

## Power Up Your Firm's Diversity Strategy: Employ BI to Fill the Information Gaps

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Many law firms have diversity committees, and many have hired diversity directors. Unfortunately, few firms have armed these efforts with the information necessary to ensure the success of their diversity strategies. As law firms grow, the use of firm-wide profitability tools has become a business necessity. But understanding the urgency to adopt or update a profitability model doesn't guarantee its successful implementation.

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### By Norm Mullock

Diversity is now squarely a priority for law firms. Many law firms have diversity committees, and many have hired diversity directors. Much attention has been paid to firm recruitment and promotion processes. Mission statements, web sites and policies have been rewritten. Unfortunately, few firms have armed these efforts with the information necessary to ensure the success of their diversity strategies.

Why? For one, most firms simply don't have the tools that allow them to easily — and automatically — access the data they need to build strategies that meet the firm's goals, communicate the results to internal and external constituencies, and perform the analysis that will allow them to make adjustments as needed. Even worse, in many instances, those at the firm who are responsible for the firm's business intelligence (BI) efforts are unaware that this information gap exists.

While firms have stepped up efforts to employ BI solutions to billing and collections, matter profitability and many other aspects of firm management, they have not leveraged business intelligence to drive their diversity efforts.

### Prioritizing Diversity

Diversity strategies within firms take many forms and have different motivations. Many firm managers sincerely believe that diversity is an important moral imperative. In addition, firms have been compelled to scrutinize their diversity efforts because the market (i.e. corporate clients) dictates that they do so.

A growing number of firms are adopting an

even more aggressive stance — that diverse law firms are better firms, which are less subject to crisis; possess deeper experience bases upon which to draw; are able to be more nimble in their response to tricky, dynamic problems; and are more empathetic to each of their clients' perspectives.

Time will tell whether this view pays dividends beyond the important social benefits. What is certain is that no initiative is likely to succeed to its fullest potential without the proper BI underpinning.

With as much as has been written about diversity in law firms, two aspects central to the discussion have been under-addressed. First, crucial to the implementation of any diversity strategy — regardless of form — is the ability to access information that supports the strategy. Second, insofar as constituencies outside the firm dictate the terms of the dialogue, they also to a large extent determine the information required.

### Harness Diversity Data

To successfully implement a diversity strategy, firms need to be able to track, report, analyze and distribute diversity data. Firms should employ tools that allow them to code diversity characteristics at the candidate, employee, client and vendor levels. At the candidate and employee levels, firms should be able to code for characteristics crucial in today's market, such as race, gender, age, disability, declared GLBT (Gay, Lesbian, Bi-sexual, transgender) status, flex time status etc. In addition, the data coding capabilities should allow for the expansion of characteristics to meet future needs.

At the client level, not-for-profit and minority-

and female-owned corporate clients should be tagged. The same applies for firm vendors. When diversity data is collected, entries should include a reasonable amount of historic information. Once this base of information has been captured, the full capabilities of BI can be deployed to support the diversity initiative. The firm can respond quickly and accurately to internal and external information requests, as well as react to calls for change.

With business intelligence tools in place, a firm can, for example, produce a full census of its employees, clients and vendors. Likewise, as clients demand more specific information that goes beyond the makeup and practices of the firm to include specific timekeepers (by title), the firm can readily access the data and quickly interpret it. Custom requests can be fulfilled.

### **Look for the Big Picture**

Most importantly, BI solutions allow firms to proactively analyze the effectiveness of their diversity initiatives — at every level of the firm. Too often, diversity is discussed broadly, as an overarching concept. These discussions

unwittingly cause client-relationship concerns by not being able to address diversity concerns at the matter planning level. BI, properly deployed, provides the platform to address all of these issues. For example, one firm recently discovered that its associates of color were disproportionately participating in business development activities, preventing them from being able to work the same billable time generally expected of its associates.

### **Meet the Press, Impress the Clients**

Law firms that choose to embrace business intelligence solutions are in a position to take the lead on diversity efforts. The ability to act, rather than waiting to react, can create a powerful competitive edge. Requests for information abound. The press, law schools and professional associations all have a vested interest in the debate and inundate firms with multiple and varying requests for information.

Because law firms have been slow to recognize the importance of diversity, their clients have taken the lead to define data needs in line with their own agendas. Large corporate clients in particular go beyond requests for firm-wide information, and ask for matter-specific details. Multi-page questionnaires are a routine part of the proposal process, yet each is

## **FIRMS DEMONSTRATING COMMITMENT TO DIVERSITY DRAW GREATER TALENT AND BUSINESS DEVELOPMENT OPPORTUNITIES.**

often lose sight of the fact that in the law firm environment, diversity is not a single, homogeneous issue, but rather a series of threads woven through the fabric of the firm's culture and interactions.

Firms that pay careful attention to diversity efforts in recruitment — and reap rewards through their entry-level recruiting class — still may struggle to achieve in their partner ranks desirable proportions of lawyers of color and female lawyers. For other firms, the retention for a particular group of lawyers might be a disproportionate problem. Problems that do not exist at a firm-wide level may plague a particular office.

Even the most successful firm from the perspective of diversity management may

worded differently, and definitions across proposals are inconsistent.

Nonetheless, the chaotic nature of the current environment has an upside — it has created an opportunity for firms with vision and good information management practices to seize the initiative. Redwood Analytics is developing extranet sites that will allow law firms to offer corporate counsel the ability to manage diversity information for participating vendor firms in one spot, with automated data pull and the ability to benchmark firms against one another.

Business intelligence solutions have allowed firms to better execute important strategies by allowing them to draw upon the wealth of information captured within firm systems, and use analytic output to enable better decision making. Profitability analysis can lead to better compensation schemes and client manage

ment. Business development activities can be proactively directed.

Diversity is no exception. Firms that demonstrate commitment to diversity draw greater talent and more business development opportunities. The combined competitive advantage from greater talent and demand for services drives growth in work, rates or both. But leveraging value from a well-conceived diversity strategy requires more than good intentions. Today, business intelligence is the underpinning to driving diversity efforts.

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