

Trends and Traditions: Women in Private Equity

Shattering the glass ceiling

Often the discrepancy between the number of men and women in private equity is the only news that makes headlines, but the women at the highest rungs of the ladder have hardly had time to notice.

The financial sector is often regularly criticized for its male dominated desks, testosterone-fueled trading floors, and the dearth of women found in senior positions. In private equity, many of the biggest names in the industry in the US and Europe have no women in the highest-ranked roles. In Asia, however, this trend does not seem to be as prevalent. Because the sector is younger than elsewhere in the world, and experience and expertise is

king, most of the women *Private Equity Asia* spoke with felt that certainly at this stage of the game, it is lifestyle choice, not gender, that is the issue.

Rachel Chiang at ARC Capital, Miranda Tang at CLSA Private Equity, 3i's Anna Cheung, and Laure Wang at Asia Alternative Investments were all in Asia from the early days, laying the groundwork for what would become the world's most active and coveted private equity market. Chiang was part of the first Chinese LBO (of Goodbaby), a case study is now taught in many business schools. Tang was part of one of the earliest deals, setting a precedent for the market. Cheung was part of the founding team of 3i's Hong Kong office, and continues to be a leader in the firm's investment strategy and a role model for those coming up in the business, while Wang and two business partners have launched their own firm, which recently closed yet another fund that was oversubscribed. To say there aren't women in private equity is to ignore the giant steps forward that dealmakers like these have made.

The fundamentals of a role in private equity do not bend to gender one way or the other, and as these high-flying female MDs expressed, the job will always be about intuition, business sense, people skills, intelligence, and in one woman's experience, the ability to survive natural disasters and still get the job done.

The start of something good

Anna Cheung, Partner and one of the founding members of 3i's Hong Kong office explained, "Private equity in Asia really started in the 1990s, particularly with the Asian financial crisis around 1997. In China, it began very much as venture capital around 1999 with many Internet-related investments. It subsequently evolved into growth capital. We started 3i in 2001, however, it wasn't until around 2004 that private equity firms began to see exits and private equity really took hold."

In the early years, the few who were part of what would become the active and thriving private equity market that Asia is today had



Anna Cheung

diverse reasons for jumping in, but for all of these women, proving a point and making a feminist statement was the furthest thing from their minds. The ability to be a part of a new and innovative way of investing, to explore companies, meet people and constantly be learning about new industries were the catalysts.

"I'm a deal junkie," said Cheung simply. "I like that in this business you meet different people, you see different businesses every day, and 10 years [after entering private equity] I'm still learning things."

Rachel Chiang, MD at ARC Capital Partners said of the first wave of deals, "I was one of the members of very early deals. We [at AIG] invested in one of the largest noodle manufacturers in China. You get to look at [different] companies and going through that process is very exciting." And so is the reward.

As one of the first people - and consequently first women - in Asia in private equity, she pointed out that in the beginning it was less about gender and more about the fact that "most people in Asia didn't know what private equity was."

This sentiment was echoed by all of the women, who began their careers as analysts or in corporate finance and transitioned into what was at the time venture capital when they saw an opportunity to be involved in something new and exciting in a region that was growing and coming into its own. Explained Laure Wang, Co-Founder and MD, Asia Alternative Investments, who worked in New York before moving back to Hong Kong, "I personally enjoyed building companies and working with them. And I really liked being on the principal side of the business rather than agency side [in banking]."

Growing Pains

With early entry, there were hurdles, and some of these did come in the form of cultural and gender bias. Korea was pointed to as a difficult landscape for women to navigate. CLSA's Tang said, "There were certainly instances where they thought that I was a translator; that was quite normal. The worst incident was when I met with a Chairman of a corporation and he refused to shake hands; he wouldn't look at me." But, she said, these types of issues roll right off her back. "I'm the gatekeeper," Tang explained. "And that gave me a terrible first impression! The whole team [at CLSA's private equity arm] was female-dominated then, so it wasn't great [for the prospective company]."

Said Chiang of her first experiences in Korea, "I had a meeting and went with one of the [male] managers who works for me. Everyone shook hands with him and not me. Then," she recalled laughing, "they asked him what he wanted to drink and asked me to get it for him!" But she says a sense of humor made this an easy situation to deal with. "For me everything is an experience, and I didn't take it seriously."

However, others like 3i's Cheung have never noticed a difference in the way that business is handled. "I have heard people say that [Korea is difficult for women], but I didn't find that to be a problem. Maybe if I was Korean they might [have a perceived way of treating me] but as I'm not, I've never sensed that there was an issue."

On the whole, in this part of world, if any person, male or female, is able to "show business owners what you can do and your track record, you always have respect; and even more if you are female," said Chiang.

And as Tang noted, "Korea is a country in which we have seen a lot of improvement [with respect to gender]. After looking after the market for over ten years, these days people know me and know they have to deal with me. And, after the [Asian financial] crisis there are now more female professionals in the market; as people get to know the industry and the dynamics better, they realize this is part of the deal and part of the transaction.

"You see a change in mentality," she said. "Now people work differently and irrespective of age or gender, there's a lot of teamwork."



Amanda Lote



Laure Wang

"If you look at where the senior women are now," Wang pointed out, there are many in China and India. "Those economies have been growing so you see more women in senior positions. Part of the reason is that there is less of an entrenched way of doing things because it's all relatively new out here. We're not in a situation where there has been an incumbent old boys network around for the last 200 years. Everything about the environment is much more dynamic and affords opportunities for many different strategies for anyone - male and female."

The mentality here in Asia is also vastly different, noted ARC Capital's Chiang, who has worked both in New York and Asia. "From a female point of view, in New York, you have to be quite dr," she explained. "You want to break into a male-dominated world and so you dress the same, and it's just the head and feet that look different. Here though, you get to be a bit more relaxed. In a private equity environment, you go to a construction site, and you want to blend in, but in a Chinese way. It's still proper, but being in tune with the Chinese culture helps a lot [more than turning up in a flashy suit]."

The Landscape Today

Great strides have been made across the board, and around the world, but that doesn't mean there aren't certain firms or certain clients that still think 'old boys' club'. Those professionals who do business with a large number of private equity firms seem to notice the discrepancy more than the women in the industry.

Amanda Lote, Director, Profile Search and Selection, who works with senior placements for private equity and financial sector firms said that in her experience, "There are a number of women as VPs, or in senior HR roles, or even COOs, but you hardly see them in the senior (i.e. MD level) deal-making roles. If you look at front office," she said, "not just in private equity - but in most finance sectors, it's predominantly male. I don't place nor see that many females in those roles, and not because there aren't women who are just as talented."

Chelsey Evans, a partner with Allens Arthur Robinson in the firm's corporate practice said she "doesn't recall a single woman banker on any deal

I've worked on. More often than not, I am the only female in a negotiation." But, she qualified this by noting that any point of differentiation is noticeable at first, but that time, experience and a proven track record to a lot to blur those lines in the end. "When I walk into room and I'm the only female, it's also that I'm the youngest by a considerable margin, so I struggle sometimes to overcome that. Neither of those is a disadvantage, but you are aware of [those distinguishing characteristics]. What I've always found though is if it is an issue at the beginning, if you do the job well, you gain the confidence of everyone and those issues become irrelevant."

For those in the industry, it does come back to talent time and time again. The Columbia Business School recently published an article that looked at businesses in the US with women in more senior positions and found that those with female senior management were better off for it. In private equity, where relationships and building companies, understanding people, and mixing that with valuations and an exit strategy are all critical, what some refer to as a "female management style" could indeed be more helpful.

To be in the business, CLSA's Tang explained, "You have to be detail-oriented and have a lot of interpersonal skills. Here, unlike a buyout fund, we're not taking a control position. In terms of communication and influence, women [tend to be] less confrontational. Maybe that's why you see more female professionals pursuing these [types of] opportunities."

Whether indeed there is a particular female management style remains to be proven, but perhaps in the West what is seen as a female trait is in fact just less cut and dry business and more an even approach to a business relationship with a personal component. In Asia, where trust and interpersonal relationships are everything, firms - and both genders of dealmakers - need to be able to speak with people at all levels to gain their confidence.

Explained 3i's Cheung, "Approaching deals as more than just business tends to be my style. The way people build relationships is always different, but I think in general throughout, I've always been more approachable, rather than a transaction-only approach. 3i as a firm has that approach to the business."

All meritocracies are not created equal

Knowing that promotions are based on proving oneself in an industry creates a sense of equality for all involved, and in private equity - as the industry grows and matures - this becomes much easier to achieve. It also levels the field and allows more women to become role models, something that the women *Private Equity Asia* spoke with all said was important.

Noted Asia Alternative's Wang, "My role models have generally all been male, but then again, I also haven't gone to search for a female role model, per se. The pool was probably more skewed towards male colleagues though; not only private equity, but in the financial world - in investment banking and into the MD ranks or partner ranks in a lot of companies. I think you find though there



Chelsey Evans

are more role models in Asia than in the US for women in private equity."

Law firms are one example where meritocracy has worked, and an industry in which there is no inherent skew that prevents climbing the ladder toward Partner. "There have always been female partners in the firms I've worked for," said AAR's Evans. "And that does make a big difference. Law firms are very much a meritocracy, so that helps as well because there's automatically an even playing field. The challenge now I think - in all career paths - is how you balance it with the rest of your life."

Evans touches on what appears to be the real key to the discrepancy in numbers. While it remains a factor people - and certainly men - are not allowed to discuss, biology and lifestyle play a major role in career decisions, especially at the point where grasping that senior rung becomes a tangible reality.

"It's definitely a lifestyle choice," explained Evans. "Women are certainly competent enough and talented enough, but M&A and private equity work is extremely demanding of time and energy and it's difficult to juggle the demands of work and home [once you hit a very senior level]." She also said that when deals become international, the idea of a 24 hour work day becomes a very real one, "and your timeline becomes very fluid." Those who need certain hours of the day for home activities may not get it.

3i's Cheung illustrated this point, describing her schedule over the past few years and explaining that for anyone it would be difficult to be away from home - with



Rachel Chiang

or without children. "I travel quite a bit. Two years ago I was out of Hong Kong nearly every week. I think there were 6 weeks in total that I didn't have to go somewhere - the entire year." As a result, the juggling act for women who have other responsibilities or priorities can be difficult. "It's really a personal choice and what sort of schedule, pressures and travel you want, and how much you need to be in one place."

Profile's Lote said that biological clocks

have been points for questioning when she places even the most talented females. "Family status does sometimes come up. On one occasion a client has asked me point blank whether a female candidate is planning on having a baby anytime soon." Like it or not, there's no equality in family planning. But, she noted, she also has never come across a talented female candidate who didn't in the end find a challenging role that was ultimately a great fit for her and her career.

CLSA's Tang, like others, believes there is a very basic element of choice that may keep a number of women from reaching the top rung. "In terms of children and work demands private equity is relatively decent and reasonable, but once there are two or more kids, the juggling act at any senior level sometimes becomes difficult."

Who is cut out for it?

Then again, there are situations that most people wouldn't be able to handle and that is where a love of what you do comes into play. ARC Capital's Chiang had to fly - during the Sichuan earthquake - to meet a client. After finally landing, she slept in a hotel room and was intermittently woken up by aftershocks that knocked things off the walls and had pictures flying onto the floor. She still got up for the meeting. But private equity can be a full-time job in a way that most jobs are not full time; and not all deals, nor firms, nor practices are created equal.

However, for the women here who have made it to the top, and continue to make landmark deals, to set the trends for the women and men who will push forward in this industry, it's not about gender, or culture, or making a point. It's quite simply about work; interesting, intelligent, rewarding, hard work.

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Miranda Tang