TALENT ADVISORY BOARD

Accountability for Diversity Objectives
June 11, 2010

The optimal way to design accountability for diversity objectives is to mirror the way in which an organization holds itself accountable for other objectives such as recruiting, practice development, etc. With the relevant organizational context, the following questions and associated spectrum of choices can be considered when designing accountability mechanisms. The subsequent articles and research excerpts discuss how other law firms, law departments, consulting firms and large companies have designed accountability for diversity objectives.

What diversity objectives are we holding the organization accountable for?
In order to be effective, managers should be held accountable for specific diversity objectives. Qualitative or quantitative measures can be used to assess progress. In the case of qualitative measures, self-evaluations and/or interviews are used to assess the impact of diversity activities that have been conducted by the relevant parties. In the case of quantitative measures, diversity survey results (i.e., scores on diversity indices) and/or diversity outcomes (i.e., percentage of women in the partnership) can be used. The appropriateness of the objectives depends on who is accountable, how the parties are affected by their results, and when they are evaluated.

Who is being held accountable?
Partners, Practice Group Leaders, Office Leaders, Diversity Committee Leaders, Diversity Staff, and Firm Management are most often the groups that are held accountable for diversity objectives. Partners can be held accountable for participating in diversity activities and for their support of diverse associate development. Practice Group Leaders and Office Leaders can be held accountable by comparing relevant scores across diversity survey indices thereby creating incentive through internal competition while still enabling those groups to implement the initiatives that are best suited for their group. The implementation of diversity initiatives is a process, and at the appropriate point in evolution, diversity outcomes can be used to develop appropriate objectives for Diversity Committees and related staff. Diversity objectives are further reinforced when Firm Management Committees also have relevant diversity objectives against which firm performance is evaluated. While some organizations focus on particular constituencies, others provide objectives across groups in order to align the organization.

How do diversity results impact the accountable parties?
Many organizations, including in-house law departments and consulting firms which use competency based evaluation, use discretionary bonus compensation as a way to impact compensation. When a points system is used to allocate partner compensation, a key factor to consider is whether the points allocated to diversity are substantial enough to impact compensation in a way that changes behavior. Billable hours, .e.g., allowing up to 50 hours to be allocated to diversity activities, could also be used as a way to provide positive incentive to spend time on diversity activities. Whether a bonus, points or billable hours system is used, a process can be used to first simply measure diversity results without impact on compensation, then to positively impact compensation for successful diversity results, and finally to move toward a balanced system in which positive results are rewarded and less satisfactory results take away the appropriate level of compensation. In addition to impacting compensation, public recognition is a powerful tool in affecting diversity results. As with all systems in which managers are evaluated for their management performance, the system should not penalize a manager for associate performance factors which are beyond their control.

When is diversity accountability measured?
On a quarterly, bi-annual or annual basis, diversity reports can be used to provide parities with the relevant data to evaluate and measure progress. A system for reporting can be designed to hold parties accountable for results. For example, the Diversity Committee can meet with Practice Leaders to provide data on a periodic basis, and Practice Leaders can be asked to report those results to Firm Management as part of their business review. The approach should be designed with the appropriate organizational context.

Best Practice #9: Hold Partners Accountable for Retention & Attrition
The Project for Attorney Retention
http://www.pardc.org/BestPractices/BestPracticeAccountable.shtml
Effective implementation ensures progress in diversity advancement in the law firm. The Project for Attorney Retention suggests that holding managers accountable by linking their compensation with the achievement of diversity efforts is an effective method in ensuring such effectiveness. The case of Sidley Austin LLP shows the success of linking partner compensation with diversity efforts.

Measuring Up: Diversity Accountability Scores Big at Catalyst Awards Conference
Melissa Anderson, The Glass Hammer, 03/25/2010
http://www.theglasshammer.com/news/2010/03/25/measuring-up-diversity-accountability-scores-big-at-catalyst-awards-conference/
Companies including Deloitte and Telstra have been awarded by Catalyst for their diversity achievements. Deloitte was recognized for its "WIN" program which targeted women's business development and for its initiative in including diversity in their performance reviews of employees. Telstra was recognized for its success in achieving the company's diversity goals. Although it was criticized for applying numerical targets, the company stated that success could not be achieved without goals.

Diversity Accountability Requires More Than Numbers
Pamela Babcock, SHRM, 04/13/2009
http://www.shrm.org/hrdisciplines/Diversity/Articles/Pages/MoreThanNumbers.aspx
With plenty of focus on scorecards and rankings, SHRM states that genuine diversity advancement requires not only quantitative changes, but qualitative as well. Diversity has to be part of the company culture and must have real behavioral changes, not only attractive scorecards. For meaningful effort, companies such as Sodexo and Allstate Insurance have linked compensation with diversity achievement. The former based a portion of manager bonuses on the firm's diversity index, while the latter included diversity in their performance review. Overall, the firms showcased by SHRM stated that diversity initiatives had to be clear, simple, and focused on culture.

Measuring Progress: A Look at the Results of the Vault/MCCA® Guide to Law Firm Diversity Programs
Vera Djordjevich and Ed Shen, 04/13/2007
http://www.mcca.com/index.cfm?fuseaction=page.viewpage&pageid=1397
Accountability through linking compensation is an effective measure to ensure diversity progress. Some firms went beyond just holding their diversity committees accountable by requiring all partners and even all attorneys within the firm to focus on initiatives. At Wildman, Harrold, Allen & Dixon LLP, all partners are obligated to write reports on diversity. At Shook, Hardy & Bacon, LLP, attorneys are required to fill out diversity checklists. All firms find it integral to include diversity in performance reviews.

Roundtable: Diversity Update
California Lawyer, Sept. 2006
http://www.morganlewis.com/pubs/diversityupdate_cl.pdf
While clients have placed high expectations on their outside counsel, they have also placed diversity expectations on themselves through wide range inclusion and accountability programs. While Gap has incorporated diversity initiatives in each of its departments, Wells Fargo has a top-down effort where management including the CEO and top committees are committed to the advancement of diversity.