

LEVELLING THE PLAYING FIELD

Hanneke Smits and Jennifer Dunstan

are two of 12 female executives who founded Level 20 last year, with the goal of boosting the percentage of women in senior roles in the private equity industry to 20% by 2020 — an ambitious target given that women now account for just 5% of industry leadership.

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Based in London, Level 20 educates PE leaders on how to attract and retain women and provides mentoring and networking events for its 600 members. Smits, now chairman of Level 20, is a former chief investment officer at Adams Street Partners. Dunstan is a partner on the Fund Investor Relations team at 3i Group.

Tell us about Level 20. How and why was it formed?

Smits: We all met through our work in private equity and would get together regularly to share our experiences. It soon became apparent to us that women throughout the industry would benefit from this type of support. A lot of private equity firms are small and young women have few female role models to look up to. Our aim is to inspire women to join and succeed in the private equity industry and to create greater representation of women at all levels.



“Gender diversity is an industry issue, not only a women’s issue.”

How does Level 20 differ from similar organizations?

Smits: Level 20 views gender diversity as an industry issue, not only a women’s issue. Our aim is to encourage everyone to join the conversation because it’s critical to get both men and women involved.

Why is increasing diversity so important for the private equity industry?

Dunstan: We believe gender diversity at all levels, particularly senior levels, will lead to superior investment performance. Diverse teams are more representative of society and research shows they make better investment and business decisions. Diverse teams are also well regarded by management teams who have more women in senior roles and want a fund or sponsor to reflect their own make-up and values.

Why are there are so few women in senior positions?

Dunstan: The problem is twofold. First, women are not joining the private equity industry at the same rate as men, perhaps because young women still see the private equity industry as male dominated and not family friendly. Also, private equity firms rarely hire recent graduates and instead recruit more experienced candidates from investment banking and management consultancies, which have male-to-female ratios as high as 80-20 even at junior levels. Even within the investment banks, women are, on average, choosing less analytical paths, with few choosing to specialize in equity modelling or M&A, for example.

Secondly, if women do choose a career in private equity, they often self-select out when they reach the middle of their careers. This is the stage at which many women would like to start a family and they face trying to balance their personal and professional lives, which can be particularly challenging in private equity due to the hours and level of commitment required.

What should private equity industry leaders do to address these challenges?

Dunstan: There is clearly a lot of work to be done in engaging with universities and business schools to show young women what a career in private equity can offer. In the past few years we have seen changes in how PE firms approach recruitment, with more firms advertising their diversity and flexible working policies. We hope this will continue. However, the private equity industry has the challenge of scale. Most firms are very small and only recruit 1 or 2 individuals a year, so it's more difficult for initiatives like this to make a real impact. That's why part of our mission is to share best practices across the industry.

To retain the talented women the industry does attract, some firms have started to think differently about pace. At the 10-year point of a woman's career she may be considering partnership or promotion to a senior role and starting a family. We need to ask why these two things have to happen at the same time. Given that we are all likely to be working much longer than our predecessors, why can't we pace ourselves so we can have both?

Are there any areas where you feel progress has already been made?

Smits: General awareness of the importance of creating an environment where women want to work has increased significantly. Companies in all industries are recognizing they will lose great talent if they do not compete in this way. In addition, developments in technology such as video conferencing, instant messaging, blackberries and being able to sign documents electronically have made flexible working possible. A lot of firms are focusing on this to attract and retain talented employees, and working remotely or unconventional hours now has less stigma.



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Hanneke Smits

Non-Executive Director,
Sofina SA., Trustee,
Impetus-PEF

Hanneke started her career in the private equity industry in 1992 with Pantheon, and subsequently moved to Adams Street Partners to establish its presence in Europe and Asia. Hanneke is currently engaged in a number of Non-Executive roles, including as a Director of Sofina SA, a Euronext listed investment company.

What is left to be done?

Dunstan: One challenge many firms are discussing is how carry (the return obtained from holding an asset) should be allocated when a woman goes on maternity leave or chooses to work part-time so she can spend time with her family. It's a structural issue the industry has to find a solution for but is essentially no different from when an employee resigns from a company but is still entitled to carry.

How has the private equity industry responded to Level 20?

Smits: We have received a very positive response to our work so far. When talking to leaders at General Partner and Limited Partner firms, it's clear they are having internal discussions about diversity, particularly gender diversity. Firms are seeking ways to address the issue but need to be able to compare approaches with their peers to make real progress. We want to take our learnings both at a micro level (from the Level 20 mentoring program) and at a macro level (from our roundtable discussions and larger events) to share knowledge and give these organizations the tools they need to bring about change. This topic is on everyone's agenda and our role is to facilitate the discussion by providing data and resources to move things along as quickly as possible.

Tell us more about the Level 20 mentoring program. How did it come about, and how does it work?

Dunstan: As senior women in the private equity industry, we each found we were frequently being approached by more junior women to act as mentors. Unfortunately we didn't have the time to mentor everyone who asked, but it made us realize that young women in private equity were clearly in need of this support. If we could create a formal structure to provide this support, the industry could really benefit.

We started with a pilot program and now have 23 pairs who have been carefully matched. At the moment the program focuses on matching female mentees in mid-level roles at GPs and LPs firms with three to eight years of experience with men and women in senior positions in similar areas but from different firms. Involving men in the mentoring program is key to making the work of Level 20 inclusive, and we are thrilled to have so many fantastic mentors involved in the program.

The mentoring year runs from September to May/June and we recommend that pairs meet six times a year. The mentor and mentee decide what issues they would like to talk about and nothing is off limits.

What advice would you give to young women in private equity?

Smits: It's important to remember that anything is possible but you have to want to do it. No one is going to hand it to you on a plate. Have the confidence to ask for what you want.

Dunstan: Choose your firm carefully. Look at its diversity and flexible working policies and try to determine whether it's a firm that shares your values and will support your goals. Look to see whether there are other women working at the firm, what they have achieved, and how they have progressed.

To become a member of Level 20 or learn more about their events, visit www.level20.org. To be considered for the mentoring program, contact the organization via the link on www.level20.org/mentoring.



Jennifer Dunstan

Partner, Head of Fund Investor Relations, 3i

Jennifer started working in the private equity industry in 1994. She is the Partner heading the Fund Investor Relations team at 3i, and previously spent nine years at Terra Firma Capital Partners and Nomura's Principal Finance Group (PFG), where she was Managing Director.