Q&A

Lenders may not be making board appointments, but they still wield power when it comes to influencing DE&I in their portfolios, says Alona Gornick, managing director at Churchill Asset Management

Q How does DE&I in private debt compare with other asset classes?

A In my view, progress has been more accelerated, particularly with regards to gender. It certainly feels like there are more women in private debt today than ever before.

There is a lot about the way the industry works that can be attractive to women. Private debt is broad and many of its sub-segments require creative, non-traditional problem solving and a critical eye for what can go wrong. Women bring these natural skills to the table, are excelling and being rewarded. There also tends to be less short-notice travel than other asset classes, which can be attractive to women juggling home and career obligations.

Q So, a good start. But what challenges remain?

A The very top levels within private debt organisations still lack diversity. Women are rising in the ranks, but few make strategic decisions for the firm. Ethnic diversity is also behind. Without gender or ethnic diversity at the top, diverse candidates may choose other organisations where upward mobility looks more realistic at the partner level. Diversity on the investment team encourages unique perspectives that enable deeper conversations, which can ultimately translate to better investment decisions.

Q How do you seek to foster a sense of inclusion in your team?

A Inclusion is extremely important and getting it right is challenging. It is tough to measure the feeling of "inclusion" and determine how best to improve it. Do people feel their voice matters? Do they feel they can bring their authentic selves to work?

We encourage junior team members to lead the discussion when it comes to assessing new investment opportunities. It is high pressure, but it also demonstrates that senior management values opinions at every level and that every voice counts. Employee resource groups also play an important role. They encourage people to emphasise unique elements of themselves, which can be more hidden at work. The goal is to embrace diversity of thought, which we hope fosters a stronger sense of inclusion.

Q Is it possible, as a lender, to have an impact on DE&I in the companies you back?

A We're not making decisions around board composition or management hires, but we have strong relationships with the private equity firms that are. In fact, we're often investors with those firms, so in asking questions about DE&I practices we hope to influence those decision makers.

DE&I is also becoming a part of our deal screening when it comes to determining whether or not to finance a business, alongside other aspects of ESG. With a vast number of borrowers in our portfolio, we can also benchmark and measure improvements across a variety of sectors and decide where to focus based on broader DE&I goals.

Q Why does DE&I matter?

A Outperformance comes down to talent. Creating a diverse workforce comprised of the best talent drives more innovative ways of thinking and problem solving. It also creates pathways to routinely think outside the box and ultimately make better and bolder decisions. The private debt asset class is growing and highly competitive. To differentiate and succeed, we need fresh perspectives. Diversity is only one piece of the equation. It must come with inclusion or there is no differentiation. ■