SHIFTING THE NEEDLE
Increasing the number of Women in UK Partnerships
For the reader

- The results in this document are aggregated for Law firms and for Accounting and Consulting firms and therefore reflect averages. Individual firms might score higher or lower than these averages. Each firm will have its own individual results.

- Percentages showing the opinion of employees are deduced from the results of the Talent Survey held as a part of this project, and represent the opinion of about 700 respondents from all 17 participating firms.

- Recommendations in the document are meant to serve as a menu of potential ideas for firms to explore, they are in no way binding or mandatory and should be adjusted to the specific challenges each firm faces.
The approach

- The goal of the 30% Club Initiative for Professional Services Firms is to increase the number of women at partner level in the UK.

- 10 Law Firms and 7 Accounting/Consulting Firms participated in a 10 week project, which was facilitated by McKinsey & Company.

- Data has been collected in three different ways:
  
  **A. Interviews:** with HR/Diversity heads and partners
  
  **B. Quantitative data:** on pipeline and talent processes (e.g. promotion rates)

  **Online talent survey:** ~700 responses on what talent values in PSFs

- We collaborated with all participants to build supporting facts, identify main barriers and devise recommendations.
While diversity is an important topic, only one in six partners is a woman…

90%

Diversity in partnership is important

15%

Law Firms

17%

Accounting/Consulting Firms

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
... and not everybody is convinced it makes a difference

- **90%**
  - Diversity in partnership is important

- **70%**
  - More female partners would be good

- **55%**
  - Diverse partnership improves performance

Respondents to Talent Survey who (completely) agree

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
The world is changing

- Recession
- Globalisation
- Digitisation
- Commoditisation
- Increasing competition
- Ageing population

More flexible, innovative client service models
Evolving talent needs

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
Talent needs are evolving

39% do not see themselves staying with the firm for more than 2–3 years

50% do not believe the evaluation system assesses them at their true merit

50% do not see their superiors as inspiring role models

Respondents to Talent Survey
SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis

...of men!
Issue is too big to ignore

...Female professionals in your firms, representing 43% of the total

20,000

...Women hired by you last year, 55% of new hires for Law Firms, 41% for Accounting and Consulting Firms

2,300

...Female undergraduates earning a First Class degree, 55% of the total

31,000

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
Women contribute to better performance

Average EBIT margin, 2007–09

- No female executives: 11%
- Top quartile female executives: 17%
  +56%

SOURCE: McKinsey Women Matter research
Our clients demand diversity from us

“Clients have asked us to respond on gender diversity indicators when evaluating our proposal – we need to meet their KPIs to get the deal”

“We’ve entered pitches with an all-male team to come across a team with 50% women on the client’s side and faced an adverse reaction”

SOURCE: 30% Club Professional Services Firms Initiative 2012
Our clients are making progress…

Female representation on Executive Committees

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2011</th>
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<tbody>
<tr>
<td>Britain</td>
<td>3%</td>
<td>11%</td>
</tr>
<tr>
<td>EU</td>
<td>4%</td>
<td>10%</td>
</tr>
</tbody>
</table>

SOURCE: McKinsey Women Matter research
...but we aren’t

Female representation at participating firms

<table>
<thead>
<tr>
<th></th>
<th>Law Firms</th>
<th>Accounting/Consulting Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Equity) Partner</td>
<td>15%</td>
<td>17%</td>
</tr>
<tr>
<td>Non-Equity Partner/</td>
<td>39%</td>
<td>30%</td>
</tr>
<tr>
<td>Associate Partner</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Associate/</td>
<td>49%</td>
<td>41%</td>
</tr>
<tr>
<td>Manager</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Associate/Consultant</td>
<td>55%</td>
<td>46%</td>
</tr>
<tr>
<td>Trainee/Analyst</td>
<td>54%</td>
<td>47%</td>
</tr>
</tbody>
</table>

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
Women leaving is not the main problem…

Average attrition rates for men and women 2009–11

<table>
<thead>
<tr>
<th></th>
<th>Law Firms</th>
<th>Accounting/Consulting Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Equity) Partner</td>
<td>7% (Women) 6% (Men)</td>
<td>8% (Women) 7% (Men)</td>
</tr>
<tr>
<td>Non-Equity Partner/Associate Partner</td>
<td>17% (Women) 12% (Men)</td>
<td>13% (Women) 14% (Men)</td>
</tr>
<tr>
<td>Senior Associate/Manager</td>
<td>24% (Women) 21% (Men)</td>
<td>18% (Women) 21% (Men)</td>
</tr>
<tr>
<td>Associate/Consultant</td>
<td>22% (Women) 22% (Men)</td>
<td>21% (Women) 24% (Men)</td>
</tr>
<tr>
<td>Trainee/Analyst</td>
<td>10% (Women) 13% (Men)</td>
<td>20% (Women) 21% (Men)</td>
</tr>
</tbody>
</table>

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
...but promotion is

Same cohort at partner level

Cohort at analyst/trainee level

Law Firms

Accounting/Consulting Firms

10x

3x

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
The future

Should we want to reach **20%** by 2020, then **3 out of 10** new partner elects need to be women...

...and to reach **30%** by 2020, **6 out of 10** new partner elects need to be women

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
We do think diversity is important

Diversity is a top 10 strategic priority for 80% of firms.

70% of Managing Partners are highly committed.

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
And we are doing a lot

<table>
<thead>
<tr>
<th>Commitment to gender diversity</th>
<th>Position on the Firm’s strategic agenda</th>
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<tbody>
<tr>
<td></td>
<td>Actions to increase firm-wide awareness about gender diversity</td>
</tr>
<tr>
<td></td>
<td>Managing Partner commitment to gender diversity</td>
</tr>
<tr>
<td></td>
<td>Quantitative targets for women in leadership positions</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender diversity indicators</th>
<th>Gender representation at different levels in the organisation</th>
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<tbody>
<tr>
<td></td>
<td>Attrition rates by gender</td>
</tr>
<tr>
<td></td>
<td>Job satisfaction by gender</td>
</tr>
<tr>
<td></td>
<td>Gender representation in promotion rounds</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Talent management processes</th>
<th>Control in appraisals over gender differences</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Control in recruiting over gender differences</td>
</tr>
<tr>
<td></td>
<td>Actions to improve share of female applications and offer acceptances</td>
</tr>
<tr>
<td></td>
<td>Adaptation of the evaluation system to flexibility choice</td>
</tr>
<tr>
<td></td>
<td>Process to retain top performers who want to leave</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Women’s development programmes</th>
<th>Networking events/programmes dedicated to women</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Women coaching sessions with external coaches</td>
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<tr>
<td></td>
<td>Women leadership skill building programmes</td>
</tr>
<tr>
<td></td>
<td>Tailored mentoring programmes with internal mentors</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>Concierge services at the office</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mobility administrative support</td>
</tr>
<tr>
<td></td>
<td>In-house or externalised childcare facilities</td>
</tr>
</tbody>
</table>

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
To get to the next level, we need to face the difficult truths of the system

75% of you say you monitor gender differences in appraisal processes

But

We have seen the imbalance in promotion rates

Over 75% of you have women’s networks in place

But

Only 55% of your women feel well-connected to people at senior levels

You say: “We are doing it all”

But

Less than half of your people feel real progress has been made over the last 2–3 years

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
We see 3 main challenges

1. **Headline commitment** has been given to gender diversity as a priority but is perceived as lacking impact

2. **Imbalances in evaluation systems and promotion processes** that inhibit progress in making more women partners have not been addressed

3. Women express their ambitions **less explicitly** and have developed detrimental adaptive responses to the **discouraging environment** they are in

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
Challenge 1
Commitment does not cascade down

- Managing partner: 70%
- Equity partners: 41%
- Non-equity partners/Associate partners: 38%
- Senior managers/Senior associates: 25%

Percentage: very high or high commitment to diversity

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
**Challenge 1**

Weak commitment is echoed by employees

- **Our partnership is visibly committed to gender diversity**
  - Women: 58%
  - Men: 72%

- **My manager is visibly committed to gender diversity**
  - Women: 47%
  - Men: 56%

Respondents to Talent Survey who (completely) agree

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
Challenge 2
Women’s promotion rates are lower at all levels

Average promotion rates for men and women 2009–11

<table>
<thead>
<tr>
<th>Position</th>
<th>Law Firms</th>
<th>Accounting/Consulting Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Equity) Partner</td>
<td>Women 2%</td>
<td>Men 6%</td>
</tr>
<tr>
<td></td>
<td>Women 6%</td>
<td>Men 8%</td>
</tr>
<tr>
<td>Non-Equity Partner/Associate Partner</td>
<td>Women 7%</td>
<td>Men 14%</td>
</tr>
<tr>
<td></td>
<td>Women 14%</td>
<td>Men 11%</td>
</tr>
<tr>
<td>Senior Associate/Manager</td>
<td>Women 9%</td>
<td>Men 12%</td>
</tr>
<tr>
<td></td>
<td>Women 12%</td>
<td>Men 21%</td>
</tr>
<tr>
<td>Associate/Consultant</td>
<td>Women 34%</td>
<td>Men 23%</td>
</tr>
<tr>
<td></td>
<td>Women 35%</td>
<td>Men 23%</td>
</tr>
<tr>
<td>Trainee/Analyst</td>
<td>Women 9%</td>
<td>Men 14%</td>
</tr>
</tbody>
</table>

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
Challenge 2

Employees see improvement potential in evaluation systems

The evaluation system...

<table>
<thead>
<tr>
<th></th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>... is fair</td>
<td>35%</td>
<td>45%</td>
</tr>
<tr>
<td>... allows equal opportunities for men and women</td>
<td>38%</td>
<td>74%</td>
</tr>
<tr>
<td>... is adapted to flexibility choices</td>
<td>21%</td>
<td>31%</td>
</tr>
<tr>
<td>... is adapted to leadership styles</td>
<td>26%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Respondents to Talent Survey who (completely) agree

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
Challenge 3

Women are less explicit in expressing their ambition

I have the ambition to become partner

**Men**

**Women**

I have the desire to advance to the next level

**Men**

**Women**

Respondents to Talent Survey who (completely) agree

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
Challenge 3

Women think differently about partnership

- **Different perception of required commitment to make it to partner**
  - Work must be No. 1 priority
  - **Men**: 59%
  - **Women**: 71%

- **Less willing to do what (they believe) is needed**
  - I am willing to do ‘what it takes’
  - **Men**: 66%
  - **Women**: 31%

- **Less inspiring role models at the top**
  - I see inspiring role models I can relate to
  - **Men**: 65%
  - **Women**: 40%

- **Less perceived support on the way to the top**
  - My partners/project managers give me enough visibility on the path to firm leadership
  - **Men**: 47%
  - **Women**: 33%

Respondents to Talent Survey who (completely) agree
SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
Five ideas to explore

1. Create real commitment
2. Think talent, not diversity
3. Fix the system, not the women
4. Update working practices
5. Join forces

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
## 5 ideas – 13 recommendations

1. **Create real commitment through a fully supportive firm culture**
   - Strengthen all partners’ **commitment to act**, as a partnership and in their daily activities
   - Set a clear **ambition on a number of diversity indicators** and assign accountability
   - Create a **supportive culture** in the whole organisation

2. **Think talent, not diversity**
   - **Train managers and partners** on how to effectively coach and develop male and female talent
   - **Build a sponsorship structure around senior women** to support them on their way to partnership
   - **Continue** women’s development programmes but tailor them to identified challenges and leverage best practices

3. **Fix the system, not the women**
   - **Remove imbalance** in performance evaluation criteria, promotion process and leadership appointments
   - Create **flexible pathways to partnership for top talent**, which allow for changes in career path direction and pace over time
   - **Review work allocation model** to ensure fair distribution of career opportunities

4. **Update working practices to unlock the full potential of talent**
   - **Develop innovative, more flexible client service models**

5. **Collectively work together to achieve structural change**
   - **Reconvene** participating firms to review progress
   - **Share** approach and findings to inspire action
   - **Involve** clients on an ongoing basis

**SOURCE:** 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
Detailed recommendations
Create real commitment through a fully supportive firm culture (1/2)

Strengthen all partners’ commitment to act, as a partnership and in their daily activities

- Share findings of this effort with senior leaders within each Practice Group/Business Unit, including outcomes of this diagnostic and the benefits of a more diverse partnership (most powerful is to use your own firm’s individual results). Involve these leaders in defining key challenges, priorities for the coming months and approaches to address these. Be careful about positioning: Often ‘Talent’ works better than ‘Diversity’
  - Jointly devise a list of collective and individual actions that partners can take to support and promote women
  - Appoint the heads of Practice Groups/Business Units as ambassadors to broaden support for priorities and measures to make more women successful
  - Have male and female partners openly and honestly share their road to partnership and their experiences of being a partner at events and in their mentoring relationships. Highlight those who have gone through inflexion points – e.g. a break to care for family, a secondment

Set a clear ambition on a number of diversity indicators, and assign accountability

- Set ambitious but realistic goals on a number of key indicators. Involve senior leaders in defining aspiration levels for important indicators such as hiring, promotion, and partner election candidates
  - Assign responsibility for these aspirations to individual leaders and formally review responsibilities in performance dialogues
  - Track progress rigorously and communicate results broadly; discuss results within partnership and follow up with actions if progress is slow

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
Detailed recommendations
Create real commitment through a fully supportive firm culture (2/2)

Create a supportive culture in the whole organisation

- **Write/sharpen the compelling story for your own firm** behind the quest for a more diverse partnership (including the outcomes of this diagnostic along with the reasons for wanting and benefits of having more women at senior levels)
- Provide support to senior leaders to personalise and communicate this story in a convincing way within their Practice Groups/Business Units
- **Communicate the compelling story for your firm throughout the organisation** (e.g. through town halls, intranet, and other forums)
- **Celebrate successes** internally and keep employees regularly informed of progress

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
## Detailed recommendations

**Think talent, not diversity**

| Train managers and partners on how to effectively coach and develop male and female talent | **Introduce modules into existing leadership training programmes** on how to provide effective coaching to talent, especially women, including elements such as awareness of gender differences, unconscious bias training, and advice for leading diverse teams  
**Start evaluation meetings** with a reminder of assessment best practices  
**Put together a guide with relevant information**, concrete suggestions and practical advice on how to coach talent and disseminate it among all managers |
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Build a sponsorship structure around senior women to support them on their way to partnership</td>
<td><strong>Build enabling network of sponsors for women on partnership track</strong> to ensure a strong support base, optimal professional opportunities, providing coaching and advocating effectively for the individuals and setting clear priorities for the journey to partnership. Engage mentors, direct managers, PD/HR, and senior female partners in the sponsorship structure.</td>
</tr>
</tbody>
</table>
| Continue women’s development programmes but tailor them to identified challenges and leverage best practices | **Start/continue women-specific training** to enhance the skills required at various levels, using the outcomes of the diagnostic to address the specific needs of women at junior levels (where possible tailored to individual firm results). Relevant training sessions could include communication, personal presence, networking, and building confidence  
**Start/continue** other development programmes relevant to women such as coaching, mentoring, and women’s networks, drawing on the best practices of other firms |

**SOURCE:** 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
3 Detailed recommendations
Fix the system, not the women (1/2)

Remove imbalance in performance evaluation criteria, promotion process and leadership appointments
- Review evaluation criteria for **performance reviews, promotion processes and leadership appointments**: balance output- and input-based criteria; include competency and skill based measures such as client, people and team leadership; use 360° feedback
- Apply the **same criteria** across the organisation (in all Practice Groups and Business Units) to ensure consistency of evaluation across divisions and levels
- **Communicate details of the evaluation processes** openly and frequently in the organisation
- **Ensure objectivity and limit imbalance** by training evaluators and having a third party sitting in on decision meetings
- **Adapt evaluation systems** for different flexibility options and inform/train evaluators of policies and procedures

Create flexible pathways to partnership for top talent which allow for changes in career path direction and pace over time
- **Introduce pathways** within firms that will allow talented employees to reach partnership by more flexible, non-conventional routes – e.g. moving temporarily into a knowledge or functional role. Position these programmes as high potential opportunities and make them available to high flyers to avoid their becoming a ‘dead end’
- **Adapt evaluation systems** to fairly assess those on non-conventional paths
- Put a **support system** in place to ensure a successful return to the partner track
- Communicate these new ways to partnership broadly in the organisation and highlight people on these tracks as ambassadors

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
Detailed recommendations
Fix the system, not the women (2/2)

Review work allocation model to ensure fair distribution of career opportunities
- Ensure women have access to the right career development opportunities by establishing a **systematic work allocation process**, based on objective criteria such as competencies or experience
- Create opportunities for women to **receive necessary exposure to and visibility** in the eyes of senior management

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
4 Detailed recommendations
Update working practices to unlock the full potential of talent

Develop innovative, more flexible client service models

- Engage in open dialogue with clients to discuss innovative ways of working together in terms of service models, priorities, timelines and end deliverables
- Critically reassess “the way we work” within firms in order to create a more sustainable work/home-life balance and improve people’s long term perspective on their career – e.g. by setting clear team norms at the beginning of projects, or discussing rotational availability of team members
- Reward high performing teams, share their best practices and celebrate successes
- Consider variability and customisation in structuring fee contracts to facilitate implementation of new ways of working

SOURCE: 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
## Detailed recommendations

Collectively work together to achieve structural change

<table>
<thead>
<tr>
<th>Convene participating firms to review progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>Convene participating firms in 2014</strong> to facilitate a review of actions and progress made since 2012</td>
</tr>
<tr>
<td>• Reconvene participating firms on a <strong>quarterly basis to share interim results and learn from each other on what works and doesn’t work</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Share approach and finding to inspire action</th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>Engage other interested professional services firms</strong> to share approach and findings and encourage broader application of the recommendations</td>
</tr>
<tr>
<td>• Use project as an <strong>inspiring case example</strong> for other sectors on how a joint approach by peers can help to make a breakthrough on gender balance</td>
</tr>
<tr>
<td>• Share the approach and key findings with <strong>your offices in other countries</strong> to inspire them to launch a similar effort</td>
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</tbody>
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<thead>
<tr>
<th>Involve clients on an ongoing basis</th>
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<tbody>
<tr>
<td>• <strong>Involve clients to share findings</strong> and consider opportunities on an ongoing basis for collaboration with clients and evolution of the advisory relationship to help implement the recommendations. Potential topics of discussion could include</td>
</tr>
<tr>
<td>— Developing more innovative, flexible client service models</td>
</tr>
<tr>
<td>— Learn from each other on effective approaches to improve gender balance</td>
</tr>
</tbody>
</table>

**SOURCE:** 30% Club Professional Services Firms Initiative 2012, McKinsey analysis
If you really want to shift the needle

Remember this is a **long-term journey**, not an action list, which requires **continuous effort** in the coming years…

…Only **collective action** can make a difference: we – and our **clients** – must work together to make it happen…

… Treat it as an **opportunity** to make your firms **future proof**