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Women-Owned Law Firms Surge Amid Gender Disparity in the Profession

By founding their own firms, women are crafting new game rules that provide for fair compensation, equal promotions, full inclusion and better career development opportunities.

By Angela Morris | October 09, 2018



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Work-life balance is often pegged as the reason women leave traditional law firms. But for the growing number of women establishing their own firms, their departure is often rooted more deeply in gender inequality in the profession than in raising children or having more free time.

“If women were feeling valued, were getting properly rewarded for their efforts, were getting their fair share and it wasn’t a constant struggle to get your origination credit, and feel you are part of the team—then you would stay,” said Nicole Galli, who in 2017 co-founded a trade association, Women Owned Law, which has already grown to 200 members.

Also growing in membership is the Women’s Business Enterprise National Council, which doles out the prestigious Women’s Business Enterprise certification. It currently certifies 300 law firms, and just 11 percent of those law firms have held their certifications for 10 years or more. A full 50 percent of them just earned certification

within the past five years. Among the 300 WBE-certified law firms, 16 percent were newly founded within the past five years, according to council spokeswoman Jessica Carlson.

Another long-established national trade association, the National Association of Minority and Women Owned Law Firms, has also seen a surge in membership. It's grown by 54 percent over the past four years, from 125 to 193 firms—half are women-owned and half are minority-owned, said CEO Joel Stern of Chicago. The nationwide increase is probably higher since many of women-owned firms aren't part of NAMWOLF, which sets a high bar for membership qualifications, he noted.

By founding their own firms, women are crafting new game rules that provide for fair compensation, equal promotions, full inclusion and better career development opportunities.

"There are women further along in their careers—partners in firms—who've done everything 'right.' They leaned in. They figured out the work-life balance, as it is. They made it to a measure of objective success. They have books of business. They have clients. It's still death by a thousand paper cuts. It's still a struggle," said Galli, managing partner in the Law Offices of N.D. Galli in Philadelphia.

Data shows a mass exodus of female attorneys who leave traditional firms before they reach the upper echelon. The National Association of Women Lawyers found in a 2017 survey that women make up 46 percent of associates but just 30 percent of non-equity partners. Only 19 percent of equity partners are women, the American Bar Association's Commission on Women in the Profession reported in January.

Awareness of the gender inequality problem in the law is increasing, said Stern, at NAMWOLF. At the same time, he said, the options for female Big Law refugees are numerous, from going in-house to starting their own firms to working on a contract basis. NAMWOLF helps its member law firms get business from the nation's largest

corporations, which are clambering to increase their supplier diversity by hiring women- and minority-owned law firms, which are pre-vetted by NAMWOLF's membership qualifications.

Female lawyers who launch their own firms find they have more control and room to be entrepreneurial and pursue the clients they really want, Stern said. They create their own law firm cultures and ensure that the implicit biases they faced in Big Law don't follow them.

"They are more likely to practice meritocracy. They are more likely to make sure they are truly giving women equal rights at the firm and paying the women equally. They are most likely to create an environment that's a little more nurturing," he said.

Jennifer Beckage, founder and managing director of Beckage in Buffalo, New York, said that she and her four female co-founders joined forces to focus on their mutual practice area of technology and privacy protection. Beckage, a former Phillips Lytle partner, said she's noticed an interesting reaction to the fact that her firm is women-owned.

"We've had this incredible support from the legal community and from our local communities, to help support women in this space: women leaders and women in technology and women in law. We know it's important for a lot of companies and individuals," she said. "It's been neat to watch the community and clients really support us."

The National Association of Women Lawyers noted in its 2017 report that women attorneys are earning between 90 and 94 percent of what men in the same positions earn. Of the surveyed firms, 97 percent say their highest-paid partner is male, and 69 percent say there is only one woman among the top-10 rainmakers. Female equity partners work just as many hours as male equity partners, but their client billings are 92 percent of the men.

In 2013 when Kelly Culhane of Dallas co-founded Culhane Meadows Haughian & Walsh, a virtual firm with lawyers across the country, she and her co-founders wanted a different way to practice that was fully inclusive regardless of gender, background or race. It wasn't woman-owned in the beginning, but now it's earned a certification as a Woman Business Enterprise, as well as membership in NAMWOLF.

Today, 40 percent of the 57 partners are women, Culhane said. Of the five equity partners, three are women—which comes to 60 percent.

Culhane said that she and her co-founders have crafted a culture at Culhane Meadows that allows partners to have life outside of the law firm. Lawyers are encouraged to take the time they need for a baby's birth, a death in the family, a sick child or simply to attend a kid's basketball game rather than dial in to a 5 p.m. conference call, she said. Another perk for partners—women and men—is that the compensation structure is set by contract, transparent and the same for everyone. Partners keep 80 percent of the money they collect.

"We have a more inviting culture to women because women are the ones who traditionally had to put their lives on hold either to follow their husbands or to have children," said Culhane, who was previously an associate at Akin Gump Strauss Hauer & Feld.

Galli, who founded Women Owned Law, said that the option of a woman-owned firm allows Big Law refugees to have control over their lives, pursue their great business ideas and ensure they're compensated properly for their contributions. They get control over their practices, treat their clients how they want to treat them, make more money, while also gaining some flexibility for work-life balance. Female founders also focus on supporting the professional development of their women lawyers by helping them find opportunities, encouraging their involvement in different activities and including them in pitches.

Women-owned firms may be more family-friendly for both female and male lawyers, she said, because the women leaders inherently understand and recognize that lawyers' outside lives must function for them to do their best work.

"The women I know are very supportive of those kinds of things. They themselves had to deal with it. I think more importantly, they recognize needing to be there for their kids didn't mean they were not good at and able to do their jobs," Galli said. "Women have walked the walk of having to balance it all."

Angela Morris is a freelance journalist. Follow her on Twitter at @AMorrisReports