 4.4%                    | 4.0%                    | 4.2%                    | 4.4%                  | 3.3%                  | 3.7%                  | 1.5%                               |
| <b>Multi-Racial</b>  | 1.2%                    | 0.6%                    | 0.9%                    | 0.7%                    | 0.6%                    | 0.7%                  | 0.5%                  | 0.2%                  | 1.0%                               |

Comparing the remaining associates from the classes of 2005 and 1998 reveals a greater representation of most racial/ethnic groups among incoming associates than is present in the senior associate, or pre-partner, pool. The drop-off is most dramatic for Asian-American associates, comprising 15 percent of new hires and nearly 9 percent of the remaining class of 1998. There are negligible differences in the composition of the incoming class of 2005 and the class of 2003 in the prior report.

**Classes of 2005 by Race/Ethnicity in Signatory Law Firms,  
as of January 2006**



Looking at the racial composition of the 2005 graduates of top tier law schools, signatory firms hired proportionately more Asian-American graduates than represented in the graduating classes. Conversely, signatory firms did not fully tap the available African-American, Hispanic, or Native American talent available. Somewhat surprisingly, the top tier schools have graduated more racial/ethnic diversity than the New York City area law schools.

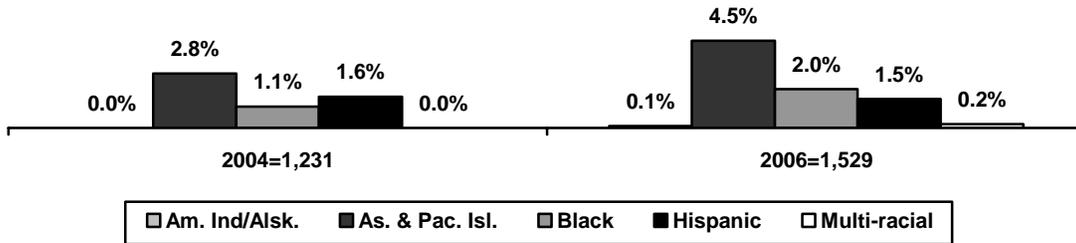
| <b>Racial/Ethnic Composition of 2005 Law School Graduates<sup>15</sup></b> |                                  |  |
|--|----------------------------------|--|
|  | <b>Top 20 Ranked Law Schools</b> | <b>14 New York Metropolitan Area Law Schools</b> |
| <b>Native American</b>   | 0.7%                             | 0.3%   |
| <b>Asian-American</b>  | 11.3%                            | 8.8%   |
| <b>African-American</b>  | 7.4%                             | 6.0%   |
| <b>Hispanic</b>  | 6.9%                             | 5.8%   |

<sup>14</sup> The data collected for the classes of 1996+ is not included here due to space constraints.

<sup>15</sup> These figures were calculated using the *2005 US News and World Report Law School Rankings*.

**Special Counsels.** The racial/ethnic diversity of the special counsel ranks is a substantial decline compared to the associate pool. With the exception of Hispanics, nearly all racial groups experienced some growth in special counsel percentages since 2004. The most notable increases occurred for Asian-American and African-American special counsels.

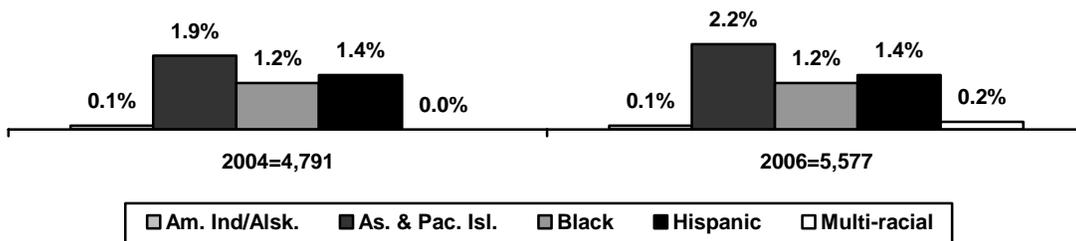
**Special Counsel by Race/Ethnicity in Signatory Law Firms, 2004-2006**



In the prior study, the differential between Asian-Americans and other racial groups was less pronounced at the special counsel and partnership levels than for associates. This year, somewhat larger gains for Asian-Americans than other groups have widened the gap.

**Partners.** There continues to be only small percentages of racial/ethnic minority groups in the partnership of signatory firms. Only 2.1 percent of partners are Asian-American compared to 1.4 percent Hispanic and 1.2 percent Black. Fewer than one percent of partners are American Indian/Alaskans or Multi-Racial. Only Asian-Americans and Multi-racial partners registered an increase, albeit small, from 2004.

**Partners by Race/Ethnicity in Signatory Law Firms, 2004-2006**



**New Partner Promotions and Lateral Hires.** Seven percent of new promotions to partner as of January 2006 are racial/ethnic minorities. Of the 18 minorities elevated to partner, one-half are Asian-American. Meanwhile, Hispanics represent nearly one-half of the 7 minority partners brought in laterally. No American Indian attorneys became partner, either internally or externally and only 2 multi-racial attorneys were promoted to partner in 2005.

| <b>New Promotes and Lateral Hires to Partner by Race/Ethnicity, as of January 2006</b> |                       |                      |
|--|-----------------------|----------------------|
|  | <b>New Promotions</b> | <b>Lateral Hires</b> |
| <b>Am. Ind./Alsk.</b>  | 0% (0)                | 0% (0)               |
| <b>As. &amp; Pac. Isl.</b>   | 3.7% (9)              | 0.9% (2)             |
| <b>Black</b>   | 1.2% (3)              | 0.9% (2)             |
| <b>Hispanic</b>  | 1.6% (4)              | 1.4% (3)             |
| <b>Multi-Racial</b>  | 0.1% (2)              | 0% (0)               |
| <b>Total Minorities</b>  | 7.4% (18)             | 3.2% (7)             |

There has been little change in new partner promotions for racial/ethnic minorities overall since 2004, when 20 were made partner (7.0%). However, the racial/ethnic composition of the newly elevated partners changed somewhat with more than twice as many new Black partners in 2004 (8, 2.8%) than 2006 (3, 1.2%). There were small increases in 2006 in the percentages of Asian-American and Hispanic new promotions to partner.

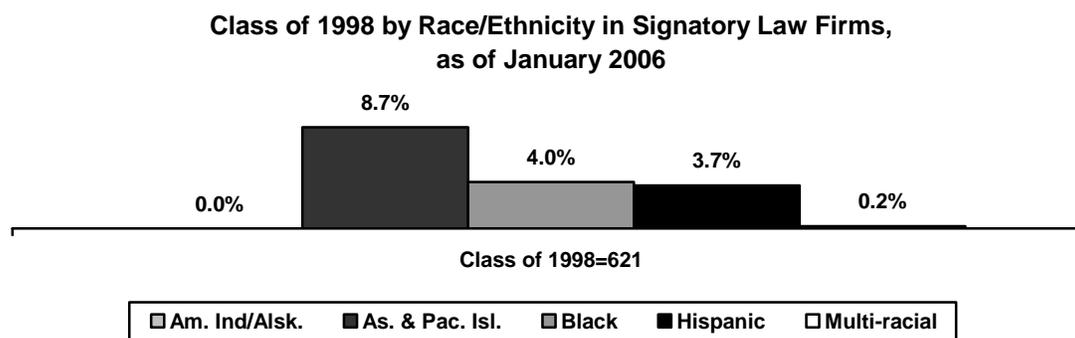
Racial/ethnic minority lateral partner hires actually declined from 5.5 percent in 2004 to 3.2 percent in 2006. Both Asian-American and Black lateral partner percentages dropped since 2004 from already low percentages of 1.8 percent and 2.7 percent respectively. Meanwhile the Hispanic percentage increased slightly from 0.9 percent to 1.4 percent.

**Pre-Partner Pool.** Examining the pre-partner pool using the remaining class of 1997 from the prior study as a proxy, there is the greatest discrepancy between the available pool and new partners for Asian-American associates. Looking back at the remaining class of 1997 in the prior study, 11.8 percent were Asian-Americans compared to 3.7 percent of new promotions to partner. For African-Americans and Hispanics, there is also a gap between the talent pool and promotions, but less pronounced than for Asian-Americans. There were few Native Americans or Multi-racial associates remaining in the class of 1997 in the prior study.

| <b>Remaining Members of Class of 1997 and 2005 New Promotions to Partner by Race/Ethnicity</b> |                                       |                       |
|--|---------------------------------------|-----------------------|
|  | <b>Class of 1997<br/>(as of 2004)</b> | <b>New Promotions</b> |
| Am. Ind./Alsk.   | 0.2%                                  | 0.0%                  |
| As. & Pac. Isl.  | 11.8%                                 | 3.7%                  |
| Black  | 4.2%                                  | 1.2%                  |
| Hispanic   | 2.9%                                  | 1.6%                  |
| Multi-Racial   | 0.3%                                  | 0.1%                  |
| Total Minorities   | 18.8%                                 | 7.4%                  |

Looked at another way, we can compare the proportion of the remaining members of the pre-partner pool, assuming an 8 year track, with the new partner numbers by group. While 18 of the most recent partner promotions are minorities in 2006, there were 140 minorities in the class of 1997 from the prior study (12.1%)<sup>16</sup>. In contrast, 221 whites made partner in 2006 compared to the 605 whites in that class (37.9%). In other words, over one-third of whites in the pre-partner pool made partner, compared to over one-tenth of minorities. Even if the class of 1997 is not the sole source of the most recent partner promotions, the dramatic discrepancy is a cause for concern.

Looking ahead, the remaining members of the class of 1998 can be considered the pre-partner pool for the upcoming 2006 partnership decision. Therefore, 17% of the 2006 partnership class should be minorities, with 8.7 percent Asian-American, 4.0 percent African-American, 3.7 percent Hispanic, and 0.2 percent Multi-racial. If this were to occur, this would represent a substantial increase in the new partner promotion figures from this year.



There are a number of factors alone or in tandem that could contribute to the discrepancy between the pre-partner pool and new promotions to partner. One explanation could be that certain groups are clustered in practice areas that elevated fewer partners. There also could be lack of mentoring and training to ensure that the minority senior associates are suitably prepared for the expectations of partnership. Furthermore, firms should ensure that this does not signal bias in the partnership decision-making process. To address any of these reasons, intervention by firm leadership is necessary.

**Turnover.** Examining the turnover rates of the three largest racial/ethnic minority groups<sup>17</sup>, Asian-Americans have the highest turnover among junior associates, African-Americans among mid-level associates, and Hispanics among senior associates.

<sup>16</sup> Class of 1997 data drawn from: New York City Bar Association, *Diversity Benchmarking Report: A Report to Signatory Law Firms of the Statement of Diversity Principles*, 2005.

<sup>17</sup> There are inadequate numbers of American Indian/Alaskan and Multi-Racial attorneys to allow meaningful analysis on turnover rates.

| <b>Turnover Rates By Racial/Ethnic Group, January – December 2005</b> |                   |                      |                   |                  |
|---|-------------------|----------------------|-------------------|------------------|
|   | Junior Associates | Mid-Level Associates | Senior Associates | Total Associates |
| Asian   | 21.9%             | 35.8%                | 37.9%             | 29.1%            |
| Black   | 19.8%             | 46.9%                | 34.3%             | 29.5%            |
| Hispanic  | 19.1%             | 39.5%                | 46.0%             | 30.5%            |
| Whites  | 18.7%             | 35.7%                | 31.7%             | 26.9%            |

With respect to special counsels, the turnover rate is highest for Black/African-Americans (40.0%). Asian-Americans have the highest rate of turnover for partners (10.1%) and Hispanics have the lowest (6.7%). White attorneys generally have the lowest departure rates, with the exception of junior associates and partners where Hispanics are the least likely to leave.

| <b>Turnover Rates By Special Counsel &amp; Partners, January – December 2005</b> |                 |          |
|--|-----------------|----------|
|  | Special Counsel | Partners |
| Asian  | 28.6%           | 9.9%     |
| Black  | 42.9%           | 9.8%     |
| Hispanic   | 40.0%           | 6.7%     |
| Whites   | 19.0%           | 7.9%     |

**Focus on Women of Color.** Looking at the minority data by gender, there are more women of color new hires and associates generally than men of color. Men of color surpass women of color when it pertains to representation in the partnership and lateral partner hires. Furthermore, women of color have higher turnover rates overall than men of color.

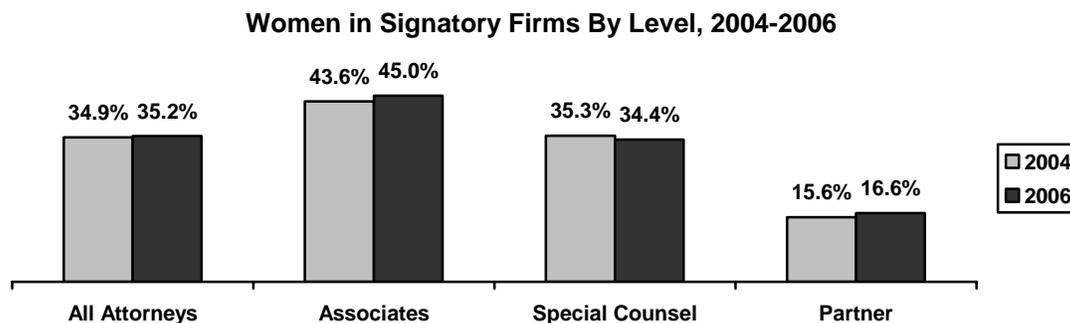
| <b>Women and Men of Color in Signatory Firms, as of January 2006</b> |                |              |
|--|----------------|--------------|
|  | Women of Color | Men of Color |
| New Hires (Class of 2005)  | 14.7%          | 10.7%        |
| Pre-Partner Pool (Class of 1998)                                     | 6.8%           | 9.7%         |
| Total Associates   | 12.0%          | 9.5%         |
| Special Counsel  | 4.2%           | 4.4%         |
| Partner  | 1.7%           | 3.4%         |
| Most Recent Partner Promotions                                       | 4.9%           | 4.9%         |
| Lateral Partner Hires  | 0.9%           | 4.2%         |
| Overall Turnover Rate  | 30.1%          | 25.6%        |

## **GENDER**

Women have achieved near parity entering law firms for over a decade, yet this has not been reflected in the partnership ranks. A gender gap emerges in mid-level associates driven by heightened turnover for women. However, attrition does not fully explain the gender imbalance in the partnership, as the pre-partner pool contains more women than are elevated to partnership. That said, change

is afoot with a meaningful increase in the percentage of new women partners, both promoted internally and hired laterally.

Overall, women represent over one-third of all attorneys in signatory law firm's New York offices which is essentially unchanged since 2004. Small increases in the percentages of women associates and partners are counteracted by a decrease in special counsels.



Compared to law firms nationwide<sup>18</sup>, there is little difference in the percentage of women associates in New York offices of signatory firms (44.1% NALP). Signatory firms trail the national average of women partners with 16.6 percent compared to 17.3 percent.

**Associates by Class Year.** While the class of 2005 is 45 percent women, the gap widens between the women and men associates beginning with the remaining members of the 2001 class. This belies the turnover data where more women depart as mid-level associates than their men counterparts.

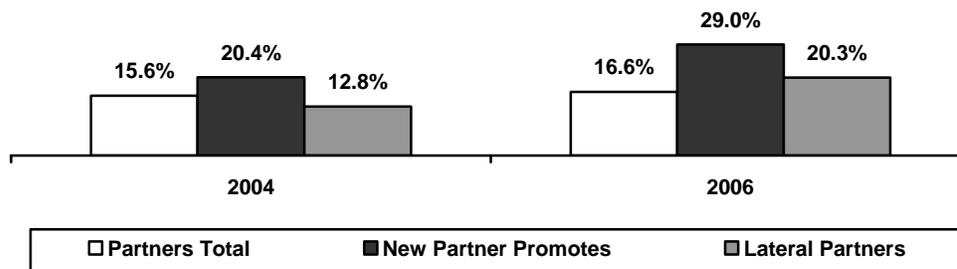
| <b>Demographics of Current Associates Remaining at Firm by Class Year<br/>By Gender (as of January 2006)</b> |                 |                 |                 |                 |                 |               |               |               |                             |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|-----------------------------|
|  | 2005<br>(1,695) | 2004<br>(1,618) | 2003<br>(1,511) | 2002<br>(1,416) | 2001<br>(1,146) | 2000<br>(900) | 1999<br>(751) | 1998<br>(620) | 1997 <sup>19</sup><br>(397) |
| Women  | 45.6%           | 47.4%           | 49.4%           | 47.1%           | 44.4%           | 41.1%         | 36.7%         | 37.2%         | 38.6%                       |
| Men  | 54.4%           | 52.6%           | 50.6%           | 52.9%           | 55.6%           | 58.9%         | 63.3%         | 62.8%         | 61.4%                       |

**Partnership.** Overall, the proportion of women partners has only increased by one percentage point between 2004 and 2006. However, a better proxy for change is new partner promotions which increased from 20.4 percent to 29.0 percent. Likewise, women lateral partner hires grew from 12.8 percent to 20.3 percent.

<sup>18</sup> National Association of Law Placement, *2005-2006 NALP Directory of Legal Employers*, 2006.

<sup>19</sup> The data collected for the classes of 1996+ is not included here due to space constraints.

### Women Partners, 2004-2006



Looking back at the remaining class of 1997 in the 2004 study, 39.5 percent (290) of what can be considered the pre-partner pool was comprised of women. Comparing the proportion of women in the prospective talent pool to who was tapped for partnership, 71 women were among the new partner promotions in 2006 compared to 290 women in the class of 1997 in the prior study (24.5%). Meanwhile, 174 men were promoted to partner compared to 455 men in the class of 1997 (38.5%)<sup>20</sup>. Theoretically, one-quarter of the available women were elevated to partner compared to nearly two-fifths of their male counterparts.

To understand the possible under-utilization of the available women in the talent pool, firms can explore the possible reasons posited in the racial/ethnic minority section, such as choice of practice area, inadequate training and preparation, and possible bias in the selection process. In addition, firms determine whether the higher utilization of flexible work arrangements by women attorneys plays a role in the diminished partnership prospects.

**Turnover.** Overall, women associates have higher attrition rates than men associates. The gender gap is surprisingly negligible for junior and senior associates, but becomes quite pronounced for mid-level associates with a ten percentage point difference.

| Turnover Rates By Gender and Associate Level January – December 2005 |                   |                      |                   |                  |
|--|-------------------|----------------------|-------------------|------------------|
|  | Junior Associates | Mid-Level Associates | Senior Associates | Total Associates |
| Women  | 19.6%             | 41.8%                | 33.6%             | 28.5%            |
| Men  | 19.5%             | 32.2%                | 32.2%             | 26.7%            |

At more senior levels, the gender gap virtually disappears, and in fact is slightly higher for men special counsels and partners than women.

<sup>20</sup> Class of 1997 data drawn from: New York City Bar Association, *Diversity Benchmarking Report: A Report to Signatory Law Firms of the Statement of Diversity Principles*, 2005.

| <b>Turnover Rates By Special Counsel &amp; Partners January – December 2005</b> |                 |          |
|---|-----------------|----------|
|   | Special Counsel | Partners |
| Women   | 18.8%           | 7.2%     |
| Men   | 20.0%           | 8.1%     |

The conventional wisdom has been that it is only a matter of time before there is a critical mass of women partners as the older generation of men retire and the growing percentage of women law school graduates make their way up the partner track. However, the data from the prior study challenged the prevailing thinking by demonstrating the discrepancy between the pre-partner pool and new partner promotions. While there continues to be more women available in the senior associate ranks than are made partner, the increase in new women partners this year is shrinking the disparity. This data does not shed light on the presence of women at the highest echelons of firms, as equity partners and practice heads.

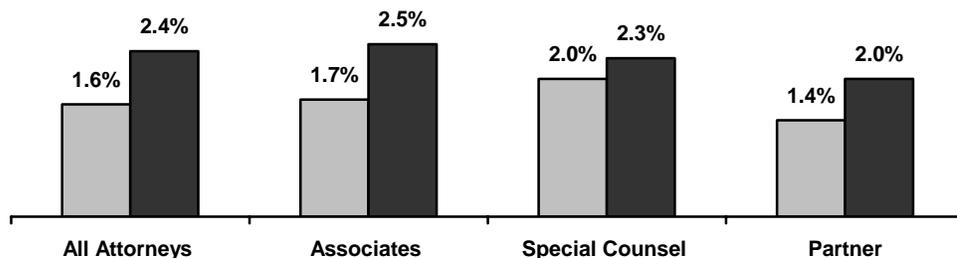
**Focus on Women of Color.** Looking at the gender data by minority status, there are considerably more white women than women of color on every indices. The differential narrows with the new hires where nearly 15 percent of the class of 2005 are women of color compared to 31 percent white women. Furthermore exacerbating already low representation, women of color have higher turnover rates overall than white women.

| <b>Women of Color and White Women in Signatory Firms, as of January 2006</b> |                |             |
|--|----------------|-------------|
|  | Women of Color | White Women |
| New Hires (Class of 2005)  | 14.7%          | 30.9%       |
| Pre-Partner Pool (Class of 1998)   | 6.8%           | 30.4%       |
| Total Associates   | 12.0%          | 32.9%       |
| Special Counsel  | 4.2%           | 30.2%       |
| Partner  | 1.7%           | 14.9%       |
| Most Recent Partner Promotions   | 4.9%           | 24.1%       |
| Lateral Partner Hires  | 0.9%           | 19.4%       |
| Overall Turnover Rate  | 30.0%          | 23.4%       |

## **OPENLY GAY ATTORNEYS**

While the percentage of openly gay attorneys continues to remain small, there have been meaningful increases since 2004. Of the nearly 18,000 attorneys at signatory firms, 428 are counted as openly gay (2.4%). This is a tangible increase from the 272 reported by signatories in 2004. The greatest increases occurred in the associate and partner ranks.

### Openly Gay Attorneys by Level, 2004-2006



Overall the percentage of openly gay attorneys in New York area offices of signatory firms is double that found nationally. Only, 1.2 percent of attorneys and summer associates are counted as openly gay in the NALP directory<sup>21</sup>. Two-thirds of openly gay associates reported are found in New York City and three other major cities (Washington D.C., San Francisco, and Los Angeles.)

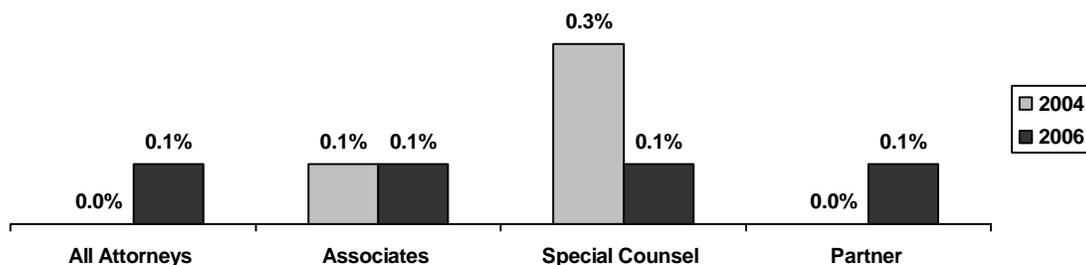
In 2006, 80 percent of participating signatory firms report having at least one openly gay attorney (74 firms). In comparison, 66 percent of firms in 2004 reported at least one openly gay attorney (54 firms). Nationally, only one-third of firms in the NALP directory reported at least one openly gay attorney or summer associate.

We do not believe the increase in openly gay attorneys is attributed to new attorneys, in large part belied by the nominal increases in the openly gay attorneys reported in the incoming class of 2005 and lateral partner hires. Instead, the increase can be attributed largely to more accurate counting by signatory firms. After last year's limited reporting of openly gay attorneys and attorneys with disabilities, we encouraged firms to send out a brief questionnaire to be returned confidentially and anonymously that solicits an accurate count of all NALP categories. There is little doubt that there are still unreported LGBT attorneys because they do not yet feel comfortable being counted. Clearly firms are making strides in capturing data. Simply asking the question is an important symbol of an inclusive culture.

### ATTORNEYS WITH DISABILITIES

Despite increased reporting of openly gay attorneys, there has been little change in the representation of attorneys with disabilities since the last study. Signatory firms report that attorneys with disabilities represent only one-tenth of one percent, or 15 of the over 18,000 attorneys at signatory firms.

<sup>21</sup> National Association of Law Placement, *2005-2006 NALP Directory of Legal Employers*, 2006.

**Attorneys with Disabilities by Level, 2004-2006**

In 2004, 17 attorneys with disabilities were reported, but with an increase in participating signatory firms, the overall percentage dropped slightly. Both associate and special counsel numbers dropped somewhat, while partner numbers increased correspondingly.

Put another way, 12 signatory firms, or 13 percent, report having at least one attorney with a disability. Signatories fare somewhat better than the nation as a whole, with 9 percent of NALP's firms reporting data on attorneys or summer associates with disabilities<sup>22</sup>. Without data on law students or graduates with disabilities, there isn't a reliable figure for the available talent pool.

Furthermore, it is difficult to determine whether the lack of movement is a function of firms failing to recruit attorneys with disabilities or the reticence of attorneys to disclose their disability status when it is not readily discernable. In many organizations, the definition of disabilities is limited to physical disabilities, such as blindness and deafness. However, the New York City Bar's definition of disabilities includes learning disabilities and mental illness.

<sup>22</sup> National Association of Law Placement, *2005-2006 NALP Directory of Legal Employers*, 2006.

## Comparisons with Signatory Corporate Law Departments

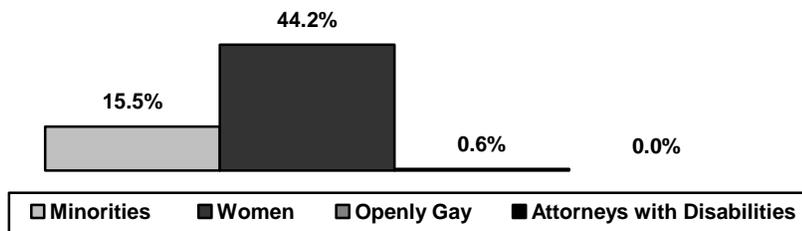
This year is the first time data was collected on 15 of the corporate law department signatories to the New York City Bar's Statement of Diversity Principles. This represents an 83 percent response rate.

To collect comparable data across corporations with varying law department structures, we requested data for 4 levels with representative titles given:

- General Counsel (GC), Chief Legal Officer (CLO)
- Deputy GC/CLO, Division or Practice Head, Direct Reports to GC/CLO
- Managing Attorneys, High Level Specialists
- All Other Attorneys

**Overall, signatory law departments are considerably diverse with respect to race and gender.** Fifteen percent of in-house lawyers are racial/ethnic minorities and 44 percent are women. Much lower percentages of attorneys are characterized as openly gay or attorneys with disabilities, which is likely due in large part to lack of data collection than the absence of this type of diversity in these law departments.

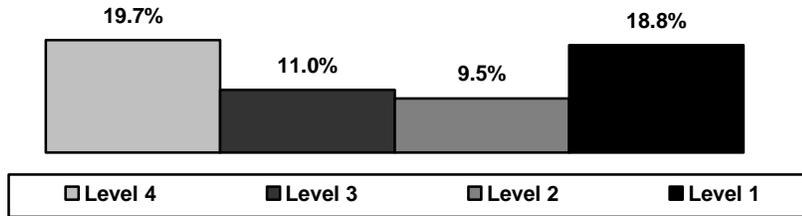
**Overall Diversity in Signatory Law Departments (1,216) as of January 2006**



Compared to law firm signatories, corporate law departments are faring better with women overall (35.5%) and at all levels. Corporations are keeping pace with firms overall with minorities (15.1%) but exceed firms at the upper tiers. However, Firms are leading the way with respect to counting their openly gay attorneys and attorneys with disabilities (2.3%, 0.1%).

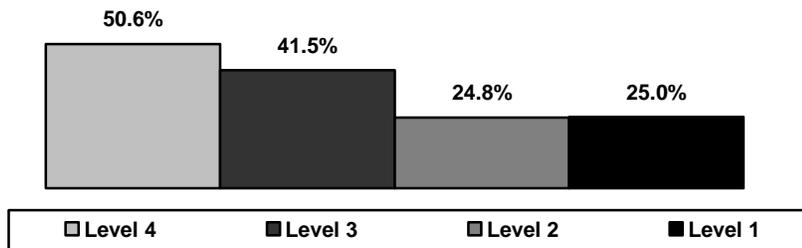
**There is more diversity in the lower levels of signatory law departments than in the upper tiers.** Nearly one-fifth of the 4<sup>th</sup> level, or junior-most attorneys, in signatory law departments are racial/ethnic minorities. The proportion drops to 11 percent for level 3 (managing attorneys) and 9.5 percent for level 2 (Deputy General Counsels). There is an upswing with nearly one-fifth of signatory general counsel positions occupied by racial/ethnic minorities. In other words, three of the sixteen general counsels are minorities.

**Racial/Ethnic Minorities in Signatory Law Departments  
By Level (1,216) as of January 2006**



One-half of the bottom rung of signatory law departments are comprised by women, dropping to 41.5 percent at the next level. Women represent one-quarter of the top two tiers in the law departments. Put another way, there are 4 women general counsels out of 16 total positions in signatory corporations.

**Women in Signatory Law Departments  
By Level (1,216) as of January 2006**



Only three signatory corporations provided data on their openly gay attorneys, and no companies reported attorneys with disabilities. We urge employers to seek a more complete and accurate picture of the diversity in their organization by sending a confidential and anonymous questionnaire that solicits an accurate count of all demographic categories.

## CONCLUSION

In benchmarking studies, there can be numerous interpretations of the pace and meaning of change. The glass can be seen as half empty or half full. There has been some improvement on most indices and in a few cases there have been tangible breakthroughs. The progress made over the past two years did not happen organically. Any gains made in the past two years are a tribute to the hard work and commitment on behalf of many people in the legal community.

With respect to women, firms appear to be moving in the right direction with notable gains in new women partners, both lateral hires and new promotions. These increases are reasonable to expect with a concerted effort, but not too dramatic to be unsustainable. Yet, this is not license to be complacent. The momentum must be sustained and even amplified in order to cement these positive changes into the culture. Addressing the turnover of mid-level associate women and ensuring flexibility as a viable option for both women and men who seek partnership are essential to continued success.

In addition, signatory firms can be applauded for better reporting of openly gay attorneys. However, more work is needed to truly ensure an inclusive culture for LGBT attorneys. In addition, firms must ensure that they are also addressing the needs of their attorneys with disabilities, whether they know who they are or not.

Despite these positive developments, we are hard-pressed to find a silver lining when we examine the progress, or lack there-of, when it comes to racial/ethnic minorities. In most cases, the minority numbers have stagnated or in certain instances declined since the first study. This, of course, is not an individual firm challenge, much less unique to New York City—this is a challenge for the profession as a whole. The New York City Bar's Office for Diversity was established to support legal employers in their efforts to create more diverse and inclusive workplaces. As a result, we are dedicating the upcoming year to getting serious about race in the legal profession.

## **APPENDIX 1 —ANALYZING FIRM DATA**

Before a firm can decide on a course of action, the leadership needs to know where it stands and why. As a firm reviews its data, it is useful to ask the following questions:

What is the firm doing well? This is relative to other legal employers as well as where the firm has made progress over time.

What are the biggest challenges the firm faces? What are the highest priority issues to address?

What questions remain? What additional data is needed?

The mission in analyzing all of this data is teasing out the story. What's the storyline? What are the key messages? It often helps to construct a visual representation of your firm.

Current state—overall representation by level

Assess the “inputs,” in terms of the diversity of entry level and lateral hires, including a comparison to the pool of available talent

Assess the “outputs,” such as turnover by year and the leadership make-up

To take the data to the next level, firms may want to benchmark the New York office against other firm offices in the US and around the world. Also, it can be useful to cut the data by practice group to further understand what is happening at the firm. Where are the internal best practices? What groups are having a more difficult time? Which locations or practice areas are leading the way and what can be learned from them? Which groups are lagging behind?

### **Interpreting Associate Data:**

What have the entering classes looked like over time? What does the summer associate class look like?

Are there demographic differences between those who are given employment offers versus who accept them? Are certain groups less likely to accept employment offers than others?

How does the diversity of the remaining associates by class year compare to the composition of the class when first hired?

How does the diversity of lateral hires compare to the diversity of the talent the firm is losing?

What does the picture look like by practice area? Are women and minorities disproportionately being placed or selecting certain practice areas rather than others? Why? Is it a matter of legitimate strengths and interest or is it a question of comfort or unconscious bias?

What are the demographics of the firm's feeder schools? Are these schools “diverse” enough?

### **Interpreting Special Counsel Data:**

It is essential to understand both the real and perceived role of special counsel in the firm.

Is the special counsel an alternative to partnership at the firm or an elongated career path with the potential to become a partner at a later time? Are those expectations clear to the attorneys who occupy this position?

Are particular demographic groups steered there rather than being considered for partnership? Do the reasons for becoming a special counsel vary by group?

### **Interpreting Partner Data:**

Often there is the perception that it is only a matter of time before a particular demographic group, reaches critical mass in the partnership.

To ascertain if that is true, firms should look at their hiring patterns over time and the percentage of new promotes to partnership. If a firm's percentage of new promotes to partner are virtually all white men, then time alone will not bring diversity to the partner ranks.

Is the pipeline leaking or is it clogged? What are the demographics of the pre-partner pool? If the pre-partner pool is quite diverse, but the new class of partners is not, then a firm will need to carefully investigate why women and minorities are not making partner—are they not adequately prepared? Is there unconscious bias in the system?

If the pre-partner pool is comprised mostly of white men, then the likelihood of making a significant number of diverse partners is slim. If women and people of color are leaving before the partner decision, then the firm needs to examine when they are leaving and why to design a retention strategy.

If women and minorities senior associates are not considered “partnership material”, opportunities to gain adequate exposure, training, mentoring, or feedback can be explored.

Looking at lateral hires to partner, is the firm disproportionately bringing in white men, thereby exacerbating the racial and gender imbalance in the partnership?

Firms should also closely examine the partnership and firm leadership. What is the break-down of equity and non-equity partners by demographic group? What is the composition of the executive committee and practice leadership positions? How does this compare to the overall representation of diverse groups within the partnership?

### **Interpreting Turnover Data:**

Examining turnover by level and demographics can reveal where the firm is most vulnerable to potential turnover. Firms should identify where turnover gaps are the greatest.

While attrition is considered implicit to the law firm model, firms should determine the desired amount of turnover for each level. Then firms can

compare the optimal departure rates with actual rates over time to determine where there may be more turnover than desired.

Once firms identify heightened turnover for certain groups or at certain levels, data can be collected to determine how to stem the tide of turnover. Interviews, focus groups, and employee survey data are valuable tools to understand turnover drivers and track progress on retention efforts.

Confidential exit interviews conducted by a third party are useful to learn the real reason why attorneys have left, including any meaningful differences by demographic group. Furthermore, this data can ascertain where the departed attorneys are working now. Often exit interviews conducted internally do not reveal the underlying reasons behind turnover. It is important to understand when turnover is preventable versus inevitable turnover, such as when an attorney realizes they no longer wish to practice law. In certain cases, attorneys are more affected by the “push” from their firms than the “pull” of better opportunities elsewhere.

Prioritizing the most vulnerable groups and avoidable turnover, firms can design the most effective retention strategies. Using this data as a guide, firms should focus their efforts on retaining minority junior associates and women mid-level associates.

## **Acknowledgments**

This report was created under the leadership of Barry Kamins, President of The New York City Bar; Bettina B. Plevan, former President; Barbara Berger Opatowsky, Executive Director; Susan Kohlmann, Co-Chair of the Enhance Diversity in the Profession Committee; and PD Villarreal, Co-Chair of the Enhance Diversity in the Profession Committee. Meredith Moore, Director of the Office for Diversity, led the research and writing effort. Elizabeth Kowalczyk, Assistant to the Office for Diversity, provided invaluable assistance to the project. Special thanks to Deloitte for their extraordinary support of this effort, especially, Mandy Hwang, Dan Kritzman, and Wendy Schmidt. SPSS fielded the web survey. Our greatest appreciation goes to the individuals at each law firm that took the time to complete the survey.

## **2006 Contributors to the Office for Diversity**

The New York City Bar gratefully acknowledges the sponsorship of the following law firms, corporations and organizations whose generosity helped fund our Office for Diversity, which supports the participating firms and corporations in their efforts to promote diversity.

Arnold & Porter LLP  
Cadwalader, Wickersham & Taft LLP  
Credit Suisse First Boston  
Debevoise & Plimpton LLP  
Deloitte  
Dewey Ballantine LLP  
Fried, Frank, Harris, Shriver & Jacobson LLP  
Minority Corporate Counsel Association  
Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.  
Morgan Stanley  
Viacom Inc.  
UBS  
Weil, Gotshal & Manges LLP

## Enhance Diversity in the Profession Committee Members

Ricardo A. Anzaldua-Montoya  
Kofi Appenteng  
C. Elaine Arabatzis  
Lisa R. Badner  
Michael C. Banks  
Sheila S. Boston  
Edwin Bowman  
Anna L. Brown  
B. Seth Bryant  
Barbara E. Champoux  
Peter Van Zandt Cobb  
Lisa I. Cuevas  
Ivan Dominguez  
Alison M. Dreizen  
Allen Drexel  
Douglas Flaum  
Jennifer S. Foster  
Beatrice Frank  
Loren Gesinsky  
Alphonzo Grant  
Jeanne M. Hamburg  
Charles J. Hamilton, Jr.  
Thomas E. Heftler

Robert M. Hirsh  
Duane L. Hughes  
Phillip Isom  
Hon. Debra James  
Susan J. Kohlmann  
Daniel Kritzman  
Betty Lawrence Lewis  
Ma Lora McCullough  
Lorraine McGowen  
Kathleen McKenna  
Janis M. Meyer  
Mark C. Morrill  
Joan Perryman  
Michael J.W. Rennock  
Carlos A. Rodriguez  
Patrick Romain  
Karla G. Sanchez  
Wallace L. Schwartz  
Brande Stelling  
Kimberly P. Taylor  
PD Villarreal  
Kim A. Walker  
Anne Cicero Weisberg

## Signatories to the Statement of Diversity Principles

Akin Gump Strauss Hauer & Feld LLP  
Allen & Overy  
Alston & Bird LLP  
Altria Group Inc.  
American Express Company  
Anderson Kill & Olick, P.C.  
Arent Fox PLLC  
Arnold & Porter LLP  
Baker & Hostetler LLP  
Bingham McCutchen LLP  
Brown Raysman Millstein Felder & Steiner LLP  
Bryan Cave LLP  
Cadwalader, Wickersham & Taft LLP  
Cahill Gordon & Reindel LLP  
Carter Ledyard & Milburn LLP  
Chadbourne & Parke LLP  
Cleary, Gottlieb, Steen & Hamilton  
Clifford Chance U.S. LLP  
Conway Farrell Curtin & Kelly Covington & Burling  
Cravath, Swaine & Moore LLP  
Credit Suisse First Boston  
Davis & Gilbert LLP  
Davis Polk & Wardwell  
Davis Wright & Tremaine LLP  
Day, Berry & Howard LLP  
Debevoise & Plimpton LLP  
Dechert LLP  
Deloitte & Touche USA LLP  
Dewey Ballantine LLP  
Dickstein Shapiro Morin & Oshinsky LLP  
DLA Piper Rudnick Gray Cary US LLP  
Dorsey & Whitney LLP  
Edwards Angell Palmer & Dodge LLP  
Epstein Becker & Green, P.C.  
Estee Lauder Companies  
Fitzpatrick, Cella, Harper & Scinto  
Fragomen, Del Rey, Bernsen & Loewy LLP  
Freshfields Bruckhaus Deringer LLP  
Fried, Frank, Harris, Shriver & Jacobson LLP  
Fulbright & Jaworski LLP  
General Electric Company  
Gibbons, Del Deo, Dolan, Griffinger & Vecchione  
Gibson Dunn & Crutcher LLP  
Hawkins Delafield & Wood LLP  
Heidell, Pittoni, Murphy & Bach LLP  
Heller Ehrman White & McAuliffe LLP  
Hogan & Hartson LLP  
Holland & Knight LLP  
Honeywell International  
Hughes Hubbard & Reed LLP  
Hunton & Williams  
Jones Day  
J.P. Morgan Chase  
Katten Muchin Rosenman LLP  
Kaye Scholer LLP  
Kelley Drye & Warren LLP  
King & Spalding LLP  
Kirkland & Ellis LLP  
Kirkpatrick & Lockhart Nicholson Graham LLP  
Kramer Levin Naftalis & Frankel LLP  
Latham & Watkins LLP  
LeBoeuf, Lamb, Greene & MacRae LLP  
Loeb & Loeb LLP  
Manatt, Phelps & Phillips LLP  
Mayer, Brown, Rowe & Maw LLP  
McDermott Will & Emery LLP  
Menaker & Herrmann LLP  
Merck & Co., Inc.  
Merrill Lynch & Co., Inc.  
Metropolitan Life Insurance Company  
Milbank, Tweed, Hadley & McCloy LLP  
Milberg Weiss Bershad & Schulman LLP  
Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.  
Morgan & Finnegan  
Morgan, Lewis & Bockius LLP  
Morgan Stanley  
Morrison & Foerster LLP  
Moses & Singer LLP  
New York Life Insurance Co.  
Nixon Peabody LLP  
Norris McLaughlin & Marcus PA  
O'Melveny & Myers LLP  
Orrick, Herrington & Sutcliffe LLP  
Patterson, Belknap, Webb & Tyler LLP  
Paul, Hastings, Janofsky & Walker LLP  
Paul, Weiss, Rifkind, Wharton & Garrison LLP  
PepsiCo. Inc.  
Pillsbury Winthrop Shaw Pittman LLP  
Pitney Hardin LLP  
PricewaterhouseCoopers  
Proskauer Rose LLP  
Prudential Financial Inc.  
Reed Smith LLP  
Ropes & Gray LLP  
Salans  
Schering-Plough Corporation  
Schoeman Updike & Kaufman LLP  
Schulte Roth & Zabel LLC  
Sedgwick, Detert, Moran & Arnold LLP  
Seyfarth Shaw LLP  
Shearman & Sterling LLP  
Sidley Austin Brown & Wood LLP  
Simpson Thacher & Bartlett LLP  
Skadden, Arps, Slate, Meagher & Flom LLP  
Sonnenschein Nath & Rosenthal LLP  
Stroock & Stroock & Lavan LLP  
Sullivan & Cromwell LLP  
Thacher Proffitt & Wood LLP  
Thelen Reid & Priest LLP  
Torys LLP  
Troutman Sanders LLP  
Viacom Inc.  
Vinson & Elkins LLP  
Wachtell, Lipton, Rosen & Katz  
Wasserman Grubin & Rogers LLP  
Weil, Gotshal & Manges LLP  
White & Case LLP  
Willkie Farr & Gallagher  
Wilmer Cutler Pickering Hale and Dorr LLP  
Winston & Strawn LLP