

LEGAL MANAGEMENT

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FM FINANCIAL MANAGEMENT

Bringing Home the Bacon

Billing analysis shows female lawyers at significant discounts compared to men

“Look at our website, see for yourself who we are. We are a very diverse company, and that is important to us. We want to work with people like us,” said the General Counsel (GC) of a Blue Chip company as he scanned the room at a recent law firm management conference in New York. “With all due respect,” he continued, “You don’t look like my team at all. You are not diverse. Where are your female colleagues? Where are lawyers from different ethnicities? We want to see diversity that we live every day reflected in our service providers,” he paused. “And we pay good money for that.”



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Legal analytics of billing data shed light on a wide range of topics, including gender differences. They provide benchmarks to guide clients and law firm leaders, allowing them to make decisions based on facts, shape behavior and make adjustments that are important to them. Drawing conclusions from billing data lets everyone see where the true discrepancies occur.

The GC’s comment reflects what clients have been saying for a number of years. Corporate diversity initiatives have caught on in many in-house legal departments. Many Fortune 500 companies demand diverse teams from their service providers. In particular, women’s initiatives are a high priority.

With such support, female team members or even women-led teams should soon be commonplace in the legal industry. It shouldn’t be an unreachable goal. There are many women in the legal profession. [According to an American Bar Association \(ABA\) study, more than half of law students today are female.](#)

Nevertheless, the ABA, the National Association of Women Lawyers and other studies believe the industry still has homework to do. What’s worse is that even those women who make it on the team don’t earn as much as their male colleagues: Female lawyers make significantly less than their male colleagues. [The ABA pegs women’s pay at 89 percent of men’s compensation.](#)

Why is that so? Do women make bad career choices? Are they not striving hard enough? How can lower pay and lower billing rates for women be explained?

COMPATIBLE HOURS FOR MALES AND FEMALES

Data from Sky Analytics revealed differences between male and female lawyers’ billing approaches and modes of operation, and comprised \$3.4 billion of legal spend data from 3,071 law firms — including 73 AmLaw 100 firms — with 41,403 timekeepers working on 120,486 matters for 23 companies in the last three years. The companies we analyzed involved a range of industries, from finance, energy, high-tech, manufacturing and insurance, to government and consumer products. The data excluded flat fees, excessive rates, unknown or generic timekeepers, and negative rates, such as credits for discounts, from our analysis to avoid skewing the findings.

Data suggested that male and female lawyers both bill about the same number of hours in a given

week. We found that female partners actually bill 24 minutes per day more than male partners. The biggest difference is that, in general, female lawyers are more likely to perform their work during the regular workweek, from Monday to Friday, while male lawyers are 13 percent more likely to work on weekends.

When we looked at the differences by role, we found that male partners work 10 percent more on weekends than female partners, while female associates work 9 percent more on weekends than male associates. It may be that ambitious and potentially still childless young female associates put in the weekend hours early on, but later, have to manage their time and get the job done during the week. But that is mere speculation.

An analysis of the number of hours billed per matter showed no difference between men and women in the number of hours to complete a task: Males and females lawyers bill about the same amount of hours per matter. They also work on and bill for about the same number of matters per day. In fact, the status and tenure of a professional has more influence than gender on the number of matters on which they work. For example, partners have the most fragmented day compared to less tenured professionals and staff. Both male and female partners typically work on and bill for six matters per day. Associates — both male and female — have a significantly less fragmented day. They typically work on and bill for four matters per day.

The banner features a teal background on the left with a network diagram of city names including Portland, Chicago, Philadelphia, Las Vegas, Fort Worth, Orlando, New York, and Washington. A hand is shown pointing at the network. The year '2014' is in a teal circle. The text 'BUSINESS OF LAW CONFERENCES' and 'SPECIALTY CONFERENCES' is in large blue letters. The ALA logo (Association of Legal Administrators) is on the right, and a teal button says 'REGISTER NOW'.

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HER RATE IS NOT HIS RATE

When it comes to billing rates, we saw a different picture. Females bill for time at a significant discount compared to men when it comes to hourly rates. The average female partner's hourly rate is \$47 less per hour – or 10 percent less – than her male colleague's (\$426 vs. \$473). The difference is even more significant at firms with 500 to 999 attorneys and a significant domestic/international office footprint. Females there bill \$64 less per hour – or 12 percent less – than males (\$498 vs. \$562).

Where women practice also makes a big difference as to how much they bill out per hour compared to male colleagues. The biggest gender differences in terms of billing rates are in the South Central region (20 percent), followed by the Mountain region (16 percent) and then the Northeast (12 percent).

NOT PART OF THE \$1,000-CLUB

Virtually all lawyers with the highest hourly rates in the country are men. Chances are very low for women to bill at \$1,000 or more per hour. Even in the largest firms with the most international footprint – think 1,000 lawyers worldwide and more – virtually no female attorneys bill at more than \$1,000 per hour compared to 2 percent of men. The situation is not much different when we look at billing rates at more than \$800 per hour: 6 percent of all male lawyers bill more than \$800 while only 2 percent of female lawyers bill more than \$800. And it continues: Women are still less likely

than men to set at an hourly rate of \$500 or more per hour. More than half of men in the largest, most international firms charge more than \$500 per hour, compared to less than a third of women in the same type of firms. At the end of the day, women have to work harder – that is longer – for the same amount of money.

The difference in hourly rates starts early on in a woman's career. Even in large, internationally operating firms, the average hourly billed rate of a female associate is \$27 less per hour than her male colleague's (\$377 vs. \$404). That really is surprising, as their rack rates (the standard hour rate price) should be the same, depending on their seniority.

Additionally, the discrepancy does not even out with additional years of experience. We found that with additional years of experience a male lawyer's hourly rates go up, but not so much for females. Male lawyers get rewarded for the additional years, while female lawyers' hourly rates rise only moderately, if at all. We noticed this widening gap, in general, but particularly among large and very large firms with a national and international footprint — firms with 500 to 999 attorneys, and those with more than 1,000 attorneys.

Only the smallest and most local firms, those with fewer than 25 attorneys and one or two offices keep male and female lawyers' hourly rates on par. In this group, neither men nor women see a significant rise of hourly rates for additional years of experience. Market pressure may not allow raising rates.

FEMALE WORK BILLED AT AN OVERALL DISCOUNT

One might speculate about the reasons behind this, but a woman's time gets discounted substantially more often than a man's time. We found that males in the legal profession are considerably more likely to bill without adjustments than females. The data shows that male associates experience the highest flow-through: They bill for 74 percent of the time. That is, they only have 26 percent write-offs. They are followed by male partners, who bill for 69 percent of their time. Female partner time appears to get discounted the most. Only 63 percent of her invoices get through without discounts.

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ABOUT THE AUTHOR

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