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MANAGING FOR SUCCESS

Women Shaping Up Private-Equity Firms More female MBAs enter male deal maker's world

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FOR INVESTOR'S BUSINESS DAILY

Deal makers in private equity firms are usually high-octane achievers.

They're aggressive, tenacious and persistent. They pinpoint companies ripe for growth and convince owners to sell and then go public or be acquired.

Over the last decade or so, these deal makers had another thing in common: They were mostly — and some say almost exclusively — male. In the testosterone-driven world of private equity, many firms thought only men were up to the rigorous task of deal maker.

But change is in the air. Now, some major firms are stepping up their efforts to recruit more women to bolster their performance. Why now?

"It's a convergence of factors," explains Sarah Camougis, a Boston-based partner in private equity in the law firm **Edward Angell Palmer & Dodge** and one of the co-founders of the Women's Association of Venture and Equity, or WAVE, which encourages women to enter private equity firms. She says more women are graduating from business schools, and some private equity firms recognize that "hiring a more diverse staff might give them a competitive edge."

More Women MBAs

In the past, there have been few role models for women in private equity. "It's very hard for a woman to consider being only one of two women at a firm. Just the numbers alone are daunting for someone who wants to advance," Camougis said.

"If you look back 20 years ago, you didn't have many talented women going to business school or taking investment banking roles and getting core Wall Street experience," said Peggy Roberts, the Cleveland, Ohio-based director of organizational development at **The Riverside Company**, a global private equity firm. Over the last 10 years, the number of women with MBAs or with investment bank experience, two prerequisites for becoming a deal maker, have proliferated.

Since many private equity firms have prospered in the last few years, hiring has stepped up. "There are more opportunities, and women

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Brian Korb, head of private equity practice, **Glocap Search**

can find this field both rewarding and lucrative," Camougis said.

Hiring male deal makers has had less to do with the old boy's network than it has with private equity firms having no clear career paths, said Colin C. Blyadon, director of the Center for Private Equity and Entrepreneurship at the Tuck School at Dartmouth College. "Careers (in private equity) are less well-defined and more open-ended. You can't be out of the work force and come back as easily as you can in medicine or law," he said.

Many of these private equity firms are only 25 years old and have "matured" in the last five years, Blyadon added. Firms are getting larger and more institutionalized and therefore are more open to hiring female deal makers.

An article in the May 2007 issue of *Portfolio* put the spotlight on private equity firms' lack of gender diversity. The article said, "Private equity firms have some of the thickest glass ceilings in all of finance, employing few women and hardly any in top deal-making positions." While the article noted that senior-level women operate in public relations, marketing, human resources and investor relations, it identified only four female deal makers out of 1,000 in the industry today.

But Roberts questions the veracity of those numbers. At **The Riverside Company** alone, there are eight women deal makers, double the number cited in the article. "I think the numbers in that article are inaccurate," she says bluntly.

In the past, many women weren't attracted to working in private equity, said Brian Korb, head of the private equity practice at **Glocap Search**, an asset-recruiting firm. "The deal world is cut-



Riverside Principal Kristin Newhall, left, and Chief Operating Officer Pam Hendrickson pose in front of the Atlas statue outside their offices in New York City's Rockefeller Center. AP

throat and sharklike," he said. Since firms have their own dollars and often invest millions of them, it can demand 100-hour weeks and 100 days traveling a year, not a schedule that promotes raising a family.

IPOs Demand Diversity

But the industry's also changing, Korb said. Since the **Blackstone Group**^{BX} and **Fortress Investment Group**^{FIG} have gone public, other private equity firms are mulling launching IPOs. Hence, the firms know the composition of their staffs will undergo more scrutiny if they are public companies, and they'll be required to hire more diverse teams. "Furthermore in today's global business you can't be a homogeneous company," he said.

Women can bring specialized know-how to a private equity firm in fashion, retail and consumer industries. A female deal maker might have insight into acquiring a pocketbook company that a man might not. Moreover, "women bring a more interpersonal and engaging attitude in negotiations. They could play good cop vs. the man's bad cop," Korb said.

Private equity firms are also used to flying under the radar, away from public scrutiny. Several leading private equity firms contacted ducked whether they were open to hiring women deal makers. One

public relations rep said, "Private equity firms don't like commenting on their hiring practices."

Blyadon at Dartmouth College says that some private equity firms are reaching out to women because they're facing a global "backlash." Many people think private equity firms have been "very successful but aren't quite sure how. They've paid a price for not being better understood and telling their story, and part of their story is about who they are," he said.

Women Dartmouth MBA students who want to become deal makers mirror the men who enter private equity. Blyadon says they have a keen analytical sense, and a keen sense for what makes a good deal. They also have strong negotiating and interpersonal skills when it comes to making a transaction work well, he said.

The **Riverside Company** is one equity firm seeking some of those bright female MBA students. "We look for intelligence, investment-banking experience, an ability to do case studies, a persona that fits with our culture, which is one of openness, and someone who is dynamic and enthusiastic," Roberts said.

Having a more diverse staff, including multicultural employees and more women, can help a company's bottom line. Roberts said, "When we go to buy a company and sit across the table from its owners, it's a competitive advantage to be as diverse as they are."