

1 May 2020

## **Open Letter to all General Counsel for Diversity and Inclusion**

The coronavirus crisis is putting an unprecedented strain on almost all businesses as they contend with huge disruption, a remote workforce and a drop in demand for products and services on unprecedented scale. We have already heard that for small businesses the impact is particularly acute and whilst in most countries there is some government help available, many of these businesses do not qualify for it.

A snap poll of female founders running legal services businesses carried out since the lockdown started shows that in the space of only a few weeks, 39% have seen sales drop considerably and for 21% funding is now even harder to come by. With the third most commonly reported pressure being the added strain of childcare (13%) falling disproportionately on women, the perfect storm is here.

There is a real danger that coming out of the crisis, start-up 'New Law' businesses like these just won't survive. In tough times, with budget cuts and extra scrutiny on spend, commitments to Diversity and Inclusion are all too easily forgotten and smaller, more innovative suppliers can be swept aside. There is a temptation for in-house counsel to turn to traditional suppliers that are perceived as less risky despite being shown to be less cost effective in the long run.

For those of you looking at your supplier relationships, we ask that you think about the long term. What will the market look like at the other side of this crisis?

Our concern is that female entrepreneurs who were already facing poor odds due to the structural inequalities prevalent amongst the investment community (fewer than 1% of all female founder teams received investment between 2015-2019, or just 65 businesses in the legal sector) and lower access to corporate spend (less than 5% of corporate spend is with women-owned businesses), will struggle to survive and thrive. Unlike larger firms, most do not have the ability to access capital arrangements with banks that would help to see them through if their sales funnel dries up and they do not have investor backing to champion them or co-finance any support.

Unless collective action is taken, we will be left with a less diverse, less vibrant market and that will be to the detriment of everyone working in the legal profession. The opening-up of the market to a range of

alternative providers over the past 10 years has been hard won and reversing this progress would be damaging.

This is a crisis that is taking its toll on all of us and we must all play our part in minimising its impact. On behalf of all women who have together contributed to an emerging ecosystem of alternative legal services companies, we ask that when reviewing budgets and making procurement decisions in the coming weeks and months, you consider the long-term benefits of maintaining greater competition, innovation and supplier diversity in the sector.

### **Essential actions for the GC community to take today:**

1. Where you can, provide certainty for suppliers
2. Where you seek new solutions, make sure you reach out to women-owned businesses not only to your panel law firms
3. Keep lines of communication open and operate as close as possible to business as usual
4. Also think how you can encourage your law firm partners to do the same to safeguard the innovation we have seen emerging over the past decade.

### **Signatories to this letter**

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