

Executive Summary of 2014 Fortune 500 General Counsel Diversity

The list accompanying this summary is a compilation of key identifying factors that can be used to understand the career paths and trajectories of Fortune 500 general counsel. As the methodology for this list reflects, *infra*, it is likely very correct for gender, but since it is not “self-identified” may not be totally accurate for people of color and for the same reason does not include LGBT diversity.

Little Change in Gender Diversity at the Fortune 500 General Counsel Level, but In-House Leadership Still Offers Better Representation than Large Law Firms

In the 2014 Fortune 500 list, little has changed in gender diversity when compared to 2013’s list. In 2014, the Fortune 500 added two new women as general counsel, but women only represented 21% of the total number of the chief legal officers on the list. Men account for a whopping 79% of general counsel. In comparison to law firm practice, approximately 17% of law firm equity partners at major firms were women.¹

This presents an interesting paradox for the female lawyer: when choosing whether to stay at a law firm or go in-house, which option presents the better career prospects? From looking at the data, the benefits of partnership may only reach so far: only 9.4% of general counsel who are women came from law firm practice, as opposed to 16.7% of men. The majority of female general counsel were promoted through the ranks, with 56 (52.8%) women working in-house roles within the same company prior to becoming general counsel. This is compared to 172 (44.1%) male general counsel who worked in-house at the same company prior to promotion to general counsel. The second largest group is women who were general counsel at a different company (28, 26.4%) prior to being named in their current general counsel role, compared to 105 men (26.9%) who were general counsel at a different company prior to their current role. The comparison between men and women in regards to prior employment shows the flexibility that men may have in their career path, compared to women in the same positions.

Racial Diversity at the General Counsel Level Grew in 2013 in the Fortune 500, and is Significantly Better in Comparison to Large Law Firm Practice

In 2014, the Fortune 500 included 48 diverse chief legal officers², which represented 10% of the 496 general counsel included on the list. Of the diverse general counsel identified, 27 (5%) were African-American, 12 (2%) were Asian, and 9 (2%) were Hispanic. In comparison to large law firm diversity, these numbers are significant. Only 1.9% of AmLaw 100 equity partners are African American³, 3% are

¹ STEPHANIE A. SCHARF, ROBERTA LIEBENBERG, AND CHRISTINE AMALFE, NATIONAL ASSOCIATION OF WOMEN LAWYERS, REPORT OF THE EIGHTH ANNUAL NAWL NATIONAL SURVEY ON RETENTION AND PROMOTION OF WOMEN IN LAW FIRMS 7 (2014) (Based on data from AmLaw 100).

² The process used to identify diverse chief legal officers was through biographical and photographic identification. If the information was unclear, the individual was not designated as diverse.

³ Julie Triedman, *The Diversity Crisis: Big Firms’ Continuing Failure*, THE AMERICAN LAWYER, May 29, 2014, at 1.

Asian⁴, and 1.9% are Hispanic⁵. In terms of prior employment, 39.6% (19) of diverse general counsel come from general counsel positions at a different company prior to landing their current role. This creates a significant hurdle for diverse attorneys when considering career options and trajectory. The second largest group of diverse general counsel at 29.2% were promoted from in-house positions at the same company as their current role.

Implications for Large Law Firms

Although improvement has been slow, the top in-house job is becoming more diverse. Chief legal officers as a group are considerably more diverse than equity partners at large firms – especially with respect to people of color. The numbers for general counsel are approximately 25% higher with respect to gender diversity and 50% higher for people of color. If law firms do not change their profile at the top it is very possible that clients - the purchasers of legal services - will soon look very different from the leadership of major law firms. This will likely cause general counsel and corporate America to look elsewhere for providers of legal services.

Conclusion

There remains significant room for improvement when considering gender and racial diversity as corporations choose the chief legal officers for their companies. By broadening the search from in-house attorneys at the company to in-house attorneys at other companies or in private practice, the pool of candidates could be increased to provide more opportunities for women and minorities to advance. As corporate America moves down the road to improving diversity, law firms will need to match their efforts or lose clients in the process.

Data Aggregation Methodology

The data for this list was gathered through a multi-step process, which included accessing company websites, company profiles from Bloomberg and Reuters, SEC filings, and subscription company profiles through LexisAdvance. If the relevant information was not available through these channels, press releases and news articles were used. The diversity of the general counsel was mainly determined through biographies or news articles that referenced ethnic origin, or by photographic identification. If the diversity of the general counsel was unclear, they were not designated as diverse.

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⁴ LISA D'ANNOLFO LEVEY AND AMY MCPHERSON, NEW YORK CITY BAR ASSOCIATION, 2011 DIVERSITY BENCHMARKING STUDY: A REPORT TO SIGNATORY LAW FIRMS 21(2012).

⁵ LISA D'ANNOLFO LEVEY AND AMY MCPHERSON, NEW YORK CITY BAR ASSOCIATION, 2011 DIVERSITY BENCHMARKING STUDY: A REPORT TO SIGNATORY LAW FIRMS 21(2012).