

# Diversity and inclusion under the spotlight

Claire Rason and Chico Chakravorty explore how clients are setting the D&I agenda and what firms need to do to respond.

This article originally appeared in **PM** magazine. For further details go to [www.pmforum.co.uk](http://www.pmforum.co.uk)

**2**020 will be a year that few of us will forget. Coronavirus has touched all our lives and brought about profound changes for many. 2020 is also the year when diversity and inclusion (D&I) has been brought under the spotlight. What happened in the United States to reignite the Black Lives Matter movement was abhorrent and racism at its worst. Whilst at first blush it is far removed from the D&I initiatives that many firms have; it has caused many firms to revisit, or commence, initiatives and the way they think about D&I.

2020 has demonstrated the need for learning at all levels, the need to listen, the need to question the skills we want from our leadership and it has highlighted that more needs to be done for marginalised groups to feel like they belong.

Whilst for some D&I is ingrained in their DNA, for others it is still seen as a barrier or a challenge. But what is the business case for D&I? Clients are demanding change and firms should listen.

## Diversity rising up the agenda

Over time there has been a marked shift in the requirement for diversity in business.

A turning point for professional services firms was when diversity started to be included in RFPs. Firms started to recognise the need to put forward diverse teams in pitches. Diversity here tended to



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start and end at male/female, albeit this was gradually expanded.

Taking the legal sector as an example, overtime it has shown a firmer commitment to diversity. In 2009, The Law Society established a Diversity and Inclusion Charter “designed to help firms and practices turn their commitment to diversity and inclusion in to positive, practical action for their businesses, staff and clients.” The Law Society records 490 firms and practices as signatories to the charter. The Charter is currently under

review and it will be interesting to see what changes the new iteration contains.

Other client-led initiatives can be found in this sector, such as the GC Statement of Practice on diversity. In 2019, a group of 65 general counsel from across Europe signed a letter. In the statement issued at the time, they said “We commit to promoting diversity in the workplace. We value the range of perspectives, ideas and experiences that diversity provides, whether grounded in gender, race, sexual orientation, disability, cultural background, religion or age”. The signatories committed to starting to have conversations with their firms on diversity.

This leads to a third wave of initiatives from clients; giving diversity teeth. Not only will diversity be a procurement consideration, there are examples of clients who are putting it at the centre of their relationships. BT have vowed to give automatic renewal to their panel to the firm who does best on diversity and D&I is part of the ongoing conversations they are having with their firms. They were not the first, HP back in 2017 vowed to withhold 10% of fees if firms did not meet their diversity requirements.

Clients are saying that they are taking this seriously. This is true in the legal sector, but it is equally true across all professional services.

## What is the business case for diversity?

Other than wanting a partner that reflects

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them and their customers, which is itself a powerful reason, what is the business case for diversity?

Statistics abound which might provide the answer. Numerous studies have linked diversity at a leadership level with strong company performance and innovation. It has been found that diverse leadership teams lead to more innovation and improved financial performance.

The surveys we refer to looked at diversity at a leadership level. We can assume that these organisations, by embracing diversity at the highest levels, have also managed to create a culture where diversity is embraced and where the differences seen at leadership levels are constructively role-modelled and cascaded down through the organisation.

### Why might diversity have these results?

The trouble with statistics is that there are often many factors at play behind a reported correlation. We offer some thoughts as to why diversity might lead to innovation and growth. Why it makes business sense.

- 1 **Trust:** In organisations where people are able to bring their authentic selves to work, trust within the organisational culture is likely to be high. Trust is a key component to creating high performing teams.
- 2 **Employee attachment:** When individuals have a strong positive emotional attachment to their organisation, they also have a better sense of

engagement which results in increased productivity. Where employees know they work for a firm that makes them feel like they belong, they authentically invest more in return.

- 3 **Diverse thinking:** if you have a diverse workforce, in an organisation where diversity is welcomed and where there is a culture of trust, you allow different ideas and perspectives to flourish. Problems are rarely one-dimensional. By looking at multi-dimensional problems with different lenses, you can be innovative. You can spot risks which a homogenous mindset may not. If you are innovative you can outperform the competition.

### So how should firms be thinking about diversity?

By listening.

If 2020 has taught us anything it is that there is a greater need for empathy and a greater need for listening.

The starting point for all firms should be to encourage conversations about diversity. Conversations that are perhaps uncomfortable. It is only by listening that you can truly get a pulse of your firm.

Recently we were speaking at a diversity event. A partner of a firm stood up. On paper they had a good record of diversity and inclusion. Male/female ratios were strong at all levels, it had a designated D&I officer and LBQT+ and BAME statistics were good. In the coffee break a colleague of the partner approached us; he was the only black fee earner at the

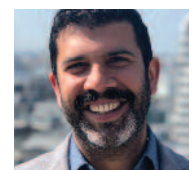
firm, and he told us that he did not feel that the firm was as diverse as the partner would have you believe. This example shows not only that your perceptions may not be the same as views held by others, but the need to ask your employees, without judgement, how you are doing on diversity so that you can do better.

Thinking again of the legal sector, the SRA reports on the diversity of the profession and the statistics make interesting reading. Whilst 21% of all lawyers are BAME (15% Asian, 3% black, 2% mixed and 1% other), the SRA reports that both black and Asian lawyers are significantly underrepresented in mid to large size firms, especially at a leadership level. Whilst overall 49% of lawyers in firms are women, only 33% are partners in firms. The firm in our example did well on paper, but the only way that firms can begin to understand their own statistics is to ask and to listen.

### Challenge what good looks like

Diversity brings benefits when it is embraced and embedded genuinely and authentically. Different people have different ideas. Have you created teams of clones? Regardless of colour, sex, sexuality or any other demographic, do your teams have similar backgrounds, similar learnings, similar perspectives? What does 'good' look like in your firm?

You might find that you do well on diversity – on paper – but that you need to take that extra leap to reach greater levels of inclusion and belonging. A diverse organisation does not automatically result in a sense of inclusion or a culture of belonging. You need to think about how well you embrace difference, as it is expressed in thoughts and ideas. Do you have a culture of trust where everyone can be heard and understood? Where they feel like they truly belong? In our view, this challenges what good looks like, and in challenging what it looks like, diversity and inclusion will be a consequence of looking for good and can then move you from good to great.



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