

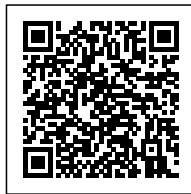
# IMPROVING DIVERSITY IN LAW FIRMS, NOVARTIS WAY

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**Diversity and inclusion is not just the right thing to do, but it drives positive business results as well. It is with these concepts in mind – the group general counsel Shannon Thyme Klinger tells *Legalcommunity.ch* – that Novartis created the new Preferred Firm program, through which the legal function hopes to reimagine how it partners with external counsel to deliver legal services. When they engage with one of their preferred firms to support them with a particular legal matter, they expect at least 30% of billable associate time and 20% of partner time will be provided by either females, racially/ethnically diverse professionals, or members of the LGBTQ+ community, with an expectation that such commitments will move to parity over the next several years. If a firm does not meet its diversity commitment, Novartis will withhold 15% of the total amount billed over the life of that specific matter.**

***Legalcommunity.ch* talked to Klinger to understand why Novartis pressures law firms on diversity. This is what she said.**

## **Why did Novartis decide to act in defense of diversity within law firms?**

We value the diversity of people, nurturing an inclusive environment and shaping positive societal impact. As part of our culture transformation, we have taken concrete steps in the last two years to honor our commitments to our employees. While there is more that we can and will do as Novartis

to drive change, when I reflect on the last 20+ years that I have been practicing law, it is with the recognition that we as a legal profession have been falling behind in our efforts to ensure that we reflect the diversity that we see in our clients and in society more broadly. It is no longer acceptable for diversity and inclusion to be aspirational in the legal profession; we have a responsibility for the incredibly talented lawyers who will come after us to ensure a legal profession that is much more representative of the world in which we live.

### **Despite the efforts by many law firms to increase diversity in the legal profession, there is still a long way to go. The gaps are still wide. Why?**

The “why” behind this dramatic attrition may vary by law firm, practice area and geography. We need to develop concrete action plans to address the gaps. This is something Novartis itself has focused on with intention in the last few years, understanding the power and accountability that comes with public commitments. We believe that proactive initiatives by the legal profession to address the unique work-life balance issues presented in the context of individual law firms could significantly increase diversity retention as well. Researches show that female attorneys call prioritizing work-life balance one of the greatest challenges to their professional success. The difficulty of balancing work and family is the number-one reason that women do not want to make partner, followed by inadequate benefits for the personal costs.

### **What did Novartis do?**

Novartis made an Equal Pay International Coalition (EPIC) pledge, which includes commitments around pay transparency and a goal to reach gender balance in management by 2023. We took steps to better mitigate potential unconscious bias in recruitment and hiring processes. We introduced in 2019 a new global parental leave policy for all parents, regardless of gender. We were the first pharmaceutical company to sign the UN Standards of Conduct for Business, Tackling Discrimination against Lesbian, Gay, Bi, Trans, & Intersex People.

### **Let's go back to law firms... what should they do to actively improve diversity and inclusion?**

As you observe, there are a significant number of initiatives ongoing at law firms around the world to actively address how to increase diversity and inclusion. Where we began to see meaningful change in the corporate context, however, was when research clearly demonstrated that diversity and inclusion was not just the right thing to do, but it drove positive business results as well. We believe this is equally relevant in the law firm context.

### **Therefore, what could they do?**

Adopting a D&I policy or values statement is relatively easy for a law firm to do, similar to hiring larger numbers of young diverse lawyers. At the end of the day, however, most large firms make the critical decisions of who advances, who gets paid how much, who assumes key responsibilities for management and other important leadership functions within the firm, etc., on the basis of the perceived business interests of the firms. This means that D&I can become a stronger core value for law firms — one that does not always take an automatic backseat to other important objectives or values of the firm — when large law firms can see the impact of diversity and inclusion on their business interests in more tangible terms.

## **How did the law firms in your panel react to your announcement?**

It's important to note that our entire panel of 22 preferred firms have agreed to these terms and fully signed on to this initiative.

## **Did they welcome this new initiative you took?**

The response from our partner law firms has been overwhelmingly positive as they see this initiative as a catalyst to drive further positive change within their own organizations. We are incredibly grateful for the strong commitment that our partner law firms have historically displayed to diversity and inclusion and look forward to collaborating together as we aspire to create a legal profession whose members look much more like the communities they serve.

## **Do you think that they will be easily able to respect the requirements you set? Will you consider these requirements in every jurisdiction or just in some countries?**

Yes. It is important for the entire Novartis legal function to be part of the solution in driving meaningful diversity and inclusion across the globe and our hope is to make progress in all of the areas where we operate. This program is the first step that starts with our global and US panel firms (where around 80% of our outside counsel budget is spent), but we believe that these principles can also be applied to local matters as well.

## **Did Novartis undertake similar initiatives to promote diversity within the in-house team?**

As a legal function, we have already achieved gender balance in legal management, consistent with the overall Novartis EPIC pledge. Where we are continuing to improve is in gender balance at the most senior levels of legal management. We are doing this by focusing on three key aspects.

## **Which one?**

Ensuring diverse hiring slates and interview panels, even if this means that we need to invest more time to find the best talent for the right role. Secondly, we continue to publish legal job openings and actively engage our talent to consider these opportunities because we believe this enables meaningful, transparent and impactful development conversations. And with my leadership team, we work tirelessly to ensure a robust and diverse talent pipeline, identifying potential for great leaders who can continue to build on our culture and lead our future function. These are ongoing priorities and one of the areas of focus for our leadership meetings.

## **Why lawyers should pay attention to diversity?**

Driving D&I within the legal ecosystem is the right thing to do and a responsibility that we each have as members of this noble profession. It also makes good business sense and contributes to consistently better outcomes for our clients. Promoting and maintaining D&I gives employees at all levels the confidence to be open about their experiences, their perspectives, and ultimately, who they are as people. This inclusive atmosphere furthers innovation, enhances business relationships, improves engagement and productivity, and guarantees greater sustainability by attracting talent.