



White Paper | Gender Study

Summary: Patterns of billings and price realization demonstrate profound differences by gender. Men are billed at higher rates irrespective of tenure. Activities create “male” and a very few “female” areas of expertise. This is the first gender study based on \$3.4 billion of actual billings.

She makes less than her male counterparts. This is true from the highest paying careers to the lowest paying jobs according to the U.S. Census Bureau. It is also true in the legal profession, according to the American Bar Association and other independent studies.

The pay gap starts right out of law school and continues as women advance in their careers to become equity law partners at the country’s leading law firms. Female lawyers receive a fraction of male lawyers’ total remuneration - the ABA pegs women’s pay at 89% of men’s compensation.¹ And females still struggle to make partner, despite about making up half of law students and associates.

How can it be explained? Is it women’s career choices that cause them to earn less money? Is the pay gap based on objective differences in how and how much women work?

While gender difference in pay is a larger political and societal issue to be tackled, at Sky Analytics we looked at **gender differences from a legal spend management perspective**. We conducted a gender study of legal spend data to discover the differences between male and female lawyers’ billing approaches and modes of operation. We mined Sky Analytics’ database to find reasons for the pay gap.

Do males and females bill differently in the legal profession? Is her time billed at a lower rate than her male colleague? Can her lower pay be explained with her working fewer hours? Is it perhaps less expensive for clients to work with her?

The Sky Analytics’ database is comprised of **\$3.4 billion of legal spend** by Sky Analytics clients. It is comprised of 3,071 law firms - including 73 AmLaw 100 firms- with 41,403 timekeepers working on 120,486 matters in the last three years. The industries involved range from finance, energy, high-tech, manufacturing and insurance, to government and consumer products. The

sample set for the analysis represents billed data based on an hourly billing approach. We excluded flat fees, excessive rates, unknown or generic timekeepers, and negative rates such as credits for discounts from the analysis as they would skew the findings.

Top firms charge top rates for lawyers, but females are at a significant discount compared to men when it comes to hourly rates.

WHAT LAW FIRM TIER?

The type of firm she works at makes a big difference on her hourly rate. Top tier firms charge top tier rates. The higher the tier, the more likely they are to charge higher rates. What the firms charge is a function of what they believe the market will bear.

LAW FIRM TIERS have the most influence on how much she is billed at. We determined firm tier by attorney headcount and geographic scope: Tier 1 firms are firms with over 1,000 attorneys and an extensive national and international footprint. Tier 2 firms include leading firms with 500 to 999 attorneys and a smaller domestic/international office footprint. Tier 3 are often referred to as “super regionals” with 250 to 499 attorneys and typically a national/regional footprint. Tier 4 firms are defined as firms with 25 to 249 attorneys and

operate in a single state or regionally. Tier 5 firms have up to 24 attorneys and less than three offices.



No matter what tier of firm she works at, she is likely to be billed at significantly lower rates per hour than her male colleagues: The average female partner’s hourly rate is \$47 less per hour or 10% less than her male colleague’s (\$426 vs. \$473). The difference is even more significant at Tier 2 firms: Females are billed at \$64 less per hour or 12% less than males at (\$498 vs. \$562).

LOCATION, LOCATION, LOCATION

Where she lives makes a big difference how much less she can command per hour. **GEOGRAPHY** significantly influences her billing rates.

There is no billing equality: On average, female partners come at a discount compared to her male colleagues, but she will experience the biggest difference in the South Central region (20%), followed the Mountain region (16%).

Still not on par as one might expect in 2014, the Midwest, the South East and the Pacific regions see the smallest



differences, ranging from 6% to 8% she bills at a discount compared to her male partners.

WHO COMMANDS THE HIGHEST HOURLY RATES?

So what is her hourly rate? The air is thin among the **HIGHEST BILLERS** in the country. Chances are very low for her to be billed at over \$1,000 per hour. Virtually no women are billed at over \$1,000 per hour compared to 2% of men in Tier 1.

This difference is also true in the next group, over \$800 per hour: 6% of all male lawyers bill over \$800 while only 2% of female lawyers bill over \$800.

And this continues: She is still less likely than him to be set at an hourly

rate over \$500 per hour: Over half of men in Tier 1 firms (51%) charge over \$500 per hour, compared to less than a third (31%) of women in the same tier.

The difference starts early: In Tier 1 firms, the average hourly rate of a female associate is \$27 less per hour than her male colleague's (\$377 vs. \$404).

Her lower hourly rates are also visible on the lower end: 30% of women in Tier 5 firms charge less than \$150 per hour, compared to 22% of men in the same tier.

DOES AGING PAY OFF?

Can she make up over time, with additional **YEARS OF EXPERIENCE**? It appears that is not the case.

We found that with additional years of experience his hourly rates go up, but not so much on hers. Male lawyers get rewarded for the additional years, her hourly rates rise only moderately, if at all. This is true for all firms in general, but particularly the prestigious Tier 1 and Tier 2 firms.

Only the lowest tier firms (Tier 5) keep male and female lawyers' hourly rates on par: neither men nor women see a significant rise of hourly rates for additional years of experience. Market pressure may not allow raising rates.

We found no statistically significant relationship between years of experience and hourly rates for both male and female associates.

TYPICAL (FE)MALE (JOBS)?

What do males and females spend their time on? Based on **TASK CODES** and billing, there are specific "female" jobs and "male" jobs. In this calculation, we calculated tasks where the male or female billings were substantially off (5 points difference) from the average in the database.

He and she do not perform the same work. We found that only 4 jobs were

"female" jobs: word processing (UTBMS code E103); fact investigation/fact development (L110); depositions (L330); and "other" (P280).

By comparison, 177 jobs were "male" jobs: Analysis/Strategy (TR120); Discovery On-Site Inspections (L360), International Patent Prosecution (PA600), Operations (B200), and Hosting Costs (L651) are most likely to be done by a man.

DISCOUNTS, ANYONE?

Does her work get discounted more or less than his or does she experience a high flow-through of her invoices?

We found yet another gender difference: She is significantly more likely to have her invoices **ADJUSTED** than him. Males in the legal profession are considerably more likely to bill through than females.

Male associates experience the highest flow-through: they bill through 74% of

the time (only 26% write-offs). They are followed by male partners, who bill through 69% of their time.

Female associates bill through 68% of their time, more than female partners (63%). As a result of the failure to bill through female paralegal time, overall only 59% of female time is billed through versus 66% of male time.

Write off among paralegals is very high, but worse for females (only 28% bill-“throughs”) than males (41%).

WORKING 9-5?

Who works the longest? How many **HOURS PER DAY** do female lawyers work compared to male lawyers? Rightly or wrongly, billable hours are the traditional yardstick for lawyers.

Some explain female lawyers' lower rate of promotion to partner with her

having lower billable hours than her male colleagues.

This is not what we found: The data shows that female partners bill 24 minutes per day *more* than male partners. Male and female associates bill about the same number of hours per day. However, female paralegals bill 121 minutes - or 22% - less than male paralegals.

ARE WOMEN FASTER OR SLOWER THAN MEN?

How long does it take men and women to complete a task? Are male or female lawyers faster? To answer this question, we analyzed the number of **HOURS BILLED PER MATTER**.

We found that there is no difference in the number of hours to complete a task: Males and females lawyers bill about the same amount of hours per matter.

From that, we also looked at whether men's or women's days are more fragmented and erratic. To answer that question, we looked at the number of matters lawyers billed towards on an average day.

We found that the status and tenure of a professional has more influence on the number of matters they work on than gender: Partners have the most fragmented day compared to less tenured professionals and staff - both male and female partners typically work on and bill for 6 matters per day. Associates - both male and female - have a significantly less fragmented day. They typically work on and bill for 4 matters per day.

The only gender difference we found was among paralegals. Female paralegals' days are more fragmented than male paralegals': they work on and bill for 5 matters per day compared to 4 matters per day for male paralegals.

MON-FRI OR SAT & SUN?

When do lawyers perform their work? Who works during the week and who works more on weekends and bills for **WEEKEND WORK?**

Our research shows that male and female lawyers work about the same amount of hours in a given week. However, male timekeepers work 13% more on the weekends (7.8% for males vs. 6.9% for females).

SWEATING THE BIG STUFF OR THE SMALL STUFF

Who works on the big deals? And who works on the smaller matters? How do law firms **STAFF LARGE/SMALL MATTERS** with males and females?

For this study, we defined large matters as those with 20 or more timekeeper teams and small matters as those with less than 5 timekeepers per matter.

We found that on average, men work on large matters and women on small matters: only 7% of large matters are staffed with female-heavy teams, that is with more than 50% of team members are women.

BILLING HYGIENE - OR NOT

BLOCK BILLING is about billing hygiene and refers to multiple descriptions in one line item entry. E.g. Entries such as “conference call,” “research” etc. in one line.

Block billed hours may look like a relatively small number - just over 2% of total hours in the database, but there are great variations.

The differences depend on the roles: Male partners work 10% more on weekends than female partners. Female associates, however, work 9% more on weekends than male associates.

Among all roles, we found the biggest gender difference among paralegals: Male paralegals work 34% more on the weekend compared to their female counterparts (8.2% for male versus 6.1% for females).



Small matters, however, appear to be female territory. Women make up more than 50% of timekeepers on 81% of small cases.

We found that both male and female partners are the best in terms of billing hygiene: they show the smallest number of block billing.

Male paralegals are the worst in terms of billing hygiene, followed by female paralegals.

We found no statistically significant difference between male and female associates in terms of billing hygiene

PECKING ORDER

Who works in which role? We looked at the **MIX OF WORKFORCE BY ROLE IN DATASET** and found that in law firms, women tend to be in entry-level positions: While 75% of paralegals and 46% of associates are females, only 22% of partners are females.



The study was conducted in March 2014 by Dr. Silvia Hodges Silverstein, Vice President, Strategic Market Development of Sky Analytics.

Sky Analytics is the leader in legal spend management software. We analyze corporate legal invoices to give companies greater transparency into their legal spend and to benchmark their rates and matters against their peers.

Sky Analytics is the only legal spend management platform that does not require a lengthy implementation or e-billing integration.

Visit us at www.skyanalytics.com.

For further information on Sky Analytics and how our analytics insights can help your legal spend management, please contact Chris Bullock at chris.bullock@skyanalytics.com

¹ <http://www.americanbar.org/groups/women/resources/statistics.html>