



# REAPING THE REWARDS OF RETENTION

Retaining senior women in investment roles in the Private Equity industry: an in-depth study of the challenges and solutions.

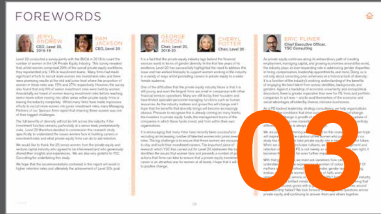
**YSC**  
CONSULTING

**LEVEL**  
**20**





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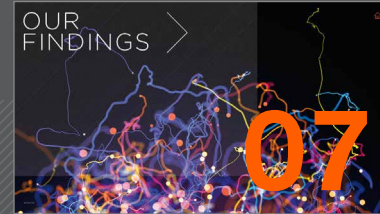
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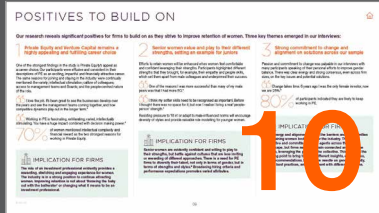
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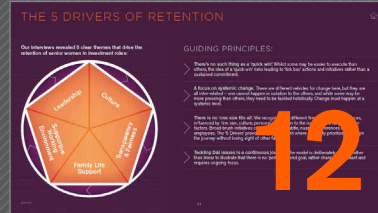
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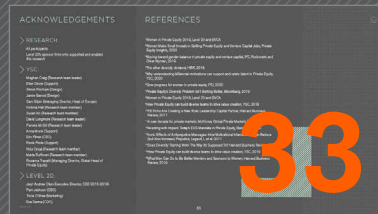
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ABOUT LEVEL 20 & YSC CONSULTING

# FOREWORDS



**JERYL  
ANDREW**  
CEO, Level 20,  
2016-19



**PAM  
JACKSON**  
CEO, Level 20

Level 20 conducted a survey jointly with the BVCA in 2018 to count the number of women in the UK Private Equity Industry. This survey revealed that, whilst women comprised 29% of the overall private equity workforce, they represented only 14% in investment teams. Many firms had made significant efforts to recruit more women into investment roles and there were promising results at the mid and junior level where the proportion of women in these roles was 15% and 27% respectively. However, the survey also found that only 6% of senior investment roles were held by women. Anecdotally, we heard of women leaving investment roles before reaching senior levels either moving into other areas within private equity firms or leaving the industry completely. Whilst many firms have made impressive efforts to recruit more women into junior investment roles, many Managing Partners of our Sponsor firms report that retaining these women was one of their biggest challenges.

The full benefits of diversity will not be felt across the industry if the investment function remains, particularly at a senior level, predominantly male. Level 20 therefore decided to commission this research study specifically to understand the issues women face in building careers in investment roles and what private equity firms can do to aid retention.

We would like to thank the 25 senior women from the private equity and venture capital industry who agreed to be interviewed and who generously shared their insights and experiences. We are also very grateful to YSC Consulting for undertaking this study.

We hope that the recommendations contained in this report will result in higher retention rates and ultimately the achievement of Level 20's goal.



**GEORGE  
ANSON**  
Chair, Level 20,  
2018-20



**CHERYL  
POTTER**  
Chair, Level 20

It is a fact that the private equity industry lags behind the financial services world in terms of gender diversity. In the first five years of its existence, Level 20 has successfully highlighted the need to address this issue and has worked tirelessly to support women working in the industry in a variety of ways whilst promoting careers in private equity to a wider female audience.

One of the difficulties that the private equity industry faces is that it is still young, and even the largest firms are small in comparison with other financial services operations. Many are still led by their founders and have limited specialist personnel managing functions such as human resources. As the industry matures and grows this will change and I hope that the benefits that diversity brings will become increasingly obvious. Pressure to recognise this is already coming on many fronts; the investors in private equity funds, the management teams of the companies in which these funds invest, and from within their own organisations.

It is encouraging that many firms have recently been successful in recruiting an increasing number of talented women into junior investment roles. The big challenge is to ensure that these women are encouraged to stay and build their investment careers. The important piece of research which YSC has carried out for Level 20 addresses this topic, identifies the issues that women face and presents a number of potential actions that firms can take to ensure that a private equity investment career is an attractive one for women at all levels. I hope that it will lead to positive change.



**ERIC PLINER**  
Chief Executive Officer,  
YSC Consulting

As private equity continues along its extraordinary path of creating employment, managing capital, and growing economies around the world, the industry plays an ever-expanding role in addressing gender disparities in hiring, compensation, leadership appointments, and more. Doing so is not only about correcting prior unfairness or a historical lack of diversity; it is a function of the industry's evolving understanding of the benefits of engaging the best talent from across identities, backgrounds, and genders. Against a backdrop of economic uncertainty and sociopolitical discontent, there is greater imperative than ever for PE firms and portfolio companies to act now – and to avail themselves of the economic and social advantages afforded by diverse, inclusive businesses.

As a PE-backed leadership strategy consultancy, we help organisations to create the conditions that drive successful achievement of change. Whether that change is growth of an investment, expansion in uptake of a product, creating new marketplace opportunities, or something entirely different, leadership is always about change.

We are proud of partnering with Level 20 on this research, which we hope will inspire change. The candour of the women who participated in our study has the power to take private equity into a new and different future. When we create truly inclusive cultures, we signal that engagement and retention of women in PE is not merely an achievement in its own right; it becomes the platform for even further impact still to come.

With that goal in mind, we must ask ourselves: how can PE better understand the unique experiences of women of colour in the field? Of mothers and grandmothers? Of transgender, gender non-conforming, lesbian, and bisexual women? Of women of faith, women who are veterans of military service, or women over fifty? And how can the industry avail itself of the brilliant minds and experiences of women, knowing that our shared success grows with a greater variety of perspectives around our leadership tables? We look forward to asking these questions across private equity, and continuing to answer them and others together.

# IF YOU ONLY READ ONE PAGE...

The vast majority of senior investment roles continue to be held by men. While historically fewer women have joined the industry, increasing numbers of hires at junior levels present an opportunity to improve representation at the top.

Our research explores how PE and VC firms can progress and retain senior women in investment roles, drawing on the experiences and insights of 25 women from Principal to Managing Partner across different fund sizes (including 4 who have left the industry).



**Firms need to look inwardly to work out how to retain diversity. You have to really dig in and see what you can change."**

## OUR FINDINGS REVEALED...

### The industry is well-positioned to retain senior women:



Private Equity and Venture Capital continues to attract talented women and provide a rewarding experience.



Senior women are willing to break the mould and disrupt homogenous, male-influenced cultures, setting an example for junior women.



A consistent view of what drives retention emerged in our study, adding power to the case for change.



Awareness at the top is growing. 75% of our participants see their leaders as being committed to D&I.



The climate is ripe for change with Covid-19 disrupting traditional work models and an intensifying focus on ESG

### But awareness and intent is yet to deliver the outcomes required...

14%

of our participants believe there is the right balance of gender representation on senior leadership teams.

### Our participants identified 5 key drivers to retain senior women:

- 1 Leadership.** Self-aware, skilled leaders who prioritise team management and provide the supportive, developmental conditions for women to stay.
- 2 Culture.** Inclusive cultures that welcome differences, invite openness and create a sense of belonging.
- 3 Transparency & Fairness.** Meritocratic performance systems that recognise varied contributions, discourage self-promotion, and reward the 'how' as well as the 'what'.
- 4 Family Life Support.** Mature, tailored, and proactive efforts to help women navigate different life stages and balance personal commitments.
- 5 Supportive Working Environments.** Flexible working and structured initiatives which accelerate networks, connection, and progression for women.

**The message is loud, clear, and consistent. Reaping the rewards of women reaching senior levels can only happen if the industry addresses these drivers with sustained, practical, and targeted action.**





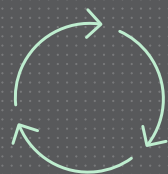
# THE CHALLENGE & RESEARCH

Private Equity firms struggle to progress and retain women at senior levels, particularly in investment roles. The Women in Private Equity 2018 study<sup>1</sup> of 179 Private Equity firms found just:

6%

OF SENIOR INVESTMENT PROFESSIONALS ARE WOMEN

Firms need to better understand the challenges women face and how to drive greater representation at the top. In response to this need, Level 20 commissioned YSC to research and answer two key questions:

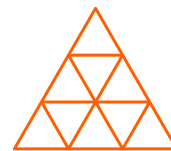


**What drives the retention of senior women investment professionals in Private Equity?**

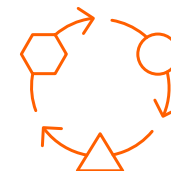


**What are the most important and effective actions PE and VC firms can take to improve retention of senior women in investment roles?**

## WHY FOCUS ON THIS TOPIC NOW?



**Rising numbers of women hired at junior levels provides a strong foundation for better gender balance at the top.** Women's representation is highest at the junior level of firms with around 30% of investment positions occupied by women<sup>2</sup>.



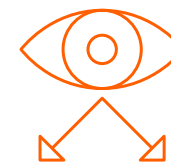
**The industry is primed for change given the current climate.** The Covid-19 crisis has disrupted working norms, presenting an opportunity for PE firms to adapt practices, policies and expectations. Global movements against systemic inequality provides further impetus for firms to prioritise the diversity and inclusion agenda.



**Primary research on this topic is limited.** This study addresses a gap in current research by focusing exclusively on women senior investment professionals (current and former) across varying PE fund sizes.



**A growing body of evidence shows diversity offers a competitive advantage.** Diverse investment teams have been shown to outperform non-diverse teams across sectors and asset classes globally.<sup>3,4</sup>



**A firm's commitment to D&I influences the career choices of younger generations.** A recent YSC study on Millennials working in PE found a firm's culture, values, and commitment to ESG is a key attraction and retention tool.<sup>5</sup> Firms that fail to address gender imbalance risk struggling to attract and retain younger talent.



**Pressure on PE firms to improve gender balance is mounting.** Firms face growing scrutiny from investors to show progress on D&I goals.<sup>6</sup> As entrepreneurs and management teams become more diverse, they are likely to look for investing partners who mirror their values and commitment to diversity.<sup>7</sup>

# WHAT WE DID

## THE APPROACH



In-depth interviews exploring why women were attracted to working in Private Equity, what had made them stay or leave, and what they would recommend firms do to drive better retention of women.



Every participant completed a short online quantitative survey which collected demographic information, data on their satisfaction and intent to stay within PE and various facts about PE firms' D&I communication and initiatives.



Once interviews and surveys were completed, we analysed both data sets to identify common themes and build our final report.



The research team from YSC comprised consultants from YSC Consulting's global Private Equity team and specialists in diversity and inclusion from our global inclusive leadership practice.



## THE SAMPLE



women currently in investment roles from Principal to Managing Partner. Although small, the sample represents a significant proportion (we estimate around 25%, based on data from the Women in Private Equity 2018 report<sup>8</sup>) of women working at senior levels in investment roles in Europe.



of the sample have more than 9 years' experience of working in PE.



women who have left the industry.



The majority of the sample was UK-based with 3 from continental Europe.



# OUR FINDINGS



# KEY FINDINGS



## WHAT DRIVES RETENTION OF SENIOR WOMEN IN INVESTMENT ROLES?

### ENABLERS

### BLOCKERS

#### DRIVER 1 LEADERSHIP

- Supportive role models
- Shifting attitudes with newer generations of leaders

- Poor behaviour and lack of people management capability
- Limited personal or collective investment in leadership development



## WHAT ARE THE MOST EFFECTIVE ACTIONS TO MOVE THE NEEDLE?



**Clearly defining leadership and holding leaders accountable**



**Developing leadership capability**

#### DRIVER 2 CULTURE

- Leaders talking about personal efforts to balance work and life
- Accommodating different working preferences

- Feelings of exclusion
- Cultures less inviting of authenticity or openness



**Authentic, top-down commitment**



**Increasing representation of women at all levels**

#### DRIVER 3 TRANSPARENCY & FAIRNESS

- Leaders shining a light on achievements, promoting substance over style
- Recognition for different types of impact

- Lack of transparency and fairness around rewards and progression
- Gender bias in performance reviews



**Review and evolve appraisal, performance and promotion processes**

#### DRIVER 4 FAMILY LIFE SUPPORT

- Supportive policies and practices, managers and mentors
- Personal experience driving empathy and positive behaviour

- Lost momentum and lack of support
- Line manager capability in managing parental leave



**Proactive, tailored planning and support for a balanced family life**

#### DRIVER 5 SUPPORTIVE WORKING ENVIRONMENTS

- Mentoring schemes
- Sponsorship
- Structured networks and peer support

- Proactive networking inhibited by gender stereotypes
- Loneliness and lack of options for informal networks



**Multi-faceted, structured support facilitating connection and progression**



# THE NUMBERS

The quantitative data collected from participants provides a baseline picture of current initiatives and perceptions across the industry:

## Women are motivated to join and stay in PE, and believe they can fulfil their potential...

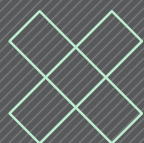
The most common reasons for working in PE are financial rewards and the challenge/intellectual complexity posed by the industry (both mentioned by **70%**)



**40%** believe they are thriving in their current workplace

**80%** are likely to continue working in PE

Only **15%** think being a woman is stopping them from achieving their potential in PE, but an additional **50%** think it does have an impact



## Gender imbalance is acutely felt at the top, but leaders are committed to change...

**75%** see their leaders as being committed to D&I

**52%** say leaders communicate about D&I



**40%** think leaders have been effective in driving gender diversity (this is higher across smaller firms)



Only **14%** believe there is the right balance of gender representation on senior leadership teams

The average percentage ratio of women in SLTs is

**10%**



**20%**

believe D&I efforts have been successfully moving the dial on gender balance

## Progress on mentoring, parental leave, and diversity targets, while flexible working and equal pay are lagging behind...

**>25%**

(**6 firms**) of the firms have both flexible working and equal pay

**25% (6 firms)** offer equal pay, and **44%** offer flexible working (**11 firms**)



The most common D&I policies in place are on maternity, paternity and anti-discrimination & harassment

The two most commonly offered D&I initiatives are mentoring programs and stating diversity targets for hiring, promotion and retention, both offered by **37%** of the firms we interviewed (**9 firms**)



**3** firms offer female sponsorship programs and D&I training

## D&I is increasingly prioritised by firms, but actions need to back up words...

D&I is stated as a value in **50%** of the firms but stated as a priority in **60%**



**ONLY 9%**

Stating D&I as a value does not make firms more effective in driving gender diversity (only **9%** of firms who have D&I as a value have reported better gender diversity)

## But...

Having policies in place and running initiatives does (**50%** of firms who run initiatives and have policies in place report better gender diversity)



# POSITIVES TO BUILD ON

Our research reveals significant positives for firms to build on as they strive to improve retention of women. Three key themes emerged in our interviews:

## 1 Private Equity and Venture Capital remains a highly appealing and fulfilling career choice

One of the strongest findings in the study is Private Equity's appeal as a career choice. Our participants were effusive and consistent in their descriptions of PE as an exciting, impactful and financially attractive career. The same reasons for joining and staying in the industry were continually mentioned: the variety; intellectual stimulation; calibre of colleagues; access to management teams and Boards; and the people-centred nature of the role.

“I love the job. It's been great to see the businesses develop over the years and see the management teams coming together, and how competitive dynamics play out in the longer term.”

“Working in PE is fascinating, exhilarating, varied, intellectually stimulating. You have a huge impact combined with decision making power.”

70% of women mentioned intellectual complexity and financial reward as the two strongest reasons for working in Private Equity.



### IMPLICATION FOR FIRMS

The role of an investment professional evidently provides a rewarding, stretching and engaging experience for women. The industry is in a strong position to continue attracting women. Improving retention is not about 'throwing the baby out with the bathwater' or changing what it means to be an investment professional.

## 2 Senior women value and play to their different strengths, setting an example for juniors

Efforts to retain women will be enhanced when women feel comfortable and confident leveraging their strengths. Participants highlighted different strengths that they brought, for example, their empathy and people skills, which set them apart from male colleagues and underpinned their success.

“One of the reasons I was more successful than many of my male peers was that I had more EQ.”

“I think my softer skills need to be recognised as important. Before I thought there was no space for it, but now I realise I bring a real 'people-person' strength.”

Resisting pressure to 'fit in' or adapt to male-influenced norms will encourage diversity of styles and provide valuable role modelling for younger women.



### IMPLICATION FOR FIRMS

Senior women are evidently confident and willing to play to their strengths, but battle against cultures that are less inviting or rewarding of different approaches. There is a need for PE firms to diversify their talent, not only in terms of gender, but in terms of strengths and styles.<sup>9</sup> Broadening hiring criteria and performance expectations promotes varied attributes.

## 3 Strong commitment to change and alignment on solutions across our sample

Passion and commitment to change was palpable in our interviews with many participants speaking of their personal efforts to improve gender balance. There was clear energy and strong consensus, even across firm sizes, on the key issues and potential solutions.

“Change takes time. 6 years ago I was the only female investor, now we are 25%.”

80% of participants indicated they are likely to keep working in PE.



### IMPLICATION FOR FIRMS

The energy and alignment behind the barriers and opportunities to retaining women bodes well for the industry. There are proactive and committed change agents across the PE landscape, but firms need to remain connected around these issues, leveraging the power of the collective. This report is the starting point to bring together different insights, experiences, and recommendations. Moving the needle on gender diversity, share best practices, and experiment with different solutions.



# LEARNING FROM THE PAST

While some PE and Venture Capital firms have invested time and money to improve gender diversity at senior levels, there remains a disconnect between intentional effort and impact:

60%

OF WOMEN WE INTERVIEWED STATED THEIR FIRMS PRIORITISE DIVERSITY AND INCLUSION, BUT ONLY...

20%

BELIEVE D&I EFFORTS HAVE SUCCESSFULLY MOVED THE DIAL ON GENDER BALANCE.

To support efforts in future, it is worth examining the traps that firms can fall into when attempting to improve representation of women, and the learnings gained from mistakes.

## TRAPS

### Policies without top-down support fall flat

Private Equity firms have entrenched ways of working and expectations that are difficult to change. As PE firms typically hire at junior levels and promote from within, there is greater cultural conformity and reinforcement of existing norms. Leaders must be the ones who orchestrate, lead, and model the changes required.

### Initiatives that attempt to get women to be like men

In our interviews, many women talked of initiatives focused on assertiveness, presence, and 'being heard', with the subtle insinuation they needed to act more like men to succeed. These kinds of 'training' had the opposite effect than intended, suggesting women need to 'fix themselves' and change their behaviour.

### Tokenistic, hollow or 'copy-cat' efforts

Often referred to as 'window dressing', these refer to activities that are more signalling than substance, ad-hoc initiatives that are not backed up by genuine interest, effort or understanding.

### Strategic HR not prioritised

While human capital is increasingly seen by PE firms as a value driver for portfolio companies<sup>10</sup>, internal HR varies in size, sophistication, and strategic importance across firms. The strategic value of HR cannot be unlocked without focus, sponsorship at the top, and clear alignment between a firm's objectives and its people agenda. Cultural and leadership challenges which threaten the retention of senior women will be difficult to address if strategic HR is not prioritised.

## LEARNINGS

Policy change falls flat without visible and consistent endorsement by the firm's leadership.

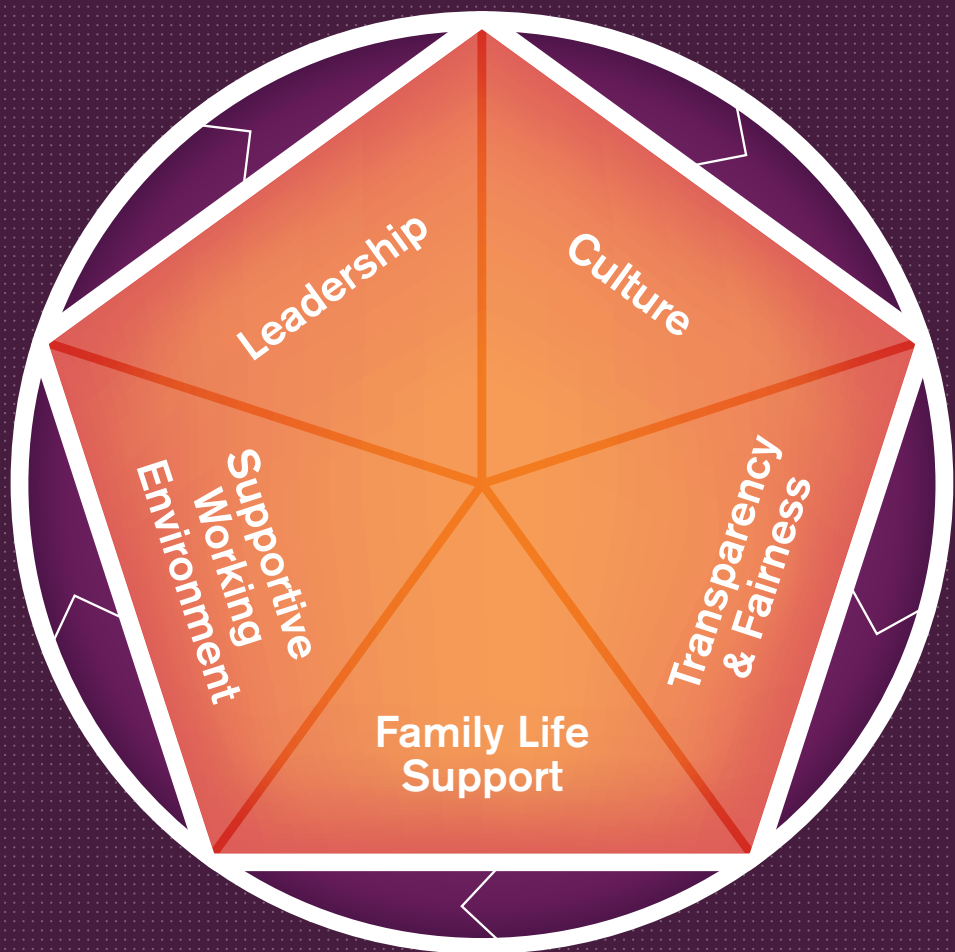
Improving gender balance at senior levels relies on cultures that embrace and encourage differences. People need to feel comfortable being themselves, surfacing their character, and playing to their unique strengths.

Efforts to change require authentic commitment, starting from the top. Leaders need to articulate why improving diversity matters, role model the right behaviours, and match words with action.

The effectiveness of a firm's people strategy relies on consistent prioritisation, committed resource, and accountability sitting within the leadership team.

# THE 5 DRIVERS OF RETENTION

Our interviews revealed 5 clear themes that drive the retention of senior women in investment roles:



## GUIDING PRINCIPLES:

- **There's no such thing as a 'quick win'.** Whilst some may be easier to execute than others, the idea of a 'quick win' risks leading to 'tick box' actions and initiatives rather than a sustained commitment.
- **A focus on systemic change.** There are different vehicles for change here, but they are all inter-related – one cannot happen in isolation to the others, and while some may be more pressing than others, they need to be tackled holistically. Change must happen at a systemic level.
- **There is no 'one size fits all'.** We recognise that different firms are in different places, influenced by firm size, culture, personal connection to the issues and a range of other factors. Broad-brush initiatives can overlook the subtle, nuanced differences between employees. The '5 Drivers' provide scope to pinpoint where to initially prioritise and begin the journey without losing sight of other factors.
- **Tackling D&I issues is a continuous journey.** The model is deliberately cyclical rather than linear to illustrate that there is no 'perfect' or end goal, rather change is constant and requires ongoing focus.



# DRIVER 1: LEADERSHIP

Leaders have a disproportionate impact on whether senior women stay or leave Private Equity because of their exponential influence over the culture, practices, and behaviours of the firm. This is felt particularly acutely in investment teams given their small size. This goes beyond role modelling the right values and behaviours, it is about leaders understanding their impact, supporting different needs, and prioritising people management.



**There was one leader who did think about me and my development. He was an incredibly charismatic person and took care of his team. A real 'hearts and minds' leader.**



# WHAT WE HEARD

## ENABLERS

### Supportive role models

Many women stated that the presence of a supportive, trusted leader had a significant impact on making them stay, enabling them to feel valued and giving them license to speak openly. Leaders who fit this mould were deemed to be approachable, committed to development, and able to create the safety to raise challenges.

“Small teams on deals means that one or two personalities can make a big difference to your life.”

“There have been some individuals who have made it really work for me because they believe in me. This has been the difference in staying or leaving.”

### Shifting attitudes with newer generations of leaders

Some participants spoke of seeing a shift through their careers in how male leaders carry themselves and impact others. There was recognition that newer generations of male leaders have been shaped in a different world and bring different attitudes and values.

“It's a misconception to think that men don't care about these things too. Millennials certainly do.”

“I think the culture comes first. It has moved really fast in my firm so I'm lucky. The older generation has left. The younger people are pushing gender diversity now and that's helping.”

“For me it's a mindset shift. I think also it's a generational thing, I've spoken to junior men who seem more on my wavelength than the senior ones.”

Given PE leadership teams are getting younger<sup>11</sup> and ESG is becoming increasingly central to investment strategies<sup>12</sup>, there are positive signals that the next wave of PE leadership will be increasingly attuned to the challenges women and other minority groups face, and committed to removing the barriers that exist.

## BARRIERS

### Poor behaviour and lack of people management capability

2/3 of the women we interviewed described experiences of poor behaviour from male colleagues, either an absence of people skills, sexist comments, or subtle micro-aggressions, making this one of the strongest themes we heard. Even in an otherwise positive environment, one 'bad apple' had a disproportionately negative impact on women's experience. The majority of behaviour was attributed to a lack of people management capability or sensitivity to their impact.

“People who consider you as a resource, don't talk to you directly, only talk to your supervisor. He wasn't sexist. It wasn't gender driven - he was just a 'bad boss'.”

“I actually don't think my firm were that bad. There was just an awkwardness and inexperience in dealing with people.”

Women spoke of an accumulation of these 'moments' becoming increasingly wearing and difficult to tolerate. As these experiences add up, doubts surface about whether the firm is the right fit, which can eventually result in decisions to leave.

### Limited personal or collective investment in leadership development

Linked to the challenges of a leader's impact, our participants suggested leadership has been under-valued and under-invested in as a result. Individuals who reach the top are typically promoted on excellence as an investment professional, rather than impact as a leader. This creates limited impetus to focus on leadership development and causes gaps in capability.

“We do manager due diligence – all the questions we ask others, why don't we look inwards?”

“Career progression in PE is that the best deal doers end up running the firm. And the skillset is totally different to leadership.”



## IMPLICATION FOR FIRMS:

**Firm leaders must set the tone and hold all members of the firm (whether in a formal leadership role or not) accountable to appropriate standards of behaviour. Toxic behaviour that goes unchecked has the potential to undermine other efforts to improve the culture with a direct and significant impact on retention of talent. By contrast, supportive, self-aware leaders who prioritise team management and culture have a sizeable positive impact on retention, so these behaviours should be rewarded and re-enforced. Many who reach the top of firms will not have received leadership development, creating gaps in capability. Firms need to invest in up-skilling leaders with the capability to support, develop, and empower their teams.**



# WHAT CAN FIRMS DO ABOUT IT?

## THE MOST IMPORTANT AND EFFECTIVE ACTIONS



### RECOMMENDATION: CLEARLY DEFINING LEADERSHIP AND HOLDING LEADERS ACCOUNTABLE

Improving awareness, confidence and capability to lead requires first defining what it means, what it looks like in practice, and how it supports the growth of the firm. Firms need to understand and communicate the requirements of its leaders and associated behaviours. Once an established view of leadership is in place, firms can drive accountability through performance reviews, hiring processes and reward decisions.



### ACTIONS TO MOVE THE NEEDLE

- **Exploring and defining the different dimensions of leaders' roles.** How does leadership differ when interfacing with LPs, versus overseeing management teams, versus leading internal teams.
- **Ensuring leadership is central to hiring decisions, performance reviews and reward.** Driving accountability for leadership relies on performance as a leader being challenged, evaluated, valued, and rewarded. This can be achieved through a variety of means:
  - a) Assessing for leadership capability and impact during a Partner selection process and for any external hires at senior levels.
  - b) Evaluating the leadership of senior investment professionals during performance reviews.
  - c) Providing specific, substantiated, practical feedback to guide improvements.
  - d) Linking end-of-year reviews and compensation to leadership performance.

- e) Zero tolerance of toxic or inappropriate behaviour, holding leaders to the values and standards expected of everyone in the firm.

These activities send a powerful signal to the wider culture that leadership matters alongside capability as an investment professional, whilst also creating the language and awareness for leaders to self-assess, evaluate others, and hold each other to account.

“We need to articulate why leadership matters and what it actually means. To me it's about engaging with the team, thinking about developing their skills and fostering a positive culture”

# WHAT CAN FIRMS DO ABOUT IT?

## THE MOST IMPORTANT AND EFFECTIVE ACTIONS



### RECOMMENDATION: DEVELOPING LEADERSHIP CAPABILITY

Many of the women we interviewed talked about the need to feel listened to, supported and coached, and for leaders to show greater awareness in how their behaviour comes across. Leaders need to address gaps in their core competence and better understand their impact.

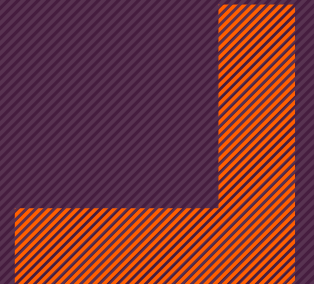


### ACTIONS TO MOVE THE NEEDLE

- **Focusing on the 'nuts and bolts' first.** Skills-based training on core management capability e.g. performance management, coaching, managing difficult conversations. Rollout of this training should begin from the top and apply to anyone with leadership responsibility. Any incoming hires at the relevant levels should go through the same training to ensure consistency.
- **Building robust feedback cycles.** Annual verbal 360s, managed by a third party to preserve anonymity and encourage honesty. Feedback should ideally come from LPs, internal teams and portfolio leaders to provide a rounded view of impact. Frequent feedback after key meetings or events, e.g. closing a deal, is equally important for leaders to assess their impact.

- **Providing tailored development support.** Tackling leadership development at a firm-wide level risks seeming too generic. Given different levels of experience, confidence, and capability with leadership, a personal development path needs to be created by:
  - a) Setting out 2-3 development priorities (behaviour changes rather than targets) to be evaluated throughout the year.
  - b) Supplementing a development plan with a toolkit of options. These could range from 'light touch' solutions; collateral materials, books, and online resources to 'high touch' solutions such as executive coaching, peer mentoring, or mentoring externally.

“An individual at my firm went through management training and it made them more conscious of how to get the best from the team and develop them. We had a genuine connection which meant we were in excellent sync professionally.”





# DRIVER 2: CULTURE

Culture has a powerful effect on how included, respected and at ease senior women investment professionals feel, which shapes their decisions to stay or leave.

2/3

**of the women we interviewed spoke of experiencing male-dominant cultures which led to feelings of exclusion and isolation.**

# WHAT WE HEARD

## ENABLERS

### Leaders talking about personal efforts to balance work and life

Some participants spoke of firms with open and balanced environments which encourage them to stay with that firm. Given the intensity and demands of balancing career and family in Private Equity, this was deemed essential to long-term commitment to a firm.

“What’s made it easier for me is that my boss really believes that spending time with the family matters, whether you’re a man or woman.”

“A general openness about work-life balance is important. Connecting as a normal person with roles and responsibilities. If everyone is more open, men will feel more comfortable about spending time with their kids too.”

“We have a very family-oriented culture, which I believe is unique. You don’t have to hide the fact you are a parent. We have photos up of our children and it isn’t frowned upon if you attend Christmas plays or need to collect your child from school one day, as long as it doesn’t interfere with your ability to get your work done.”

### Accommodating different working preferences

Cultures are more inclusive when firms make a concerted effort to understand and accommodate different working preferences or personal circumstances.

The women we interviewed spoke of the importance of conveying trust, encouraging ownership, and providing greater autonomy.

“Sometimes there is a perception that flexibility means not being committed or working less, but it’s not and we need to change that perception. It has to do with trust and setting clear objectives and deadlines.”

As firms emerge from Covid-19 there’s an opportunity to shape the ‘new normal’ and introduce different ways of working, challenging the default of jumping on planes, replacing face-to-face with virtual, and reducing demands on time.

“This whole VC thing in COVID shows that you don’t need to travel – you can meet a founder in New York without getting on a plane. We can definitely travel less. I think in the future we will have major meetings via VC.”

## BARRIERS

### Feelings of exclusion

Social events, networks and cliques centered on male interests lead to feelings of exclusion and a lack of relationship-building opportunities with senior decision makers. Our interviewees also observed a dominant style and ‘type’ in firms that women may not fit.

“It’s just natural to gravitate to people who are similar to you. That base level just means it’s easier to be a guy in PE.”

“The people who have left, it’s been because they didn’t feel part of the team and they didn’t feel like they belonged.”

### Cultures less inviting of authenticity or openness

In some firms, participants experienced a culture where personal lives or commitments outside work were largely kept hidden. The competitiveness and macho nature of some cultures means that work-life balance risks conveying a lack of drive. Feeling less able to be transparent makes it challenging for women to balance their responsibilities and receive the right support. This is felt particularly acutely after women have children.

“No one wants to be seen as the softie who wants to see their kids more. This is happening in broader culture, but PE is last on this.”

“They say ‘family comes first’ but the sidekick to that is that they think I’m not as focused on the work. They think I’m not as committed or as hungry.”



## IMPLICATION FOR FIRMS:

**PE firms need to assess the impact male-dominant populations have on those with one or more minority identities with regards to expectations, social activities, and networking opportunities. Alongside this, cultures that encourage transparency about personal lives signal an acceptance of work-life balance and permission to be authentic, which deepens trust and connectedness to a firm. Firms need to address these two cultural challenges to build inclusive environments that better retain women and individuals identifying as part of multiple minority groups.**



# WHAT CAN FIRMS DO ABOUT IT?

## THE MOST IMPORTANT AND EFFECTIVE ACTIONS



### RECOMMENDATION: AUTHENTIC, TOP-DOWN COMMITMENT

Any culture change effort needs to start from the top. The competitive nature of PE, partner-owned structures, and smaller size of firms creates immense power at the top. How leaders are perceived and the examples they set dictates how the wider firm behaves.

The critical distinction many women referenced here is authentic commitment by leaders; role modelling the firm's values, calling out the poor behaviour, and believing diversity is an ethical imperative and performance enhancer.



### ACTIONS TO MOVE THE NEEDLE

➤ **Putting diversity at the heart of a firm's strategy.** Leaders need to connect the diversity agenda to the wider strategy to signal its importance and outline the firm's commitments. Without stating it as a strategic priority and consistently re-visiting progress, efforts to improve diversity risk being treated as an 'add-on' rather than a core expectation.

“Everyone in the leadership team needs to buy in to the importance of diversity, no matter how much money or HR you put into it, there won't be a change otherwise.”

#### CASE STUDY: ROUNDTABLE DISCUSSIONS FOR MANAGING PARTNERS OF SPONSOR FIRMS

LEVEL 20

The Managing Partners of Level 20 sponsor firms are regularly invited to meet to discuss the challenges they are encountering in their efforts to advance gender diversity in their firms. Operating with Chatham House rules, these exchanges have enabled Managing Partners to have frank discussions with their peer groups on the actions that have been successful and the issues that continue to be challenging, and to identify ways in which Level 20 can work to support them in this work. The commissioning of this report arose as a result of several of these discussions.

➤ **Define and formalise expectations for inclusive leadership.** Inclusive leadership needs to be defined within a firm's context, at a practical level, and linked to performance. It requires 'holding up the mirror' and honestly, collectively, assessing the unintended impact that leaders may have on the rest of the firm. This can be achieved by:

- Feedback gathering firm-wide on leaders' impact. The key is to identify behaviours that may exclude or disempower others, and implement actions in support of conscious inclusion. For example, where could leaders create greater 'psychological safety', encouraging juniors to speak up and reducing fear of saying the wrong thing?
- Analysis of the common themes. Amongst the firm's leaders, identifying the collective strengths that support inclusivity vs. 'blind spots' that inhibit it.

# WHAT CAN FIRMS DO ABOUT IT?

## THE MOST IMPORTANT AND EFFECTIVE ACTIONS

- Adding expectations for inclusive leadership into performance plans, review conversations, and promotion decisions.

“We also have Inclusion objectives in our performance plans, so people act inclusively both in work and in more informal ways.”

➤ **Provide an experience for leaders that creates a ‘personal hook’.** Leaders may understand the intellectual purpose, but true commitment comes from a deeper, personal connection. Change which is forced or imposed by external pressures often heightens defensiveness and further disengagement from the agenda<sup>13</sup>. A popular form of D&I intervention is ‘unconscious bias training’ but evidence shows this has limited effect in tackling biases and changing behaviour<sup>14</sup>. The focus needs to be on ‘conscious inclusion’; the proactive, inclusive behaviours we adopt to manage and overcome our biases.

➤ **Adapt events and activities geared towards men.** Running a short, anonymised online survey on activities outside of work would surface different preferences. Firms can draw on this data to ensure annual events, socialising, and activities are inclusive to all.

### CASE STUDY: BUILDING INCLUSIVE CULTURES

YSC CONSULTING

YSC supported a large-cap Private Equity firm to design and deliver a series of workshops that explored the importance of inclusive behaviours and fostering psychological safety as mechanisms for optimising team engagement. Two workshops were delivered to approximately 120 employees across the Europe business, over a 6-month period, marking the start of a longer-term commitment to action around Diversity & Inclusion (D&I).

Participants gained a shared understanding of core D&I concepts and developed language around inclusion principles and practices. As part of a broader culture change journey, leaders gained deeper personal connection to D&I, which led to a set of collective team principles and commitments rooted in inclusive behaviours.

“I would prioritise building inclusive leadership skills. Focusing people’s minds on diversity in the wider sense, not just gender-based, creating inclusive environments and asking people to be more thoughtful about their employees, as they would ask CEOs to be in their portfolio companies.”

“It’s about seeing the leadership as involving and respectful, rather than being removed or only engaging with certain people or one team.”





# WHAT CAN FIRMS DO ABOUT IT?

## THE MOST IMPORTANT AND EFFECTIVE ACTIONS



### RECOMMENDATION: INCREASING REPRESENTATION OF WOMEN AT ALL LEVELS

The culture can only change if hires are made at all levels, not just juniors, who are more likely to conform to norms and reinforce the existing culture. Representation is key to dismantling the sense of loneliness and alienation that some women alluded to, which presents a barrier to their sense of belonging and desire to stay.



### ACTIONS TO MOVE THE NEEDLE

➤ **Target-setting at every level.** Caution is required to avoid undermining or putting pressure on new hires, but setting targets is a tangible indication that diversity matters.



What's wrong with a target? We have a target for revenue and budgets, a target for personal achievements. Why not have a target?

➤ **Thorough review of existing hiring processes and criteria.**

Three ways to tackle this are:

- Understand the current mix of styles, characteristics and capabilities in a team, and actively hire for complementarity rather than fit.
- Broaden the candidate pool and challenge assumptions of what 'good' looks like. PE firms hire for archetypal profiles that index heavily on a narrower set of characteristics (intellect, analytical rigour), ultimately limiting the level of diversity hired into firms<sup>15</sup>.

- Upskill interviewers to manage their biases and run objective, evidence-based assessments. This needs to be supported by feedback loops that build a better understanding of the rationale for hiring decisions.

➤ **Increasing external hires at senior levels,** PE firms typically hire at junior levels and promote from within, but this drives conformity rather than disruption. Hiring women into Executive positions such as COO or CFO roles provides valuable role models and drives culture change from the top.



Younger women need to identify with more senior ones. For us it helps us to attract other women if we have women at senior levels."

➤ **Linking the compensation of leaders to meeting diversity objectives.** Without consequence, there are questions about how intentional a firm will be in driving an increase in diversity.



Objectives around diversity are critical. These objectives could affect compensation. If you don't attach metrics to it, then people won't do it."

# DRIVER 3: TRANSPARENCY & FAIRNESS

The women we interviewed felt a meritocratic approach to recognition, progression and reward would level the playing field, accelerate more women to the top, and drive better retention.

➤ 50%

**of our participants  
believe performance  
management and  
reward in Private  
Equity needs greater  
transparency, rigour,  
and objectivity.**

# WHAT WE HEARD

## ENABLERS

### Leaders shining a light on achievements, promoting substance over style

Participants identified occasions where leaders took it upon themselves to raise the visibility of achievements by the team or certain individuals. This helps to offset the reliance on personal brand building and 'style' to gain recognition.

“Sharing when people have done a good piece of work sends the message that you're promoting content and not style. This needs to come from a leader and feel authentic and meaningful.”

### Recognition for different types of impact

Impact on deals is widely celebrated, but some firms are making efforts to recognise broader contributions and impact outside deals. This helps to balance performance criteria and provides other opportunities to build credibility in the system.

“We have a guy in the firm who has been running social enterprise for years, and he's not really celebrated by the system, but yesterday suddenly he was valued. The cause was recognised and I saw him being appreciated for the first time.”

## BARRIERS

### Lack of transparency and fairness around rewards and progression

Participants described a subjective and opaque process around career development, rewards and progression that lacks evidence and relies on informal relationships. At worst, they described a need to be “sharp-elbowed” and self-promote in order to “get ahead”. The whole process, especially around carry, was described as “smoke and mirrors”.

Performance and reward decisions were seen to heavily favour origination over other aspects of value-creation. Greater weight also needs to be placed on how someone leads and impacts others.

“I was fighting for a promotion and someone said, 'I thought you had enough on your plate, I didn't think you wanted a senior role.'”

### Gender bias in performance reviews

Our participants perceived performance reviews lacking rigour and evidence to be more susceptible to gender bias.

The issue of gender bias in performance reviews is not unique to Private Equity. Various researchers have uncovered this phenomenon across sectors and markets around the world. The upside is since this issue is not new or unique to PE, there is an opportunity to look towards other sectors for learnings and solutions.

“Men get judged on potential and women have to prove themselves. Looking back, there's no way they worked as hard or delivered as much – they did less and broadcasted it more.”



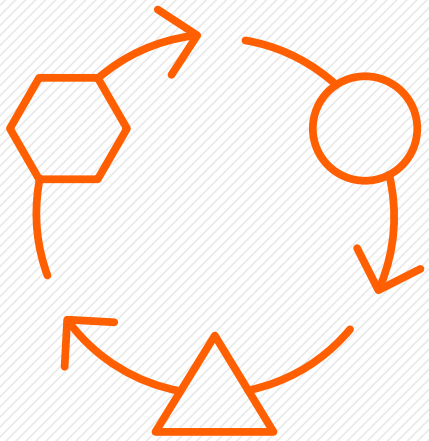
## IMPLICATION FOR FIRMS:

**Current performance management in Private Equity risks rewarding skilled self-promotion and informal networking over merit. Women senior investment professionals have felt disadvantaged by a lack of meritocracy and a reliance on impression management. Firms are advised to broaden promotion criteria, assess behaviours as well as outcomes, and ground decisions in evidence. Rationales for promotion or reward decisions need to be clearly communicated. Firms that allow a lack of fairness and transparency to persist risk losing senior women, who feel held back or under-recognised by systems stacked against them.**



# WHAT CAN FIRMS DO ABOUT IT?

## THE MOST IMPORTANT AND EFFECTIVE ACTIONS



### RECOMMENDATION: REVIEW AND EVOLVE APPRAISAL, PERFORMANCE AND PROMOTION PROCESSES

**2/3 of our participants highlighted the need for PE firms to improve the fairness of performance and reward processes.**

There is a need to provide clear links, supported by data, between performance, promotion and reward. Closer attention should be given to how someone operates; their evaluating behaviour, approach and impact on others, alongside outcomes they generate.



### ACTIONS TO MOVE THE NEEDLE

#### > **Evaluating behaviour, approach and impact on others, alongside outcomes.**

Firms can over-index on 'deal-making' without a deep focus on 'how' an individual achieves the result.

- Firms are advised to widen the performance framework to place greater value and weight on how an individual operates. This requires looking beyond objectives and collecting feedback on behaviour as a key input into promotion decisions.
- Managing Partners need to clearly state the behaviours they expect at each level, which reflect the firm's values and culture.

#### > **Clear promotion pathways.** Many participants noted difficulty understanding promotion criteria.



They are opaque around promotion and how to become a Partner. If you know a bit more about the process and expectations then that's not going to happen."

- Firms need to set out formal career pathways outlining requirements to transition between levels, particularly when it comes to Partner. This can be achieved by:
  - Codifying expectations, which are circulated firm-wide and understood across the leadership.
  - Providing regular communication during the year on the gap to promotion and development priorities.
  - Giving detailed evidence for why individuals are not promoted and a clear development plan to close gaps.

#### > **Transparent, evidence-based feedback processes.** Feedback reviews in many firms are over-reliant on intuitive judgements, susceptible to bias, and favourable to self-promotion.

- To improve the quality of feedback, firms should encourage recipients to give practical examples rather than general narrative. Particularly for senior roles, feedback conducted verbally builds reassurance in confidentiality and supports openness.



We do feedback reviews, but people aren't honest in it. When I get upwards feedback, I can tell who said what. The people who write it know that too so why would they ever risk their careers? It might be better if someone sat down with them and said honestly what do you think of this person. It would need to be someone quite senior."

# DRIVER 4: FAMILY LIFE SUPPORT

The strongest theme was the need for accessible, sophisticated, and nuanced family life support. Participants felt this most acutely during the early years of parenthood as a variety of challenges emerge; 'lost ground' in origination pipelines, difficulty re-gaining one's position, and a lack of support from firms to navigate challenges. As work-life commitments intensify with seniority, firms that thoughtfully and proactively accommodate shifting needs stand a better chance of retaining senior women.

88%

**of participants named specific challenges around having children as a barrier to progression.**

# WHAT WE HEARD

## ENABLERS

### Supportive policies, managers and mentors

Participants talked about how their firms had a more supportive culture, driven by managers and leaders who were sensitive to the needs of individuals returning from parental leave. This was seen as both a positive cultural indicator and a key factor in their motivations to stay with that firm.

“The first thing is that managers need to give you the choice and have awareness around it, rather than have this “I won’t talk about it” attitude. Supporting the woman in how she comes back and what she will return to and communicating with her. Making the policies clear before she goes off and making her feel welcome to come back.”

“When I came back from maternity leave, I had no family support and didn’t know anything about being mum. Having a mentor that’s supportive and an organisation that’s supportive makes a huge difference.”

### Personal experience driving empathy and positive behaviour

Differences in men’s reactions and expectations for women were linked to their own home lives and family situations. Men without working wives were seen as less aware of the complexities, compared to men with ‘dual career’ families. A small number spoke of their positive experience of how they were supported with their maternity transition, which made a big difference on retention and loyalty to the firm.

“They made a really big effort to support me as a working mum and allowed flexible working for me. I came back 4 days a week after my first son, which is quite unheard of. I did work Fridays when required.”

“Men who have daughters who are coming up to 18 years old are making a real difference, they are asking me to talk to them about how to become a career woman, it’s definitely helped.”

## BARRIERS

### Lost momentum and lack of support

Women are typically apprehensive about the negative impact starting a family will have on their career progression. There was strong belief and experience amongst participants that they are not supported, that loss to their pipeline is not easy to regain, and that firms do not provide the support necessary to make professional and family life work together. Specific challenges were highlighted around losing one’s origination pipeline due to parental leave and a lack of support from firms in managing the intensity of work (especially around deals) alongside care for young children.

“I would have said I’d happily work a few hours a week and use that time 100 percent on origination, but I needed a stronger support network with juniors I could trust and colleagues who aren’t going to steal the deal from you. I needed more of a lending hand while on maternity leave.”

“With maternity, people talk about pay but it’s not about this – we can afford not to work for a few months. It’s the origination pipeline – this is what matters.”

### Line manager capability in managing parental leave

We heard a mixed picture in terms of reactions from firms and colleagues, and a basic lack of confidence and capability from line managers in how to approach conversations about parental leave. Some women felt pressure to return to work quickly and before they were ready. Some women described a need to really figure it out for themselves, with little to no support from firms, as well as double-standards for women and men.

“When I told my boss I was going on maternity leave, they said as long as I came back by April I could stay on the Board, but if not, I would have to resign. So, I did come back.”

“Someone asked to start slightly later. They said no. Having worked somewhere for so long and worked so hard, for their response to be so thoughtless is the worst part. It signals a lack of respect and trust between them and you.”



## IMPLICATION FOR FIRMS:

**Clear signals and structures of support for women going out and returning from leave are critical to ensure those women feel able to return and manage both their careers and their family life. Normalising this for both men and women is also a significant cultural marker for demonstrating flexibility and inclusion for those with different family and care needs. This requires a change of perception around the impact of time spent out of the firm. Recalibrating this time as a brief interlude rather than a major disruption signals commitment to making the working environment inclusive. Firms that get this right can truly differentiate themselves from the crowd and significantly improve retention, loyalty and engagement.**



# WHAT CAN FIRMS DO ABOUT IT?

## THE MOST IMPORTANT AND EFFECTIVE ACTIONS



### RECOMMENDATION: PROACTIVE, TAILORED PLANNING AND SUPPORT FOR A BALANCED FAMILY LIFE

Parental leave experiences are improved when firms not only standardise policies for all, but also provide individualised support to accommodate the nuances of each case. Enabling a smooth exit and re-integration relies on up-skilling line managers, offering scope for different types of contributions, and providing internal and external support at different stages.



### ACTIONS TO MOVE THE NEEDLE

➤ **Transparent, 2-way conversations**  
between line managers and individuals prior to parental leave to understand personal circumstances, feelings, required support, and measures to support a smooth handover. Given how women expressed different levels of desire to 'stay connected', this is a crucial point to explore and for both sides to align on. Rather than a 'one-time' conversation, this needs to be an ongoing dialogue, allowing individuals to check in where needed and prepare for their transition back.

“ I think the partner or HR should speak to a woman about what matters to them. I had no discussion with anyone. I think it's important that HR management help with this process. Sitting down with women before maternity leave and getting clear on expectations.”

➤ **Training and tools for line managers**  
on how to set up and navigate these conversations is recommended, ensuring they understand the different options a firm can provide and can flex to requirements. Coaching for line managers, in parallel to the coaching for individuals taking parental leave, creates a step change in how the overall process is managed, builds manager capability as an inclusive leader, and signifies a systemic change to how parental leave is perceived across the organisation.

➤ **Involvement and support during leave.**  
Because of the loss of their origination pipeline and the challenges of regaining momentum when they return, participants indicated a desire to stay involved, but often in a different capacity: either devoting a portion of their week to origination or shifting from origination to portfolio management. With obvious limitations on time during parental leave, this option requires capable colleagues that can step onto a deal to

support the individual on leave, but also requires those individuals to have the maturity and sense of collective spirit to step back once an individual returns. This should be clearly contracted between the relevant parties to avoid the risk that deals change hands unfairly.

➤ **Coaching.** A programme of coaching to help leaders transition out of the firm, maintain connection and confidence during leave, and facilitate a smoother transition back into the firm. Some of our participants benefitted from formal, external coaching, which offered a safe, confidential space to share concerns, work through challenges, and maintain confidence.

“ Coaching gave me the confidence and thought that I could do it. I had lots of meetings with key stakeholders and I'd already worked out which issues I needed support with.”

# WHAT CAN FIRMS DO ABOUT IT?

“I had this huge fear that I had been in another world. But the coaching was really useful. 6 months is nothing in PE. And you know everything you knew before, but I needed to be told that, and to be able to go back with your game face on.”

➤ **Creating different roles on deals.** Firms should consider different ways of easing the transition for those returning from periods of leave. Suggestions by our participants included being the second partner on a deal rather than the first, or offering roles that focus on specific elements of the deal.

“Setting up roles to accommodate different elements of the deal will help the transition back, but for this to work there needs to be a shift in the culture which gives a balance of credit back to the individuals. Working out what people want when they come back. Having an agile mindset around what constitutes criteria for progression.”

➤ **Reward implications.** Greater transparency on the impact of parental leave on compensation is warranted. While the complexity and longer timeframe of a carry structure makes it understandably hard to provide such clarity, it was deemed important that firms engage on this topic openly and ahead of time to spell out potential implications.

“I think it's ok that pay is a black box in Private Equity, but it becomes very complicated with maternity leave. I need them to explain to me how they've calculated my contribution.”

## CASE STUDY: RETURN TO WORK

CVC CAPITAL PARTNERS

LEVEL 20

Level 20 Sponsor, CVC, has developed practical and effective guidelines to deal with periods of absence for both men and women.

CVC's approach is centred around:

- Upfront engagement between the individuals and their team head to determine if and how they want to stay connected during, for example, a period of family leave.
- External coaching before a period of leave to support the individual and develop a bespoke plan on how and at what stage they want to stay connected, e.g. attending team meetings, staying connected with portfolio companies, attending offsites with their partner/family/nanny etc.
- Additional coaching to provide return to work support to help the individual plan, prioritise and re-integrate swiftly and smoothly into their team.

CVC's emphasis is on how to meet the needs of their team member during this important part of their long-term career with the firm.

## YSC'S PARENTAL COACHING APPROACH

YSC  
CONSULTING

Parental coaching is a dedicated programme aimed at supporting individuals and their line managers throughout the parental leave experience. It gives coachees the opportunity to connect to their distinctive strengths and values as they take leave. It provides the space to reflect on their changing identity, and focuses on a positive reintegration which must balance competing priorities, determine what has changed / needs to change, and help to create a meaningful development plan that supports transition back into the firm. Alongside this, coaching provided to line managers addresses assumptions around what returners may want from their professional lives. It creates a space for managers to reflect on their role in supporting the transition and ensures they have the tools and capability to manage the process end-to-end.

“There is a real change that needs to be made in maternity leave – what happens when they leave and what happens when they come back. It's the re-integration which is important and which firms haven't thought about... I think some do's and don'ts would be good – what are the things to consider, how to handle it, what conversations to have, etc., because once you're out it's awkward to have these kind of conversations.”

# DRIVER 5: SUPPORTIVE WORKING ENVIRONMENTS

A feeling of connection and inclusion at work is recognised as critical to retention and wellbeing. Overcoming the lack of representation of women in senior investment roles within PE requires a multi-pronged approach that offers different channels of support, advocacy, and connection. Best practice in providing this depends on a combination of flexible working opportunities, strong peer-to-peer networks, formal mentorship (from senior women and men), sponsorship, and male allies to drive consistency in the opportunities for women and men to build key relationships, encourage retention, and accelerate career progression for all.



**They put in a mentoring program, not just for women but the entire firm. These ongoing relationships enable women to open up about challenges.**





# WHAT WE HEARD

## ENABLERS

### Mentoring schemes

Participants acknowledged the material impact mentoring schemes have had on their career progression and retention.

“Men played the system better. Probably a case of helping people / teaching ropes... goes back to mentorship I think, one of the main solutions. You don't know all the unwritten rules. You need a formal mentor and informal mentor.”

### Sponsorship

Unlike mentoring, sponsorship is based on the premise that the sponsors play a proactive role in formally raising the profiles of sponsees within their talent pool, and look for both formal and informal opportunities to spotlight their sponsees. Where this is well embedded with broader culture change around inclusion, sponsorship has demonstrated clear tangible benefits for career progression of senior women.

### Structured networks and peer support

Many of the women we interviewed mentioned the importance of having a strong support network, particularly given how isolating it can feel working in PE firms. Because many senior women have no female peers in their immediate vicinity, more structured and organised opportunities for connecting to others at a similar level with similar experiences was called out as being vital to aiding retention and giving women confidence to progress.

“The first thing is connectivity. Making sure that no matter which level the woman is at, they need to feel strongly connected to someone in their peer group and one or two managers. A woman who didn't have that has left.”

## BARRIERS

### Proactive networking inhibited by gender stereotypes

Participants described feeling unable to leverage the same networking opportunities as men. At times, this is because networking was done through informal, yet exclusive, channels. This is compounded by women finding few female role models around them and therefore struggling to establish their own informal networks. The impact of this lack of networking opportunities is significant when it comes to visibility and career progression.

“I don't get invited to shooting, golf, or sports games. I've never been invited to senior partners' houses for a meal ever (the guys have been invited). We don't do stuff together. My main interaction is at work, which is limited in nature.”

### Loneliness and lack of options for informal networks

Without peers and a network, women can feel isolated and ostracised. It can feel difficult to create informal relationships and connections with male peers, and there may be few to no female peers for women at senior levels to lean on.

“How included you feel can be driven by having other women in the firm to connect with. Sometimes you get lucky and you can build strong bonds, but if you don't have that, it's really hard.”

“Peers are close to the people they have things in common with, so there can be divides that cause loneliness. When I was a second-year associate and the other woman was on maternity leave, I found it really lonely.”

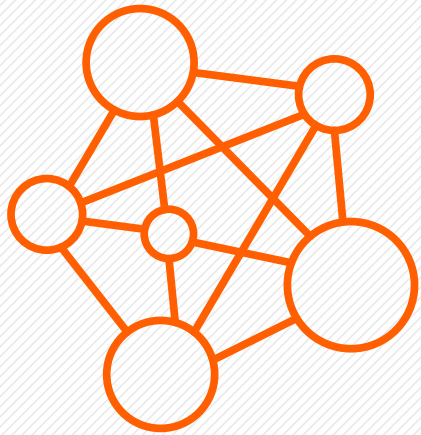


## IMPLICATION FOR FIRMS:

**Creating equity needs to go beyond providing equal opportunities to recognise the differentiated support needed for those in the minority, and even further for those who identify as having multiple minority identities which may compound the disadvantage they experience. Much of career progression within the current context is dependent on processes that men have better access to, such as informal networks and sponsorship. This can be addressed through the cultural drivers of 1) leadership who can provide sponsorship/mentorship, 2) social signals such as organised peer networks, and 3) structural processes such as normalised flexible working policies and practices available to all.**

# WHAT CAN FIRMS DO ABOUT IT?

## THE MOST IMPORTANT AND EFFECTIVE ACTIONS



### RECOMMENDATION: MULTI-FACETED, STRUCTURED SUPPORT FACILITATING CONNECTION AND PROGRESSION

Structured interventions are key to ensuring women have the opportunities to build connections, demonstrate credibility, and gain visibility at the most senior levels. Firms are recommended to create these supportive connections and environments in the following ways:



### ACTIONS TO MOVE THE NEEDLE

➤ **Formal mentorship programmes.** A lot of women talked about both male and female mentors playing an instrumental role in their progression, providing a safe space and informed sounding board. Mentors have helped senior women to manage difficult relationships and navigate the firm's stakeholders effectively. It's important to formalise mentoring initiatives, to ensure that those who are not naturally receiving any informal guidance have an opportunity to benefit from the advantages that these relationships afford.

“ They had a good mentoring programme. It made me feel like the firm was investing in me as a person.”

#### 🔍 CASE STUDY

LEVEL 20

From its inception, Level 20 has run a mentoring programme for women working in Private Equity with a particular focus on those in investment roles. Since 2015, across all programmes in Europe, 341 women have been mentored. 91% of the 116 mentees in the first three programmes were deal professionals. Of these, 67% have been promoted since their participation in the mentoring programme and 95% remain working in the industry. 14% are now partners in their firms. An important feature of the programme is that an increasing number of the mentors are men, growing from 22% in the first programme to 62% in the most recent one. These men gain valuable insights into the challenges faced by women working in the industry - 'reverse mentoring' - and take these learnings back into their own firms.

➤ **Male Allies and Senior Sponsorship.** For sponsorship programmes to work effectively, there needs to be a focus on helping male sponsors better understand the challenges women face. Many of our participants expressed a need for greater empathy and awareness from their male colleagues, but equally some described the powerful impact that male sponsorship has had on their careers. This appears to be based on difficulty relating to women's experiences rather than lack of positive intent, with evidence suggesting that men find it easier to sponsor and support other men than they do women<sup>16</sup>. To close this gap and ensure fairness and consistency of sponsorship in male-dominated arenas, PE firms are recommended to invest in the formal development of sponsors. Putting in place training programmes that build core sponsor skills; such as how to identify talent, create stretch, provide feedback and champion individuals, will help to overcome this barrier.

# WHAT CAN FIRMS DO ABOUT IT?

## THE MOST IMPORTANT AND EFFECTIVE ACTIONS



### CASE STUDY: CREATING A SPONSORSHIP PROGRAMME

Advent International  
GLOBAL PRIVATE EQUITY

LEVEL  
20

Advent International, one of Level 20's first sponsor firms, has recently introduced a firm-wide sponsorship programme which pairs women at the Assistant Director/Vice-President level and above with sponsors, both male and female, at the Managing Director/Managing Partner level. The purpose of the programme is to support these women in achieving their career goals whilst, also narrowing the firm's gender advancement gap. The sponsors will use their influence within the firm to promote the career development of their sponsee by raising the sponsee's profile both within the organisation and externally, providing access to professional networks, and creating career advancement opportunities.

This programme was designed for the firm by an external consultant, incorporating guidance on best-practice, including regular review points and an evaluation process. The programme will run for two years with pairings designed to ensure that sponsors operate outside of the women's direct area of work. The programme operates globally with 8 women in Europe currently participating.



#### Tailored flexible working opportunities.

Our participants viewed flexible working as a crucial ingredient of an inclusive culture. Firms need to engage employees to understand their circumstances and adopt a mature, case-by-case view of flexible working, rather than a 'one size fits all' approach. Equally, firms should be open to adapting policies that present difficulty, particularly given the health and wellbeing risks that Covid-19 brings.



A policy applied to all doesn't work if there are different demands from different roles. People need to think 'What do you want your role to be within the organisation?' And then there needs to be a discussion around what is possible and what is not."

Alongside its value in cutting to the heart of the issue and establishing the right level of flexibility, consulting senior women instils a sense of trust and empowerment that is likely to drive deeper commitment to the firm.



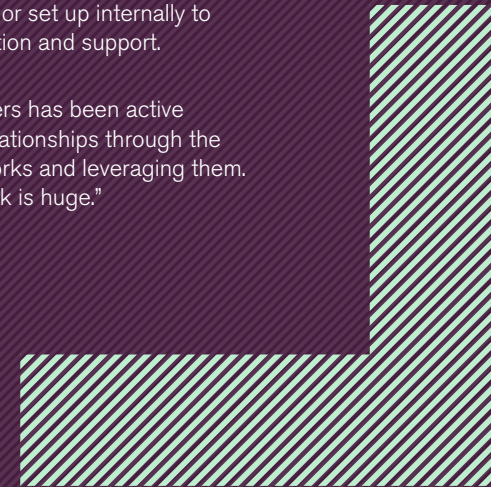
It's asking more people 'Is it fine for you? Does it work for you?'. Ask women – empower them to come back on ideas on how things could work better. It's about empathy and recognising different situations."



**Peer networks.** Formalised peer networks create the environment to connect with other women in similar roles, both inside and outside of their firms. These can either be organised through external bodies, or set up internally to provide valuable connection and support.



One of the enablers has been active networking, nurturing relationships through the years, having peer networks and leveraging them. The power of the network is huge."





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## ABOUT LEVEL 20

**Level 20 is a not-for-profit organisation founded in 2015 with the purpose of improving gender diversity in the private equity industry.**

It aims to inspire women to join and succeed in the industry and helps firms to attract and retain female talent, such that women will hold 20% of senior positions. Its work is focused on five key initiatives: mentoring and development; networking and events; outreach; research and advocacy. It has an executive team based in London supported by many volunteers, including committees outside the UK across 11 European countries. Level 20 has financial support from over 65 GP and LP firms, including growth capital, buyout and global alternative asset managers, other firms connected with the industry and generous pro bono support from a number of service providers.

[WWW.LEVEL20.ORG](http://WWW.LEVEL20.ORG)



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## ABOUT YSC CONSULTING

**We are a global, professionally independent leadership consultancy with a dedicated Private Equity practice.**

Better leadership and execution is key to transforming asset value, particularly in a competitive deal-making environment. Creating value in Private Equity is about enabling the right people, teams and partnerships to drive change in service of accelerating performance.

YSC Consulting's Private Equity practice works with clients at the organisational, team and individual levels to accelerate time to performance through the intentional design of the leadership strategy. We help by:

- Identifying critical roles
- Getting the right talent in those roles
- Accelerating team and organisational performance

Using a combination of rigour and relationship capital, YSC ensures PE clients have the right leadership strategy in place through every stage of the investment period – from diligence to exit, and across the portfolio.

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