

# MERGERS & ACQUISITIONS

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## Women of the Mid Market



Photograph by Jonathan Kantor / Photodisc / Getty Images

The glass ceiling certainly still exists, and as the credit crisis continues to steal jobs from financial services firms it becomes even that much harder for qualified women to get a foot in the door. However, if the soured market has done anything, it has created distinctions. Strong performers are no longer overshadowed by the masses that may seem to produce just as well in an upward moving market. For many women in M&A, the time is now to shine, as performance in this market speaks for itself. In *Mergers & Acquisitions*' latest supplement highlighting the most notable women of the middle market, many of this year's profiles feature familiar names. Tiffany Kosch, of Bayside Capital, has been a star in distressed circles for years, while few people active in the consumer space aren't familiar with TSG Consumer Partners' Hadley Mullin. Pam Hendrickson, meanwhile, has helped turn Riverside Co. into a well-oiled machine, while Gail Bernstein, of PNC Financial, oversees an asset-based loan group that is fielding more calls today than during the bubble. Denise Palmeiri, of the Pinnacle Group, has perhaps the most influence in shaping the industry, as she's the (wo)man behind the man when it comes to determining the next stars of the M&A market.

# The Glue

Pam Hendrickson is behind the scenes of the most productive deal machine in the small market

By Avram Davis

When Pam Hendrickson left JP Morgan after a successful 22-year career and was named chief operating officer of **The Riverside Company** in early 2006, some of her former colleagues may have suspected that she was trading in her high-powered lifestyle for a simpler existence. She was, after all, moving to a firm that invests primarily in companies that are valued at less than \$150 million. Her tenure at Riverside, though, has been no retreat to the rustic life.



Since joining the lower middle market private equity firm, Hendrickson has launched an aggressive IT infrastructure overhaul, initiated a consolidated portfolio purchasing platform; and established a program for CEOs called Riverside University. She was also intricately involved with the fundraising of Riverside's seventh vehicle, which accumulated \$1.7 billion. When people discuss the institutionalization of the small market, mimicking the efficiencies that most assume only happen at large market firms, it's people like Hendrickson who make it happen.

Deal pros who know Hendrickson cite that it's not in her nature to wait for a problem that needs solving. Instead, she is actively

propitious. "You can see immediately if someone has a problem," Hendrickson says.

Béla Szigethy, Riverside's co-chief executive officer, notes that effectively Hendrickson built the dam ahead of the flood. "She planned ahead, and thought about worst-case scenarios," Szigethy says. "On the systems side, she has done a lot of very heavy lifting."

In discussing her operating philosophy, Hendrickson says her 22 years at JP Morgan taught her that "if you don't have a strong infrastructure, when the market craters, then all of the cracks start to show."

More recently, Hendrickson has focused on initiatives to minimize costs among portfolio companies by purchasing supplier's contracts for all of the portfolio companies. The effort has translated into savings of 30% off of the combined phone bill of Riverside's portfolio companies. Office supplies and healthcare costs have similarly been pared down, and next year Hendrickson plans to turn her attention to cutting the portfolio's less-than-truckload shipping costs.

Flow Consulting's Bourgeois notes that while Riverside is a small-market shop, the breadth and scale of the firm, with 180 employees and 70 portfolio companies, can make it hard to "turn the ship." Hendrickson, though, won't give up, he says, "until the ship is pointing in the right direction."

She is described as a careful listener. This characteristic is evident from the programs she initiates. Riverside University, a forum for

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thinking about areas that can be improved and taking the initiative to act. **Reese Bourgeois**, a managing director at **Flow Consulting** who has worked with Hendrickson, notes that her attitude is: "Let's do the right thing, and let's do it fast."

Hendrickson's work overhauling Riverside's IT infrastructure provides a telling example. The goal of the project was to allow Riverside to more efficiently track the fundamentals of its portfolio companies. The upgrade, which needed to be integrated into the firm's numerous offices and international locations, allows Riverside to quickly gather, filter and react to portfolio company information. The idea is that the system can raise red flags at the earliest sign of trouble. Considering the economic picture, the timing proved

executives to share challenges and best practices, was spawned after Hendrickson heard portfolio company CEOs bemoaning that the role of the CEO can be a lonely position. Riverside U, meanwhile provides access to training that not only keeps CEOs engaged but helps them share best practices across the portfolio. This year, the training focused on neuromarketing, an emerging field of study that examines how customers make buying decisions.

Few firms that target the small market have someone like Hendrickson driving home efficiencies and tracking down ways to constantly improve the value the firm provides. This is not lost on her partners. "She has been the glue that has held the firm together over the past year," Szigethy says. **M&A**



*Riverside*