



## Closing the Gender Pay Gap

Much has been written in recent weeks on the gender pay gap in law firm partnerships. A number of articles have cited the dependence on origination credit in setting partner compensation as a key culprit in the gender compensation gap. Indeed, based on analyses we have performed across US law firms, we agree that origination plays a central role in many firms' compensation determinations. Law firms are aligning compensation with the need to grow, or even simply maintain, market share – and it is hard to argue that the development, management and expansion of client relationships should not be a key determinant of compensation in many firms.

So how does one explain the pay gap which is garnering so much interest in law firms? One explanation is that in many law firms, male partners simply have higher performance statistics than the majority of female partners, resulting in higher compensation allocations. Indeed, the latest Major Lindsay & Africa compensation survey shows that men have both higher origination and production metrics than women. However, this explanation masks the shortcomings of the metrics themselves. Origination is a particular challenge here, and given its relative importance, it is worth exploring the nuance behind origination credit in firms. First, we should clarify that origination can mean different things in different firms, but for these purposes, we assume it means the revenue a lawyer brings in and actively maintains or keeps at the firm. In some firms, this is described as a lawyer's book of business. Unfortunately, the value of a book of business is not a straightforward number, particularly as books become larger and firms seek to create greater collaboration and crossover among partners across practices and offices.

In practice, how does origination credit get allocated when multiple partners contribute to a significant relationship with a client? Often, there is a negotiation among partners that determines who gets what amount of credit. This is one of the points where the system can disadvantage women. In particular, there is a wealth of social science research that has demonstrated that women are more reluctant to advocate for themselves for pay. This reluctance is perhaps based on an uncomfortable reality for many women that when they do ask for more, they can be penalized for their behavior. So women may be left with a dilemma when it comes to negotiating for their fair share of credit: damned if you do, damned if you don't. Although many firms have adopted policies or guidelines around determining credit, there is often little oversight on how credit is actually allocated among partners. While many compensation committees do attempt to provide some check on egregious hoarding of credit, their ability to control for hoarding is often limited to extreme cases and can fail to address the more modest competitiveness which may be contributing to lower origination statistics for female partners.

To correct for this, firms would be well-served by spending more time getting behind origination allocations, exploring new approaches to tracking and allocating origination – including management oversight, addressing internal competitiveness, and implementing tools to incentivize collaboration. We have explored many of these issues in our recent Insights, [Combating Origination Competition](#) and [Encouraging Collaboration Through Partner Compensation](#). We believe these tools and approaches can also help address the gender issues inherent in origination competition in law firms.

However, even in firms with best practice approaches to origination tracking and allocations and relatively higher levels of internal collaboration, women tend to have lower origination statistics on average relative to men. So, perhaps the bigger and harder question for law firms is not about getting behind the pay gap, but instead, getting behind the origination gap. Our experience indicates that sponsorship, or a lack thereof, is a root cause of the gender origination and pay gap in law firms.

Sponsorship involves a senior professional taking a promising young professional under his or her wing, actively cultivating his or her talents, and propelling him or her to professional success by creating significant opportunities and opening doors. Sponsorship goes well beyond the traditional law firm approach to mentoring. Mentorship tends to be a passive relationship, whereby mentors serve as guides, sounding boards and advisers. By contrast, sponsors serve as active promoters and champions. They intervene to identify and cultivate unique opportunities, improve internal perceptions, and proactively create meaningful connections for their protégé. Sponsorship requires personal advocacy and a much greater investment of time

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and energy.

Unfortunately, partnership commitment to providing sponsorship to young talent can be spotty at best. Some partners still love to say, “No one ever held my hand,” despite the fact that they may very well have had sponsors who opened doors for them. Even partners more aware of the need for talent development investments are often so focused on the success of their personal practice that they fail to fully invest in developing others, or when they do invest time in talent development, it is largely focused on substantive guidance around legal work and reactive mentoring.

The limited number of law firm partners who actively engage in sponsorship represents a material impediment to developing future owners regardless of gender. However, we would argue that given the dynamics in law firms today, younger women lawyers may need more sponsorship than their male counterparts, and may be less likely to get it. To rise to the upper echelons within a partnership, a young female lawyer often contends with a greater number of hurdles than a young male lawyer, given the gender imbalance of most partnerships. Even if bias doesn't intentionally or unintentionally exist, integrating into a male dominated partnership can be challenging.

Another factor contributes to the sponsorship gap for women in law firms. For many organizations, sponsorship evolves naturally based on personal relationships, rather than through a formal program. This evolution of a professional relationship into sponsorship typically occurs when a sponsor identifies a young professional who resembles him or her at an earlier stage of their career. This means that men typically sponsor men, and women typically sponsor women. Unfortunately, since roughly half of associates but less than 25% of partners in law firms are women (and in many cases, relatively junior), the number of senior female partners available to 'sponsor' younger females is limited. There are too few female sponsors and too big a gap between senior male partners and younger female lawyers.

### **So, what can law firms do to more effectively sponsor women to become future owners, leaders, and major business generators?**

#### **1. Ensure partnership commitment to developing more women into the top tiers of the partnership**

Overall success in effectively moving more women into the senior ranks of law firm partnerships will require a commitment from the partnership as a whole that this goal is a critical priority. Too often firms give lip service to the notion of creating diversity, including gender diversity, but then continue to operate the way they always have in the past. In addition to partnership agreement on this goal, firms will also need to adopt new approaches to developing women into leaders and rainmakers and invest resources into making this happen, along the lines of the strategies identified below.

#### **2. Provide role models**

The next step towards developing women into future owners and high performing equity partners involves showing a clear path for women to be successful in the firm, particularly as major rainmakers and leaders. This is best achieved in the form of role models that offer a visual demonstration to younger lawyers that the firm is a place where women can succeed, even when simultaneously raising children. If female leader and major rainmaker role models don't already exist, those individuals will need to be recruited or developed, quickly. A number of UK firms have gone public in setting targets for the percentage of female partners they aim to have in the next five or ten years, an important step forward to create better gender balance and also establish the female role models needed to grow and develop women lawyers over the longer term.

#### **3. Develop a clear partnership understanding of sponsorship within the firm, and allocate partner time to sponsorship**

This requires developing explicit definitions of sponsorship roles and expectations, and providing regular training to partners on how to be an effective sponsor. Once partners understand sponsorship, firms will need to specifically earmark partner time towards sponsoring female lawyers, and given the shortage of female partners, firms may also need to tap select male partners. The notion of assigning sponsorship relationships goes against the grain of much of the business school literature on this topic. However, in a law firm, allowing for the organic development of sponsorship relationships has led us to this juncture - too few high performing female partners.

#### **4. Open doors**

As previously discussed, sponsors open doors. Firms need to ensure that their sponsors are helping women get direct access to clients, and when those women step up and play a material role in the client relationship, they need to get corresponding relationship credit. In some instances, this is made possible when senior partners are looking to groom successors to maintain or inherit historic client relationship. Firms can play a pivotal role in a female lawyer's career by ensuring that she is

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considered for that successor spot – even though she may not have been the senior partner’s first or most obvious choice given her gender.

### 5. Keep women engaged

Invest in approaches which enable women to remain fully engaged particularly during critical and formative practice development years. Too many women move into lesser roles in law firms or leave the practice, under the view that they may be able to return at some point when personal responsibilities are less demanding. Unfortunately, these decisions are often made at crucial times in a female lawyer’s career – when she needs to be growing her network and future business base, and not stepping back. The move to a lesser role or leaving the practice inevitably makes a return to an equity partnership role, particularly one as a leader and major business generator, that much more challenging. To help ensure that high potential female lawyers remain fully engaged, a number of high performing firms have gone so far as to provide day care opportunities onsite. Others have focused on creating shorter-term flexibility to accommodate periods of intensive family obligations. Many others have invested in developing external networks to support the formation of relationships between female lawyers in the firm and female business leaders and outside counsel. Some have even sought to provide one on one coaching to female lawyers considering a move to an off-track position, to help them see that staying on-track is feasible.

There are a variety of approaches that firms can employ to help sponsor younger female lawyers and develop them into the high performing equity partners that many have the potential to become. Closing the origination gap and corresponding pay gap in law firm partnerships requires looking at the root causes associated with these differences, and addressing the need for more aggressive advocacy and support for young, high potential females.

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