

# Q&A

*Private equity needs to get analytical on hiring, says principal on the private equity team at Churchill Asset Management, Anne Philpott*



**Q What changes have you seen over the course of your career for DE&I in the private equity industry?**

**A** When I first started out, this just wasn't something that was on anyone's radar. Over the past couple of years, it is fair to say that the focus on DE&I has grown tremendously. But private equity is still something of a laggard and there is a great deal of variability that remains between managers as to understanding both business and talent impact in this area.

**Q Why do you think that private equity is lagging?**

**A** Teams tend to be smaller and the industry still relies heavily on networking. Firms still typically look to certain schools and banks for hiring which often are not, in themselves, as diverse as the general population. But even that's changing – Wharton just shared news of its first-ever majority female MBA class. I also think private equity tends to take a more qualitative than quantitative approach to recruitment and promotion, yet is an industry driven by numbers and measurement.

You hear people talking about fit and feel. Those are touchy feely, undefined metrics which lend themselves to subjectivity and make it harder for women and underrepresented racial/ethnic minorities to make headway. The industry needs to adopt the same rigorously analytical approach it reserves for investment to its hiring practices.

*“There is a great deal of variability that remains between managers”*

**Q Are GPs starting to change their approach?**

**A** It is interesting to see that a lot of sponsors are starting to move away from recruiting MBAs and, instead, allowing associates to rise through the ranks. That broadens your potential pool, as associate classes tend to be more diverse. Then, of course, the focus needs to fall as well on retention and training.

**Q What is most effective when it comes to that retention of diverse talent?**

**A** Let's use a scenario. It is all very well hiring 10 women, but what

are those women doing? Are their voices being heard? As you become more senior in an organisation, you want to be a part of decision-making. And if they don't feel included, they won't stay.

**Q What about less visible forms of diversity?**

**A** Less visible forms of diversity often receive less attention, but a sustained strategy here is also key. And this preparedness also requires that you are careful about forcing the spotlight onto people as well. There are still those who are uncomfortable sharing their sexual orientation, for example, or having a disability – or better said, “diverse ability” – highlighted or revealed.

**Q Why must private equity get this right?**

**A** Private equity is a growth engine. We are backing founders and entrepreneurs that want to build successful and profitable businesses. Ensuring that diversity, equity and inclusion are baked into the companies' culture is key to making that happen.

Studies from HBR and McKinsey and others show outperformance by diverse organisations. You need a wide range of different voices and perspectives, and they all need to be at the table, engaged and listened to, otherwise both risks and opportunities can be missed, and brand- and culture-building impeded. ■