

Keynote speech held by **Heidi Merikalla-Teir** at the Women's Board Award event on 29 October 2019.

Women's Board Award is an international competence award with the purpose to give spotlight to female Board Chair candidates and promoting competence to Chair positions in the board rooms. Women's Board Award is organized in Norway, Sweden, Denmark, Finland and Switzerland.

How to embrace corporate sustainability and diversity in an expert organization?

When I was in school, some of my classmates prepared a yearbook that described each one of us with a saying. "*Where there is a will, there is a way*" was the one chosen to describe me. I believe that the quality of determination or *sisu*, as we call it in Finnish, stems already from my early years.

I feel fortunate to have always been surrounded by many strong and wise men and women, some of whom are here today, who have, by their example, shown me that with the right attitude, hard work and by being true to one's own values, anything is possible. I think this invaluable advice also applies to business life.

To bring about sustainable change in society and in business, changing mindsets is needed. That, in turn, requires not only the right attitude, including open-mindedness and open dialogue, but also the willingness to make the required effort to accomplish change, curiosity and belief that change is possible and in fact an opportunity.

I believe that changing mindsets is also needed in many expert organizations when we think about the topics of tonight's keynote speeches, that is, sustainability, diversity, and gender equality.

Let me share with you two perspectives that support my call for changing mindsets.

I want to start by sharing with you an example related to corporate sustainability.

The Finnish business magazine *Talouselämä* recently published its yearly report on Finnish law firms. The report includes a comprehensive analysis of the financial results of leading law firms, including information on their profitability and growth. This report covered the year 2018.

This year, the report was titled *Juristit vuolevat kultaa*. The year before, the report was titled *Liikejuristi on uskoton rahasampo, nyt ja tulevaisuudessa*. The message being, more or less, that business lawyers and law firms are money-making machines, both now and in the future.

As a newly appointed Managing Partner of a Finnish law firm, I, like most of the lawyers in this business sector, was interested in finding out how our law firm ranked in the *Talouselämä* report and the ranking of the law firms compared to the previous year.

However, when reading the report, I could not avoid asking myself: Are we still today only talking about money and measuring the success of a law firm merely on the basis of its financial results? Is the media giving the right picture of the legal sector and the drivers of law firms' business operations? If in other business sectors the emphasis is increasingly placed on the comprehensive analysis of environmental, social, and economic performance of a company, and the public reporting on this performance, shouldn't this same approach be applied also to law firms?

While I very well understand the relevance of financial results, the message that I would like to convey to a wider audience is that the legal sector and other expert organizations also have much more to offer to society than mere strong financial figures.

Our firm is not at the top of the *Talouselämä* ranking. In fact, our ranking fell from the year before. We are a middle-sized law firm with a profit margin somewhere close to 15 percent, instead of the 30–60 percent of some of the most profitable law firms. Does this mean we are not one of the top law firms in Finland as we claim to be? Does this mean we are less successful than those law firms that are at the top of these rankings? Are we in crisis as I have read in social media?

While we definitely have room for improvement in terms of our financial results, we need to look beneath the surface and measure our performance merely against the key performance indicators that we have set for ourselves, the values that guide our business operations, and against the business decisions we have made.

At Merilampi during the past few years, more emphasis has been put on values other than profitability and growth. We have, for example, made conscious decisions, difficult ones as well, that have fostered the organization's well-being and growth over the longer term to the detriment of our current profitability. Moreover, our hourly targets for billable hours for lawyers are lower than in some of the law firms that are at the top of the rankings, which inevitably affects our financial results. Does this make us less successful? In financial terms, over a shorter term, yes. However, I hope that over the longer term, the decisions we've made will pay off.

I think that in the spirit of sustainability, also in expert organizations, the aim should be to create long-term stakeholder value and give increasing value also to factors other than mere financial results. This would be in line with recent developments in other sectors.

Take one example. *Dagens Industri*, the leading Swedish business journal, announced in mid-October that they will start publishing climate indicators on their stock exchange pages. They reasoned their decision as follows:

“Hållbarhet är – och kommer framför allt att bli – allt mer affärskritiskt. Klimatkoll är idag en självklarhet för alla aktörer inom näringslivet med bara en gnutta självbevarelsedrift.

Idag är bolagens information om hur de presterar på klimatområdet dock ofta eftersatt i den löpande rapporteringen av viktiga nyckeltal. Här har Dagens Industri ett ansvar att visa på vad som faktiskt krävs av näringslivet.

Av den anledningen börjar vi nu publicera klimatindikatorer på börssidorna. Med det vill vi peka på vikten av jämförbar information och – kanske framför allt – skicka en signal till investerare, kapitalförvaltare, bolag och kunder om att hållbarhet nu ska in huvudfåran som en av de viktigaste faktorerna i svensk ekonomi.”

I think that *Dagens Industri's* message was clear. It is about time that we start looking at and evaluating business operations from different dimensions, including the sustainability of these operations.

As Alma Media is a media partner of the Women's Board Award, I take this opportunity to throw out an idea: Maybe next year's report on law firms could touch upon the corporate sustainability of law firms and give value also to the ethical, social, environmental, and cultural dimensions of doing business and working in a law firm.

I think many law firms are already doing a great job in this respect, and I give full credit to those law firms that are not only financially very successful but also successfully taking the corporate sustainability of law firms to the next level. These firms should have their voices heard.

The second topic I want to shortly address in my speech is diversity in an expert organization.

As a Finnish woman, I can be proud of my country's and fellow citizens' achievements in bringing about change in society in terms of gender equality. At the outset, Finland can justifiably be called a gender equality pioneer.

In recent years, gender equality has been a widely addressed topic in business. The Finland Chamber of Commerce's 8th Women Directors and Executives Report shows a record number of female appointments to the boards and executive teams of Finnish listed companies in 2018. An excellent achievement considering that, contrary to the situation in many other countries, this result has been achieved through self-regulation instead of quotas in legislation.

Against this background, I cannot avoid asking myself how it is possible that despite these great examples from Finnish listed companies, leadership positions in many expert organizations, such as law firms, continue to be predominantly taken by men.

Not much has changed since I started working for one of the largest Finnish law firms after my graduation from law school in 2002. *Talouselämä's* recent report on law firms shows that while 45 percent of the lawyers working in law firms are female, the share of female partners remains low, only 20 percent. Not a number to brag about.

However, I see momentum for change.

In times of an increasingly changing and complex business environment, when digitalization and artificial intelligence are inevitable, expert organizations will not remain unaffected either. The toolbox and skills required from lawyers and other experts need to be increasingly versatile in the future.

Soft skills, such as listening, emotions, and empathy, have not traditionally been at the top of those skills required, or especially valued, from a lawyer working in a law firm. From my personal experience, I vividly remember the moment when a dispute resolution colleague once stated to me that "You are too nice to be a good litigator". For me, the comment reflected then, and even more so today, an old-fashioned and unfortunate attitude. As you can hear, the comment bothers me still today.

While increasing value is given to these softer skills in a business context, I anticipate that, in the future, these soft skills will be explicitly demanded from lawyers working in law firms as well. This does not mean that superior legal knowledge and a brilliant mind would become less important, quite the contrary. However, the required skillset is becoming more diverse. This creates opportunities for new talents and forces companies to rethink their evaluation and recruitment criteria.

However, as the excellent Carla Harris, Managing Director at Morgan Stanley, said at Nordic Business Forum this year, diversity does not just happen. We need to be intentional about it. I repeat: We need to be intentional about diversity.

To conclude, I see momentum for change. Gender equality, and diversity on a broader scale, and different dimensions of corporate sustainability are, little by little, gaining ground also in expert organizations.

I believe that *where there is a will, there is a way* to change mindsets, and also traditional business practices. That is why I am proud to be a female Managing Director of Finnish law firm Merilampi, a firm that sees change as an opportunity and had the courage to break boundaries and try something new.

What makes me even prouder and happier is the fact that I am not the only female lawyer heading the business operations of a Finnish law firm. As of this summer, there is a handful of women in these positions. We are definitely witnessing some mindset changes, which is a great opportunity for the whole business sector.