

Blackstone, Hamilton Lane Push to Add Women to Ranks

By Tom Stabile

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Blackstone Group and **Hamilton Lane** are making efforts to recruit more widely for women and improve retention in a drive to build a more diverse staff at their shops.

The topic of bringing more women into private equity is on the minds of a lot of industry leaders, but there is a long way to go, says Andrea Kramer, head of the global fund investment team at Hamilton Lane, a private funds manager and consultant that runs or advises on \$220 billion.

"We're having more conversations about diversity," she says. "Most [private equity] businesses are smaller firms, most of them partnerships that have been built over time. In order to drive that change, a lot of work has to start at the bottom. I think it is starting to happen, but it has been a slow process."

A big step is having firms embrace diversity as part of their culture, which Hamilton Lane has long done, with a woman among its founders, she says. "We don't need a lot of people with the same perspective," she adds.

"Institutional investors are very diverse, too, and they'll notice who is sitting across the table from them."

Andrea Kramer
Hamilton Lane

Blackstone has been steadily increasing its activity in recruiting women and offering resources for employees, says Joan Solotar, head of external relations and strategy at the \$284 billion alternative asset manager. Last month it launched a new public section of its website that consolidates information on various career development and recruiting programs that previously were available only to employees.

"It's good for our company and for the financial services industry more broadly to share our best practices," she says.

The gender imbalance in private equity is stark, particularly at senior levels. A Preqin report last year found women held 11% of senior

positions at North American private equity firms on average, up slightly from 10.3% in 2013.

At Blackstone, the current employee roster on its site lists fewer than 10 women among its more than 130 senior managing directors, the highest tier before its top executive leadership.

But few firms have initiatives to recruit and hire women specifically. It almost never comes up in private equity searches, says Michael Goodman, managing partner at Long Ridge Partners, a recruiting firm. And there are relatively few female candidates on the market, especially at senior levels.

"It's fair to say there is not a diverse candidate pool," he says.

That problem extends to the entry level, because many women opt out of studies that might lead them to alternative investment careers, Solotar says. She cites her experience as a guest speaker in Harvard Business School's private equity class, where only one in five students in the room was a woman.

For many private equity firms, there also is little scrutiny from institutional clients about the diversity of their workforces, says Poorvi Parekh, director of outsourced investments at Canterbury Consulting, consults for endowments, foundations, and family offices.

“We have not seen many cases where the level of diversity has been a factor with [our] clients,” she says. “It’s difficult for them to take on any non-investment criteria in searches.”

The exception may be public pensions, which sometimes adopt broader social policy goals for their organizations, Parekh adds.

Pensions indeed have shown interest, Kramer says.

“We absolutely hear about [staff] diversity from institutional investors,” she says. “They’re also made up of a cross-section of individuals – teachers, firefighters, police. They’re very diverse, too, and they’ll notice who is sitting across the table from them.”

Workplace diversity and staff makeup have been explicit factors in manager due diligence for Connecticut’s state pension since 2006, with the investment office tracking related statistics, practices, and policies in its reviews of asset managers, including private equity firms, says Denise Nappier, the state treasurer since 1999.

“While we have seen progress among our business partners and some evidence of a greater awareness of the merits of a diverse workforce, many firms have a long way to go when it comes to including women and minorities into their ranks,” Nappier says.

Even if private equity firms decide to pursue greater diversity, they still face an uneven candidate pool that has more men, Long Ridge’s Goodman says. One solution may be firms recruiting women who left their careers to raise families, he says.

“I know people would rather hire someone who was doing the job yesterday and not 10 years ago, but there are more women looking to come back to the workforce than ever before,” he says.

One helpful trend is the importance many private equity firms are placing on operational and administrative roles, opening new paths to the top beyond the investment team, Goodman adds.

Another useful approach is making diversity a formal facet of the firm’s culture, Kramer says. Hamilton Lane has a leg up, with women making up 27% of its senior leadership, she says.

“We made a decision at the top that having a diverse set of individuals and a broad cross-section of cultures and expertise will lead to the best decisions and the best investments,” she says.

When hiring for first-year analysts and associates, Hamilton Lane looks beyond established feeder schools for the industry to bring in candidates from other study tracks, and considers people from other careers, such as venture capital firms or valuation consultants. It then provides them with training on basics such as modeling spreadsheets and working with financial data.

“We get creative when we’re recruiting,” she says. “You need to be open-minded.”

Blackstone has also prioritized expanding its recruiting pool, having senior women at the firm visit college campuses, Solotar says. The firm visited two campuses in the program’s first year and last year reached 10 schools, including liberal arts and women’s colleges not on the normal recruiting circuit.

“If you have a greater number of women applying, you have more chances to find qualified, diverse candidates,” Solotar says.

Blackstone also has a future women’s leadership initiative targeting college sophomores interested in financial services careers with seminars, networking, and skills-building sessions.

“We’re trying to engage with students earlier so that they don’t opt out of the industry before they even hear about Blackstone,” she adds.

Both Hamilton Lane and Blackstone also have internal mentoring programs, networking groups, and symposiums to support women at the firm with career planning, personal advice, and assistance on managing the work-life balance. That leaves an important role for women with senior roles today, Solotar adds.

“In my career, most of my colleagues and friends at work have been men, but having a network of women was always important and helpful for me,” she says. “If we see junior women being deferential or not participating in the professional conversation, it’s incumbent upon us to encourage them to be more active.”

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