

Comprehensive Examination of Diversity Demographics,
Initiatives, and Policies in Corporate Legal Departments



Sustaining Pathways to Diversity®

Special Thanks

On behalf of the Minority Corporate Counsel Association, I would like to especially thank Microsoft and Perkins Coie for their early support to ensure the successful completion of this report. Your generous support allows MCCA to share this report with our members and the results have sparked further discussion about areas to explore such as gender pay equity. We are measuring our progress to ensure that issues that have been identified are managed.

Sincerely,

JEAN LEE

President & Chief Executive Officer
Minority Corporate Counsel Association

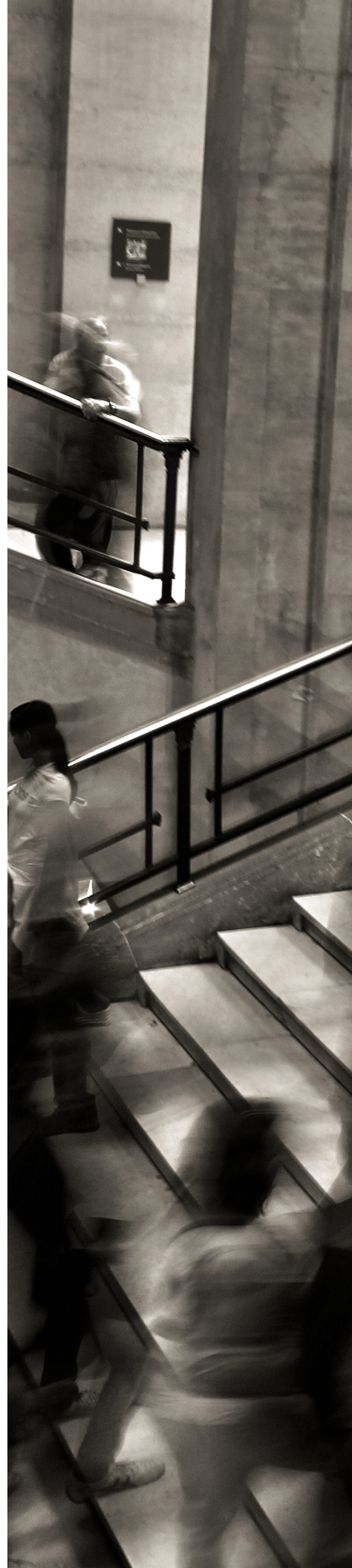




Table of Contents

06	Index of Charts and Tables
09	Acknowledgements
17	Introduction
18	Executive Summary
21	Part 1: Corporate Legal Department Diversity Demographics
29	Part 2: Corporate Legal Department Diversity Program Structures and Administration
39	Part 3: Tracking and Measuring Diversity Efforts of Outside Counsel
49	Appendices
50	Profile of Participating Companies
52	Methodology
54	Survey Instrument
63	About the Minority Corporate Counsel Association
64	About the NALP Foundation



Index of Charts and Tables

22	TABLE 1: Size of U.S. Corporate Legal Department of Responding Companies	33	CHART 4: Frequency for Reviewing Results and Progress of Legal Department's Diversity Program or Initiatives	43	TABLE 18: Whether Measure and Track Work Performed (Beyond Billable Hours) by Outside Race/Ethnic Minority – by Industry
22	TABLE 2: Size of U.S. Corporate Legal Department of Responding Companies – by Industry	34	CHART 5: Whether the Results and Progress of the Diversity Program are Reviewed by or With the Top Legal Officer of Your Company	44	CHART 9: Methods for Tracking Diversity Efforts and Results of Outside Counsel
23	TABLE 3: Diversity Demographics of Top Legal Officers in Responding Companies	35	TABLE 11: Whether Legal Department Has Any Special Outreach or Recruiting Efforts Directed at Attracting Diverse Lawyers	45	TABLE 19: Whether Company Changed its Relationship with Any Law Firm Based on Their Internal Diversity Metrics or Efforts
24	TABLE 4: Diversity Demographics of Top Legal Officers in Responding Companies – by Industry	35	TABLE 12: Whether Legal Department Has Any Special Outreach or Recruiting Efforts Directed at Attracting Diverse Lawyers – by Industry	45	TABLE 20: Whether Company Changed its Relationship with Any Law Firm Based on Their Internal Diversity Metrics or Efforts – by Industry
25	TABLE 5: Diversity Demographics of U.S. Direct Reports in Responding Companies	36	CHART 6: External Diversity Partner Organizations	46	CHART 10: Ways in Which Legal Departments Have Changed Relationships with Outside Counsel Based on Diversity Metrics or Efforts
25	TABLE 6: Diversity Demographics of U.S. Direct Reports in Responding Companies – by Industry	40	TABLE 13: Whether Legal Department Surveys or Meets with Outside Counsel to Track Diversity Progress and Results		
26	TABLE 7: Diversity Demographics of Other Legal Department Lawyers in Responding Companies	40	TABLE 14: Whether Legal Department Surveys or Meets with Outside Counsel to Track Diversity Progress and Results – by Industry		
27	TABLE 8: Diversity Demographics of Other Legal Department Lawyers in Responding Companies – by Industry	41	CHART 7: Frequency of Surveying or Meeting with Outside Counsel to Track Diversity Progress and Results		
30	TABLE 9: Whether Legal Department Has Established a Formal or Informal Diversity Program or Initiatives Aimed at Increasing Diversity and Inclusion	41	CHART 8: Whether the Process and Results of Outside Counsel are Reviewed by or With the Top Legal Officer of Your Company		
30	TABLE 10: Whether Legal Department Has Established a Formal or Informal Diversity Program or Initiatives Aimed at Increasing Diversity and Inclusion – by Industry	42	TABLE 15: Measuring or Tracking Hours Billed by Diverse Attorneys in Outside Law Firms		
31	CHART 1: Whether Program or Set of Initiatives is Independent to the Legal Department or Part of a Larger Organization-Wide Program	42	TABLE 16: Measuring or Tracking Hours Billed by Diverse Attorneys in Outside Law Firms – by Industry		
32	CHART 2: Positions Most Commonly Responsible for Diversity Programs	43	TABLE 17: Whether Measure and Track Work Performed (Beyond Billable Hours) by Outside Race/Ethnic Minority		
32	CHART 3: Whether Legal Department Has Formal or Informal Diversity Committee Separate from any Company-Wide Diversity Committee				

Appendices

50	TABLE A1: Size of U.S. Corporate Legal Department of Participating Companies
50	TABLE A2: Size of U.S. Corporate Legal Department of Participating Companies- by Grouping
51	TABLE A3: Industry
51	TABLE A4: Headquarters Location
51	TABLE A5: Headquarters State







Acknowledgements

The Minority Corporate Counsel Association (MCCA) and the NALP Foundation for Law Career Research and Education are proud to provide new benchmark research spotlighting diversity demographics within corporate legal departments across various industries. This important and timely study also examines specific programs, efforts and initiatives undertaken by these companies to support and promote diversity and inclusion throughout the legal profession. This research study is a follow up to an original study examining these same factors which took place in 2010. Research in this area is of significant importance to both corporations and their outside counsel. We are grateful for the support of many experienced leaders in the profession who contributed to this endeavor.

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JEAN LEE

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While recognizing the need for change, many elements within the legal profession have been very slow to adapt to the evolving workforce and competitive non-legal business environment. Too often, there has been a preference on both the corporate and firm side to adhere to the traditional way of doing things. For instance, many firms employ the same business model used since their inception, which includes billable hour structures, habitual recruiting practices and the established associate/partner career track.

Similarly, corporate legal departments often continue to seek out many of the same firms and individuals for their outside counsel needs. The notion is that these firms and individuals are proven and offer comforting assurances when dealing with critical legal matters. And many corporate legal departments go to the same groups in the same firms to recruit their new hires. Yet, this tradition comes at a cost.

The traditional way of doing things does not necessarily lend itself to attracting and retaining diverse talent. Nor does it acknowledge the need for cultivating strong environments that support and nurture individual attorneys, offering opportunities for growth and advancement across all races and genders. The consequence is many people leaving the profession after a few years, which in turn results in a lack of minority, female and non-traditional mentors at the upper echelons of the profession, who could help guide younger lawyers through the course of their careers. A shift must be made in both mindset and practices if the profession is to succeed going forward.¹



Introduction

The message delivered in this excerpt from a 2008 white paper (on opposite page) on the progression of diversity in the legal profession is a follow up to the 2004 “Call To Action²” mandate created by Sara Lee General Counsel Roderick Palmore and signed and endorsed by prominent General Counsel at some of America’s leading legal departments. Its purpose was to take the general principle of interest in advancing diversity and translate that into action and treat diversity as a strategic factor that contributes to the corporate bottom line. It serves as the basis for this study and represents the need for and importance of benchmark research in this arena. While much has been written and discussed about private law firms and their commitment to and advancement of diversity in our industry, little is known about the diversity demographics, initiatives and standards that exist in the corporate legal departments that provide much of the legal work performed by the private sector.

This research is the continuation of a project which began in 2010 and seeks to provide a new perspective on diversity and inclusion in the profession by examining and documenting efforts within the legal departments of corporations throughout the United States. The study contains data on diversity metrics inside these legal departments including the percentage of diverse individuals who hold the top legal officer and “direct report” positions.

The study also explores the structures, administration and scopes of diversity and inclusion programs, special outreach efforts and collaborative initiatives of the participating companies. It also examines how these legal departments measure and track the diversity demographics and progress of their outside counsel law firms.

While it is clear that there is much more to be done to improve and support a more diverse and inclusive legal profession, we believe these studies and the data obtained from them are an important step toward identifying and highlighting the actions being taken and the progress made by corporate America. The benchmarking data provided in this report are much needed and anticipated and will help build awareness, encourage action, and support innovative efforts to create a greater awareness of the successes and challenges that are present as we continue down the path of creating a more diverse and inclusive legal workforce.

¹ Call To Action, *Diversity in the Workplace – A Statement of Principle*

² Call To Action, *Diversity in the Workplace – A Statement of Principle*

Executive Summary

The major findings from this study of diversity and inclusion are summarized below. The report that follows contains three main sections including diversity demographics, diversity program structures and administration, and tracking and measuring outside counsel efforts.

CORPORATE LEGAL DEPARTMENT DIVERSITY DEMOGRAPHICS

Responding companies were first asked to provide the number of lawyers in their U.S. legal departments as well as a breakdown of the lawyers by a variety of diversity measures including race/ethnicity, gender, sexual orientation and physically challenged or disabled status. The employment results from this group of companies are provided for background purposes and are not intended to be projected to all U.S. corporate legal departments. Law departments of various sizes are represented among the companies that participated in this study. Companies that participated in the survey report they employ a total of 8,342 lawyers in their U.S. corporate legal departments, and the departments among responding companies range in size from 0 to 767 lawyers.

Overall, 38% of responding companies report their top legal officer position is held by a race/ethnic minority individual. Forty-four percent of responding companies report their top legal officer is a woman, while 23% report the position is held by a race/ethnic minority woman.

Responding companies report 24% of their total U.S. direct report positions are held by race/ethnic minority lawyers. Overall, responding companies report 14% of race/ethnic minority women hold direct report positions compared to 10% of race/ethnic minority men

CORPORATE LEGAL DEPARTMENT DIVERSITY PROGRAM STRUCTURES AND ADMINISTRATION

Overall, 57% of responding companies report having some type of inclusion program. Those responsible for leading the diversity plan and initiatives within their U.S. corporate legal departments vary. Although among responding companies, General Counsel most frequently

reported to bear the responsibility. Most commonly, the results or progress of diversity efforts are reviewed annually (41%) or quarterly (18%).

Among responding companies, 78% report they partner or collaborate with at least one outside organization to further diversity outreach efforts. Companies most frequently mention they partner or collaborate with national bar associations, including diversity bar associations dedicated to the interests of specific demographic groups (e.g. national bar associations focusing on women and/or specific race/ethnic groups), to further their diversity outreach efforts.

TRACKING AND MEASURING DIVERSITY EFFORTS OF OUTSIDE COUNSEL

Among responding companies, 39% report their U.S. corporate legal department surveys or meets with outside counsel to track results and measure the progress of their diversity efforts. The progress and results of the programs are often reviewed by or with the top legal officer of their company. Seventy-eight percent of responding companies report they do not measure or track hours being billed by outside counsel by race/ethnicity, gender, or other factors.

Overall, 27% of participating companies report their relationship with a law firm changed based on their law firm's diversity metrics or efforts. Among companies whose relationship changed, 61% report they awarded additional work to the firm or partner for meeting expectations, while 46% report they decreased the amount they give to the law firm or practice. Approximately one-third report they terminated outside counsel due to poor diversity results of efforts (32%).



