

Buyouts

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Profiles: Five Powerful Women In Private Equity

By Bernard Vaughan

Imagine trying to start a meeting with an executive of a company you might invest in. Then you hear the executive say, in effect, not so fast, he's waiting for your male partner to arrive.

That's exactly what happened to **Lauren Leichtman**, co-founder and CEO of **Levine Leichtman Capital Partners**, the Beverly Hills, Calif.-based private equity shop. To be sure, the incident occurred years ago. But, based on our interviews with women at the upper echelons of the industry, it is not atypical of the dismissiveness, if not outright discrimination, that they faced, typically early on in their careers.

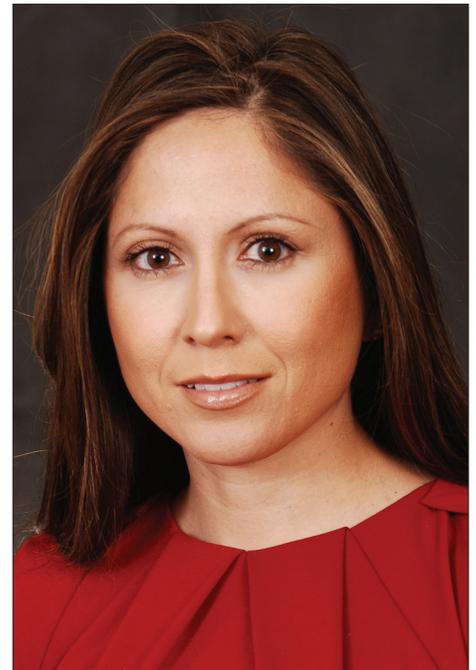
Just why women are such a rare commodity in this industry isn't entirely clear, but that they are rare is undeniable, especially at the partner level. Scan the room at any large private equity conference and diversity

is not the first word that comes to mind. Based on a sampling of 10 private equity firms chosen at random, only about 10 percent of the investment professionals in the buyout industry are women, a figure that is far lower than that in the workforce at large. At **The Blackstone Group**, one of the industry's largest employers, just about 11 of the 70 investment professionals in the global private equity group are women, according to the firm.

The good news for women is that it's never been a better time to break into the asset class. Pioneers like **Raquel Palmer**, not yet 40, a partner at **KPS Capital Partners**, are showing that it's possible to strike a balance between career and family in this business; one of the rising stars in the world of turnarounds, Palmer is the mother of three. Conferences like the Women's Alternative Investment Summit are making it easier to find mentors, to learn the trade, and to build networks. Firms like **The Carlyle Group**, which says 12 percent of its managing directors are women, seem intent on bringing more women into the asset class, and grooming them for executive positions.

By their very rarity, women also have some natural advantages over their male counterparts. More than one of the women we spoke to for this article said that their gender helps them stand out and make an impact. "A male from New York working in finance fits a certain stereotype" that may not play well outside of New York, said KPS Capital's Palmer. "I'm not that. I'm from San Antonio and being different and a woman actually helps."

Below we profile five of the most powerful women in private equity, to show how they got there, and how they plan to stay at the top of their games.



Raquel Palmer

Raquel Palmer

KPS Capital Partners

Age: 39

Title: Partner, member investment committee

Deals led: Attends, North American Breweries Inc.

Major lesson learned: As a turnaround investor, avoid the "falling knife." There are some companies not worth owning at any price.

Best advice to women: You don't need to be afraid of the commitment. Private equity is a career where you can balance home and work.



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COVER STORY

As a woman in private equity, Palmer said one challenge has been finding the common ground that men often find so easily via sports. "I can't walk into a meeting and talk sports like my colleagues can," she said. Conversely, though, she said it can be easier to gain people's trust as a woman at the bargaining table.

She said private equity is also a good career for women raising a family. "You're controlling the checkbook, you're not working at someone else's whim," said Palmer, who has three children. "If I say I need to be at my daughter's dance

recital at 7, so let's get on the phone at 9, everyone's getting on the phone at 9."

In 1994, Palmer took a job as an analyst at a restructuring advisory firm that would later turn into KPS Capital Partners, today one of the leading turnaround buy-out firms, managing approximately \$2.9 billion.

While most of her friends from school were clamoring to get into technology businesses, Palmer preferred KPS's focus on manufacturing, transportation and service industries. "I liked working with businesses I understood, companies that

made something," she said.

Palmer has helped lead several successful deals at KPS Capital. These include Attends Health Care, a maker of adult incontinence products. KPS Capital bought the company in 2007, when it was losing \$4 million of EBITDA annually. The firm revamped its manufacturing lines, shuttered unprofitable operations and trimmed the product line. Four years later, when KPS Capital sold it, it was making \$40 million of run-rate EBITDA. The investment generated 15x KPS Capital's capital.