

Representing Women At The Intersection Of Law And Finance

By **Andrea Mitchell and Valerie Hletko**

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A recent report by the New York State Bar Association’s commercial and federal litigation section found that female attorneys fill only about 25 percent of lead counsel roles in New York courtrooms and even less in complex cases. Coincidentally, the report was released around the same time as the firing of a Google employee who criticized efforts to address the under-representation of women in technology firms. Last month, Bloomberg asked “How Top U.S. Law Firms Get Away with Paying Women Less,” and suggested that it is, in part, because biases in inscrutable point systems discount women’s contributions. As a member of the executive committee and a co-chair of the diversity committee at an Am Law 200 firm, respectively, we’re focused on how our organization can demonstrate that diversity and excellence are intrinsically tied to one another.

These issues are particularly salient for our firm 10 years after the financial crisis. Our clients are everywhere money moves — both banks and nonbank providers of consumer financial services — and they rely on us to help them achieve economic and cultural stability and success.

Sallie Krawcheck’s recent book, “Own It,” attributes the economic crisis, in some part, to “groupthink,” because boardrooms and C-suites on Wall Street were full of not only men, but men who went to the same schools, belonged to the same country clubs, lived in the same neighborhoods, and sent their kids to the same schools. The suggestion is that a lack of diversity of thought within the highest ranks of companies might have deprived decision makers of cautionary views about the perils that lay ahead in the months and years before the financial crisis. In her book, Krawcheck delivers a call to action for women seeking to disrupt professions still dominated by men in leadership. She states:

“[d]espite inevitable setbacks, we women are on the brink of an extraordinary rise. The future is ours to seize. But we aren’t going to seize it by contorting ourselves into the male version of what power and success look like or continuing to do exactly what we’ve done to date. Instead we’re going to do it by embracing and investing in our true female selves — and bring those badass selves proudly, unapologetically, to work.”

To the extent that companies have tolerated predominantly male leadership in the past because it was



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deemed necessary for growth and prosperity, or viewed diversity and the under-representation of women strictly as human resources issues, a growing body of research suggests otherwise. For example:

- Companies with diversity in their management and on their corporate boards enjoy better financial results, on average, than those without. McKinsey & Company found that the 89 European-listed companies with the highest percentages of women in senior leadership and at least two women on their boards outperformed industry averages for the Stoxx Europe 600, with a 10 percent higher return on equity, 48 percent higher EBIT (operating result), and 1.7 times the growth in stock price. And this is true along dimensions of race and sexual orientation as well.
- McKinsey also has measured the “organizational excellence” of companies in Europe, Northern America and Asia by evaluating them on nine organizational criteria. It found that companies with senior management teams comprised of at least one-third women had significantly higher scores, on average, than teams with no women.
- An INSEAD study reviewing 360-degree evaluations of nearly 3,000 executives from 149 countries and comparing along gender lines how managers scored themselves to how others scored them found that men and women subordinates, peers and supervisors all rated women leaders higher than men on competencies including “energizing,” “designing and aligning,” “outside orientation” and “tenacity.”

At the founding of the firm eight years ago, we made professional commitments to each other in this respect, and our personnel policies and diversity initiatives both bear out these core commitments and closely align with our business goals. Just over one-half of our partners under age 50 are women, and the women in our leadership improve the firm’s financial performance, promote innovation, and cultivate our talent.

The women and men who built our law firm see this reality in our successes. We also increasingly see from demand-side diversity pressure that clients understand this, too. Working to close the gender gap is the right and rational thing to do, but it’s also increasingly the smart business thing to do.

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