

Business & Careers

Diversity is good for a firm's bottom line



David Namkung
The Headhunter

Diversity and inclusion (D&I), is a hot business topic increasingly gaining traction within the legal industry. For many in the profession, supporting D&I has become a given and most law firms endorse the notion of diversity as an equitable and noble social justice principle.

Judging from the homogeneity in the bar at the partnership and executive level, however, few appear to have truly bought into the idea of D&I as an urgent and strategically critical element to their ongoing growth—it is a nice to have, not need to have, usually managed by token committees with limited practical influence.

Apart from political correctness, why should firms pursue diversity? Far too many organizations simply rely on assuming that everyone will rally behind D&I, but a PwC study suggests only 24 per cent of men actually believe that diversity improves a company's performance. Before launching various D&I efforts, in order to create lasting change, it is incumbent on diversity leaders to win the hearts and minds of their executive and management by explaining the substantive reasons why diversity is critical for the organization's long-term success.

First and foremost, diverse teams tend to financially outperform non-diverse teams. McKinsey & Company, a global leader in management consulting, said in its report, *Diversity Matters*, that companies in the top quartile for racial diversity are 35 per cent more likely to have financial returns above their industry medians (gender diversity had a 15 per cent impact) while companies in the bottom quartile are less likely to achieve above-average returns.

Though diversity does not automatically translate into more profits, more diverse organizations are "better able to win top talent, improve their customer orientation, employee satisfaction and decision making, and all that leads to a virtuous cycle of increasing returns." More specifically germane to our legal profession, the Acritas Diversity Report, which involved interviews with 1,771 senior in-house counsel, confirmed that



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diverse teams in race, gender and experiences, generally performed better and led to increased financial performance and recommendation rates among clients.

In respect of "customer orientation," noted above, diverse teams are better positioned to foster broader and deeper client relationships.

A *Harvard Business Review* study, which surveyed over 1,800 professionals, suggests that when one team member shares the ethnicity of a client, they are 152 per cent more likely to better understand that client. As the market for legal services becomes more globalized, increased cultural awareness will be a key asset.

In Vancouver, for instance, over the past few years we have noticed a spike in client demand for Mandarin language speakers in a range of areas from family law to real estate and firms that are linguistically and culturally adept have attracted the most lucrative new mandates. Nationally, as corporate clients continue to purposefully evolve their demographics and attract a broader variety of talent, it will be incumbent on law firms to follow in order to ensure their team remains relatable to the market at large.

In fact, certain clients such as BMO are now requiring diversity numbers (in respect of women, visible minorities, people with disabilities, sexual orientation and Aboriginals) from potential firms as a material consideration for awarding new work. Beyond numbers, BMO considers whether lawyers from these groups occupy all levels of the firm and the extent they

are involved on their files.

In addition to improved client relations, diverse teams also relate to a

broader range of talent. For candidates exploring the market, a chief factor in choosing one employer over another is the elusive notion of cultural "fit." Fitness can often be further synthesized to whether the candidate can relate with the interviewing panel, which effectively represents the personification of the firm at large—therefore, if your interviewers are not diverse, they will naturally have a harder time connecting with others beyond their demographic.

We have witnessed candidates with multiple offers choosing less prestigious or financially rewarding opportunities as they related better with the another employer—if your interviewing panel does not consist of individuals the lawyer can relate to, it becomes harder for the candidate to picture enjoy working and succeeding in your environment.

Relating to talent is not only critical in attracting new talent, it impacts the ability for management to hear, appreciate and adapt to a diverse team, thus leading to happier employees. One of

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Full job description available at www.bgcfs.ca

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 chief reasons why lawyers leave their environments is that they do not feel recognized or understood by their employer. McKinsey suggests that numbers alone can boost employee satisfaction—for those in minority groups, job satisfaction significantly improves when representation exceeds 15 per cent of the workforce.

Understandably, adequate representation improves an individual's confidence and sense of belonging—on a personal level, have you ever been to a party where you were clearly the “other”? There is an immediate sense of relief when a familiar face enters the room



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 The Counsel Network

or when you are suddenly not the only “other.” This is how many under-represented individuals feel every day walking into the office. In addition to promoting self-confidence,

adequate representation at all levels improves the likelihood of understanding and accommodating the unique challenges, barriers and needs of minority groups.

Speaking of parties, as Verna Myers, leading diversity expert, puts it: “diversity is being invited to the party; inclusion is being asked to dance.” Accordingly, achieving a diverse base of talent is not an overnight fix solved by top-down corporate policies. Changing a firm's culture and makeup requires time and investment on an incremental basis—it requires, on an individual level, for each partner/manager/decision-maker to have the incentive and

buy-in to ask someone who is different from them to “dance.”

What does your party look like now? Are people coming or going? Perhaps it is now time to change up the music and ask someone new to dance—you might find that it pays to step out of your comfort zone.

David Namkung is a partner with The Counsel Network in Vancouver and president of the Federation of Asian Canadian Lawyers (B.C. Chapter). You can follow him on Twitter @DNamkung or find him on LinkedIn.

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Affleck Greene McMurtry LLP mourns the loss of a great friend and one of our founders, Donald S. Affleck, Q.C.

2016 was Don's 50th year of practice since his Call to the Bar.

He was an architect for competition law in Canada and set precedents which remain to this day.

His legacy will live on with family, friends, colleagues and the legal community.

FROM ALL OF US, THANK YOU DON.

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