

Women operating partners in private equity

Transcript

SPEAKERS:

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MELANIE KRYGIER: I want to thank everyone for joining. My name is Melanie Krygier, and I am Grant Thornton's private equity tax leader and also a co-leader of our Women in Private Equity initiative. And I'm extremely excited to share this conversation with you all today. I've gathered an esteemed group of professionals in the industry who are going to share some of their perspectives and their journey along the way.

So I'd love for everyone to have a chance to quickly introduce themselves first. Neely, why don't we start with you?

NEELY PIELET: Thank you. Hi, everyone. I'm Neely Piolet. I'm a managing director and operating partner at New Mountain Capital. I've been with the firm for almost four years now. In my role, I lead the office of the CFO. Prior to that, I worked at Unilever for ten years in the finance function. And prior to that, I started my career in finance on Wall Street.

ALISON WATTS: Hi, I'm Alison Watts. I am an operating partner with Gridiron Capital. I've been in that role for just over two years now. I specifically work with our CFO Center of Excellence and our Mergers and Acquisitions Center of Excellence. And prior to that, I had been a CFO for portfolio companies. I have also been in corporate finance for various both public and private companies.

TRISH LUKASIK: Thank you. Good afternoon, everyone. My name is Trish Lukasik, and I'm an operating partner with Atlantic Street Capital. A little different than the other ladies on this panel, I'm a generalist, which means I go very broad and sometimes deep, but mostly dabble in a little bit of everything. I've been with Atlantic Street for four and a half years.

Prior to joining Atlantic Street, I spent the majority of my career in big consumer packaged goods companies like Procter & Gamble, Coca-Cola and PepsiCo. I started in finance similarly, but then went and did every type of role imaginable. We may talk about that as we go. And today, I also serve on the boards of Sargento Foods and Gorilla Glue.

MELANIE KRYGIER: Wonderful. Great to hear all your perspectives. I'm very excited about the conversation. So if we could start, each of you have shared a little bit of your personal journey and experience, but talk about what led you to the operating partner role. What challenges have you faced and what opportunities have you encountered along the way?

NEELY PIELET: Yeah, I can go first if that works. So my journey was a bit unique. I was at Unilever. I had been at the company for 10 years and in my experiences, my different roles, I had done a lot of transactions with private equity, either selling to or buying from, and found it pretty fascinating, just the whole business model, the quick decision-making and just thought that it would be very appealing to try the different business model.

And so through my network, which I think is really important, I was able to reach out to New Mountain Capital and search for different opportunities. And that's when this role came up, which was new to the firm. Given my background in finance and that I had worked at Barclays Capital. And it just seemed like the right fit.

And so that is how I made my way as an operating partner to New Mountain. And then just answering the back half of the question, I think some of the challenges that I faced was, one, learning private equity. So obviously I spent the bulk of my career in public equity and they are different. And what it is to operate as an operating partner, it means something different.

I think the other women here will talk to their role, but it does mean something different in every firm. And so how do you affect outcomes when you no longer own something,

that was new to me. And then I think the third thing, which was also an opportunity, was creating a lane. Obviously, they had been doing this work at the firm prior to me joining.

So it was about me creating the lane for the office of the CFO and running with that. And then on the opportunity side, which was very exciting and one of the reasons why I was very excited about the role and continue to be, was I was empowered to create an Office of the CFO and what that meant, and how to partner and add value.

And also just what I think is a great opportunity is the ability to be part of the value creation at the firm.

ALISON WATTS: Yeah, I'll jump in because we have very similar backgrounds and answers. And I also was very interested in learning more about being on the private equity side. As I said in my introduction, I came from a CFO role of part of a portfolio company, so I was certainly familiar with it from that aspect, but I was very interested in understanding what did it feel like to be on the other side.

And honestly, I was also very excited with the idea of being part of our CFO Center of Excellence, which has allowed me to take a playbook and be able to add value in some of our other portfolio companies. And so that was very attractive as an opportunity for me. As I think about challenges, yes, very much the same, where you are learning to operate a little bit differently.

The other thing that I think I really had to get used to was being a sole contributor versus being part of a management team and just learning to work and influence through network, through building relationships and ultimately being able to drive value that way.

TRISH LUKASIK: As I mentioned in my opening, my past is a little different than the other ladies on the call in that I'm not an officer of practice particularly. I sort of embed in the asset every day and work side by side with that management team on issues large and small. And I would say two important things. First, for me, I learned pretty early on, I developed a philosophy in business, which was lead with "Yes."

And that does not mean that I say yes to everything, but it does mean that I said yes to a lot of crazy assignments along the way. And people all thought like, "Why would she do that? Why? Why would you try that?" And I always thought, like, "Why would I not?" And in hindsight, while I'd like to pretend like I had a strategic map or a game plan that I was following all along, I just thought it sounded kind of fun or interesting and I love

learning, so I thought I'd try it. But what that led to is all these diverse experiences that are very helpful today. I worked in a manufacturing facility. I had steel toes and a hair net, and I can change the oil on an orange juice filler machine.

I really can. They never let me drive the forklift, so I spent a lot of time in finance. I spent a lot of time in sales and marketing. So I dabble in everything, as I said in the beginning. But in my role today as a generalist, I touch everything in the companies that I lead, and so it's very helpful to have had all those experiences.

While I didn't plan it that way, leading with “Yes” served me very well.

And the second thing I would say is, I left this out of my opening, but when I left big corporate America, I went into earlier stage companies first as a COO and then as a CEO. And what I learned in that journey was that I actually loved building. And all those years I was in big corporate America I thought I was running businesses, but I learned that I was mostly keeping them on the rails. And I don't mean that as any slight to big corporate America. What I learned there was incredibly powerful and helpful, but when I came into earlier stage companies, I had to build stuff and I learned that I loved building.

And private equity — my journey of private equity — is all about building. It's building these businesses and helping them be their best every day. And so that's really fun and challenging for me. I agree with everything that's been said sort of around the challenges. One of the biggest eye-openers for me, like Alison, was not having a team. And when I first started working in private equity, I kept saying, “I don't think I'm working hard enough, I don't think I'm working enough hours.”

My husband kept saying, “Maybe you're just working like a normal person for the first time in your life.” And I was like, “Really? Is that what this is?” But after really reflecting on, it became clear to me that it was because I did not have a huge team. And so while I still influence the people agenda as much as I ever did, I don't write the PDR.

And there's something actually quite freeing about that. That's my dirty little secret of private equity.

MELANIE KRYGIER: It sounds like each of you have collected some really diverse experiences, really through agility, exercising agility and exercising that ability to say, “Yes.”

Women in private equity are generally pretty well represented in non-investing roles, however, tend to be less represented in operating and investing roles. However, in recent years, we have observed growth in representation of female operating partners, which percentage-wise lags just slightly behind non-investing roles and gender parity.

How have you each individually observed the landscape of operating partner roles evolve in terms of gender diversity and what factors do you think have contributed to the increasing number of women in these roles?

NEELY PIELET: I would say as I've been in the role now four years, and I think when I joined my team, it was all men. I was the first female to join the team and then another female did join. I think, going to some of the industry conferences. I do notice that there are more and more women and I think that it's maybe two-part.

I think one is, as there are more women executives like the women here, then there's more to draw from for the operating partners, because having operational experience is to me, a strong requirement. So the more we have women on boards, the more women CEOs, CFOs we have, the more of a talent pool we have to draw from.

And then I think second of all, maybe just some of the dynamics of what we saw in general from COVID, where remote working is now more acceptable, and it just allows for more women to join this role. This is a very intense role. There is a lot of travel involved, and allowing some more flexibility can allow more women to join the role.

ALISON WATTS: Yeah, and I would add to that, I agree with all of that. I would add that, as we continue to have increased numbers of women in operating partner roles, we can also be advocates and helping others that are in executive roles or operators understand what is it really like to be in this role. And yes, there's a lot of travel, but how can you provide advice that helps somebody navigate through traveling 50% plus and maintaining, work-life balance?

So I think as more and more of us are in these roles, there are more and more of us who can then champion these roles to our counterparts.

TRISH LUKASIK: So I would say just again, slightly different. Someone has to be the odd girl out. So I guess that's going to be me. When I came to Atlantic Street, actually one of the things that attracted me to Atlantic Street was that the majority of the operating team was female, and I found that to be so unique and so surprising and also extremely welcoming.

So we had, I can't say it's a band of brothers, but a band of sisters that are pretty tight and we've morphed over time. Some have left, some have stayed. But there's a real presence here and that made me feel very at home. And then I would say, secondly, I agree with everything that's been said around sort of getting P&L and real operating experience because it's kind of paramount in these roles.

But I'd also say that we deal in, my craft is all based on trust and influence. That's all I deal in every day, right? And I do think that we see, at least in Atlantic Street, that there is perhaps less intimidation or less sort of animosity with the way women might approach problem solving sometimes.

Now that's very stereotypical. And I don't mean that all women do this well and all men don't. That's not what I mean at all. But just the way that we might approach problem-solving or conflict may cause less angst in the organization. And at least within Atlantic Street, we have seen that to be a very successful model in terms of dealing with our management teams.

That said, at this precise moment, we don't have a single woman in a CEO role across our portcos. So I'm on a mission. I'm not giving up, but I do use that trust and influence to deal with all five of the men in the portfolio companies that I lead every single day.

MELANIE KRYGIER: Trish, that's a great segue into the next question that I have for Neely and Alison. In your opinion, what skills or qualities are needed to succeed in the operating partner role and how can women differentiate themselves in developing these skills?

NEELY PIELET: I do agree with Trish. I think that the ability of a problem solver is an important skill. I would maybe layer just a few more into that, that I do think, I don't know if it's about women developing, I think women just innately have these skills, maybe more so than their peers. I think empathy is really important. Active listening. You're listening to your management team a lot. And the ability to influence outcomes without ownership. That's a tremendous one, right? You don't really own the decision or the P&L, but you're there to influence outcomes.

And then also internally, which I don't know that we've talked about yet, but the ability to develop and articulate an opinion. You are part of the deal team, at least I am here, and then the ability to translate and articulate an opinion so that you're able to drive the value creation and the confidence is also really important.

And so having a voice, which I think sometimes women need to develop more than men, it's that ability to really have a voice and have a strong opinion so that you can drive the necessary steps.

ALISON WATTS: Yeah, I would add, I agree with all of that, I would add relationships for me are key, right?

So build relationships both internally with your private equity team. Build relationships with those that you work with as an operating partner. Develop your network. There are many, many opportunities to continue to learn and grow as you develop your network. And really what you're doing a lot of times as an operating partner, is you are developing trust amongst several different parties and a lot of times you're having to communicate across those parties and you want the portfolio companies that you support to feel trusted and heard, and then you want to be able to translate that message back to your private equity firm as well in a way that's credible and trustworthy.

And again, all of that comes with relationship building and all of that comes with really active listening, getting involved in the business, being able to not just stay at a macro level, but really be able to roll up your sleeves and go and be a partner to your portfolio companies.

MELANIE KRYGIER: Great. Thank you all. Looking ahead, what do you envision for the future of women in operating partner roles and what steps can be taken to further increase representation and leadership opportunities for women in private equity?

Trish, I would love to hear from you since you walked into that environment already. What do you think differentiated that environment for you?

TRISH LUKASIK: Yeah, for sure. I think as has been mentioned already, I hate to be totally redundant, but I think it's incredibly true that building and using your network is really important in this space. It's important as an operating partner within the firm, but it's also important for women who are trying to get into this industry because we very much prefer people we know to people we don't because we don't have time.

If we're trying to hold an asset for three to maybe four years, we don't have time to make mistakes in terms of who we bring in. And so having a reference from somebody inside the firm to bring you along is hugely helpful in terms of kind of getting in the door. And I think women can really help women in this regard.

Two women I have worked with previously have joined our firm since I joined. I'm super proud about that, but I'm also super happy about it because it's been fun for me and we celebrate the wins together and commiserate together some days. But we're in it together for sure. And so I can't underscore the importance of using your network.

And then the only other thing I would say that kind of builds on this question and the last question is I 100% echo what has been said. I sort of made a little acronym, which isn't really an acronym, but just go with me, if you will. And I call that "A-C-D-E," which is kind of like AC-DC, which is a band that maybe some of you haven't heard of. But anyway, I'm not like into heavy metal, but just go with me on this whole thing. The letters stood for, acumen is the "A". "C" was conviction. "D" was decisiveness, and "E" was empathy.

And I think all of those words have been used numerous times in this conversation. And I think you hear us all bringing that same theme forward because that's what really matters here. So building those capabilities, practicing those capabilities, going to conferences, making connections, reaching out to people, even when you're uncomfortable, is the best way I see the trend that we see on the operating side continue into the future.

NEELY PIELET: Yeah, maybe to build on that, I agree. If I think about how Trish explained it, I envision the future where there's a band of sisters and maybe we don't have these panels anymore because it's not really an issue when it's just operating partners. And the way we get there, I agree, is by pulling up and bringing in other great women.

I myself have hired a woman on my team. You know, she's great. She's great talent. And she was hired because she was the best candidate. But just pulling in other women and creating that network is so important. I think we see there are all these other networks. Why shouldn't we be a strong network to pull each other up?

And when we're in forums together, support each other, right? So if we're in an investment committee together or we're in a board meeting together, prop up your other women, support each other to encourage more women to join.

ALISON WATTS: Yeah, I think all of that's really well said. I think the only thing that I would add would just be to continue to educate those operators that are out in the business, even those that maybe aren't at a C-level, but help them understand that there is a path into this role, help them understand, through mentoring or again,

through networking, that this is a great career opportunity and it provides, for me in particular, a lot of fulfillment in the role.

MELANIE KRYGIER: So last opportunity as we close things out. What final words of advice would you give to women who are interested in becoming operating partners?

ALISON WATTS: I can jump in to start. So, ask. If you're interested in being an operating partner and you're not sure what that path might look like or where you could go, ask, because I think there's more opportunity there than you realize.

And again, I'm probably going to take the words out of everybody's mouth, but build your network, right? As you build your network, you'll find those opportunities. And don't be afraid to search out those private equity companies that you're interested in. And find a way to make introductions and ask if there are these roles available.

NEELY PIELET: I would just say to prepare for when you ask because luck is where opportunity meets preparation, is the thing Trish already mentioned.

Get good operational experience because you will be the operational expert, so you have to have good operational experience. But you're also dealing with investment members. So understand valuation, what drives value, develop strong opinions and have conviction are all really important traits to work on.

TRISH LUKASIK: And I'm going to put from a slightly different angle, which is, do your homework.

And what I mean by that is every private equity firm uses these roles differently. Understand what you're signing up for, understand what is expected, what success looks like in the role, understand your compensation. Carry in a fund is very different than equity in an entity, right? And that's what, quite frankly, we're playing for, to be honest, right? So make sure you understand your compensation.

And then also, how are assignments doled out? How are you assigned to a portco? What is the state of that portco? What is the talent like within that entity? Those things are all going to have a really big impact on your ability to be successful. So I cannot overstate the importance of doing your homework as you go in.

It is a tremendously fun, very dynamic, sometimes super crazy world that we're living in. But knowing the rules of engagement and how to win in this game will be paramount to making sure that you do.

MELANIE KRYGIER: Wonderful. Thank you all so much for your thoughts today. Really appreciate you taking the time. It's a wealth of experience that you've been able to share with us, and we're very excited to share it with the rest of our audience here as well.