



# Private equity focus: Insights from women CEOs at PE-backed companies

Private equity hasn't been known for diversity, but many firms are now making significant efforts both in their own ranks and at their portfolio companies. Insights from three women CEOs explore why they chose PE and how firms can further boost diversity.

Private equity is generally perceived as a tough culture, driven by financial metrics alone and more competitive than many other industries. It's also an industry traditionally built on relationships. Indeed, hiring familiar people from existing networks has typically been seen as the lowest-risk option. For these reasons, both PE funds and the leadership teams they install at portfolio companies have not been notably diverse. For example, of 871 successful PE-backed exits in the United States' consumer sector in the past five years, only 90 were led by female executives.<sup>1</sup> And many of these female executives were founders with minority- or majority-equity backing.

There have, however, been some shifts over the past decade, as the largest PE firms started focusing more on diversity in terms of gender and, more recently, race or ethnicity. Now, investor pressure is building on smaller firms to do so as well. For many PE firms of all sizes, not meeting investor expectations on diversity is now a larger risk. This means they will have to change how they think about attracting and retaining diverse talent, both to satisfy their limited partner investors as well as to better reflect end consumers in the age of social media and brand transparency.

Interviews with three leading female CEOs at PE-backed companies offer insights into what attracted them to PE and what keeps them there. They highlight some lesser-known benefits of leading a PE-backed company, such as the chance to build businesses and develop talent without having to navigate a large-company bureaucracy. These CEOs have also met the fundamental metric of PE success: though none had traditional PE experience, all led very successful exits with outsized multiples. These CEOs' experiences offer guidance for PE firms seeking more diversity and for executives considering a move to PE.

<sup>1</sup> PitchBook database, accessed on February 8, 2020, [my.pitchbook.com](https://my.pitchbook.com).

## The unsung benefits of private equity

“Coming from a big CPG to a \$50 million business [thinkThin], I had to wrap my mind around the idea that I was not taking a step backward in my career,” recalls Michele Kessler, current CEO of REBBL, an organic, plant-based B corporation and a former vice president at Mars and Kraft. Like many of her peers at the largest consumer goods companies, she had misgivings about the size, working environment, and pressures of PE. But, one by one, she says, the experience wore away her concerns.

“I realize now that big companies get bureaucratic, and day-to-day work can be like slogging through mud to get approval,” says Kessler. At smaller PE firms, she found that “everyone is aligned and focused on the same thing: making the company profitable and as valuable as possible for potential sale.”

Maria Stipp, CEO of Stone Brewing and former CEO of Lagunitas Brewing Company who has also held senior commercial roles at Activision and Miller Brewing, adds, “It’s refreshing that I don’t have to be careful with clarifying the ambition of the PE investment,” as clarity of performance expectations with colleagues has been important to her success.

Overall, in our experience, the consumer-centricity and focus at smaller companies, along with the opportunity to build a business, helps many executives overcome concerns about the smaller size.

Linda Boardman, CEO at Bragg Live Food Products and previous president at Applegate Farms and director at Whole Foods, also says that making the switch to PE yielded unexpected benefits, particularly in terms of the opportunities to learn and network it provides.<sup>2</sup> Boardman expected to have analysts looking over her shoulder and to be caught up in insular thinking. Instead, she encountered helpful peer groups of executives across the portfolio sharing resources and bouncing ideas off one another. During the COVID-19 pandemic, “to have other CEOs call each other and say what they are doing has been an important touchpoint,” she says.

Kessler also had misgivings about private equity as an industry. “I didn’t know the difference between PE and venture capital,” she explains. “I thought they typically pulled out costs and starved the companies . . . My impression was wrong.” PE-backed consumer companies do typically focus on cash, but they also focus on innovation-driven growth. They tend to make fewer and more substantial bets to achieve double-digit growth, compared with large CPG companies that might be satisfied with spreading resources across a large portfolio for single-digit returns. And leading those bets can be an attractive opportunity.

Indeed, the CEOs we talked with were often attracted to PE despite their misgivings by the opportunity to grow and diversify their own career paths. For example, moving to PE allowed Kessler to transition from media and marketing roles to being a CEO. Similarly, when Stipp first made the switch, she did so because she wanted to take more control over her career and focus on the parts of the job she loves most. “I’m a problem solver—when I find an opportunity to solve a problem, I want to dive in and participate,” she says.

“I wasn’t only motivated by the financial gain in the beginning,” Stipp continues, adding that she was “money motivated, but not in the same way as male counterparts from past experiences who go for the largest option for pay-out, regardless of a true match.” Instead, she says, “I ensure that I have the right skills for the thesis at hand and I can work with the founders or team [and that] I’m going to ultimately enjoy it.” Boardman highlighted “the opportunity to bring a mission to life” as a factor that has kept her in a PE-backed firm.

For better or worse, among other surprises leaders find when entering the CEO role, leaders say they felt compelled to hold a mirror to themselves. While there is often a lot of posturing and falling in line at big companies, being in a smaller company, they say, draws out a person’s true identity. “You have to know who you are and not who you want to be,” says Kessler, adding, “I used to think I was a straight shooter, but I can really be myself in a smaller company environment.” For many leaders, such authenticity helps relieve the stress of the role—and opens up the door to personal connections that are part of a thriving culture.

### Linda Boardman

**CEO at Bragg Live Food Products, backed by Swander Pace Capital**

Assisted Branch Brook Holdings in the sale of Kicking Horse Coffee to Lavazza in 2017

Former president, Applegate Farms

Former director, Whole Foods

President, Branch Brook Holdings (a partnership between Swander Pace Capital, Jefferson Capital Partners, and United Natural Foods)

### Michele Kessler

**CEO of REBBL, backed by CAVU Venture Partners, BigR Ventures and PowerPlant Ventures**

As CEO and president, led the transaction of thinkThin to Glanbia plc in 2015

Former CEO and president, thinkThin

Former vice president, Mars

Former vice president, Kraft

### Maria Stipp

**CEO of Stone Brewing, backed by VMG Partners**

As CEO, facilitated the full sale of Lagunitas Brewing Company to Heineken in 2017

Former CEO, Lagunitas Brewing Company

Executive vice president, GM Owned Properties, Activision

Chain sales director, Miller Brewing

**“I wasn’t only motivated by the financial gain in the beginning . . . [I was] money motivated, but not in the same way as male counterparts from past experiences who go for the largest option for pay-out, regardless of a true match.”**

**Maria Stipp**  
CEO, Stone Brewing

<sup>2</sup> For more on how a healthcare-sector PE firm is increasing diversity across its portfolio and encouraging networking among its CEOs, see Phyllis Schneble, “Diversity, equity, inclusion, and advancement in healthcare private equity,” Heidrick & Struggles, March 18, 2021, [heidrick.com](https://heidrick.com).

## Building teams and connections

The CEOs we spoke with also focused on the ability to build teams and mentor in a different way than their current companies could at large CPGs. Stipp notes that she’s “choosing people that understand the goal of the company” and that they “don’t have to fit the typical mould.” She’s also focused on further increasing diversity: “I’m married to a woman and I have 14-year-old twins. I’m going to push boundaries to hire diverse talent,” she says. “I believe diverse people challenge the norms we’ve created in our corporate cultures in a good way.”

Boardman cautions, however, that culture and inclusion have to be authentic. If a company’s culture does not change, even if its hiring practices do, people will “sniff it out.” She explains that people “have to come together. People want to feel like they will make a difference and be an agent of change.” To build and maintain a diverse team, Boardman advises that a company emphasize its ability to combine classic big-company experiences with a small-company mindset. Additionally, hiring strategies should target a combination of external candidates and those grown from within: “Marry the passion, product knowledge, and values with outside experience,” Boardman says. “Try to find outside people to be receptive to that.”

Beyond their own teams, all three CEOs stressed the importance of having a good relationship with their company’s founders. A PE acquisition and then exit creates fundamental change for any organization, and being able to call on the founders’ insights and purpose can help new CEOs and their companies. Kessler explains: “Respect and admiration for the founders is critically important. Being a founder is different than being a CEO of a company and both people bring value to the organization.” Boardman adds that she “could relate to founders and identify with the challenges they had overcome in growing their companies” while her PE partners built “personal connection and trust” in relationships with founders.

## To build a career in private equity, build a strong network—and ask questions

All the CEOs we spoke with underscored the importance of their networks in getting the job and succeeding in it. Kessler explains, “it’s understandable that people like to tap into their own network, because it’s someone you know and can vouch for. [But] that can perpetuate the phenomenon of white men hiring other white men unless there are enlightened leaders around the table.” She adds, “Traditionally, when leaders make an investment, they are afraid to take a risk. And risk looks like somebody different.” While it is clear that that risk is mitigated by familiarity, Stipp worked to build a network to get into the industry by “really doing it directly, thinking about who I wanted to get to know. I curated a list of PE firms and companies with good reputations and found a way to meet those people and learn about what they may be working on.”

However, due diligence is crucial when considering such a move. Advisers will have valuable opinions, but all three CEOs also stressed the importance of asking the right questions. As Stipp put it, understanding what the PE firm “sees in the asset—the financial thesis over how much time, and really understanding the math on enterprise value,” is crucial to success, as is ensuring “you can buy into it as well.” Kessler describes what she sees as the right steps: “Sign an NDA, get comfortable with the P&L, view board decks and see what the discussions are, and understand the cash situation and whether there’s an exit strategy.”

Overall, asking for diligence and understanding the “reality multiple” on the deal thesis is the best way to confidently opt into a new role as well as advocate for the management team. If a potential CEO cannot see eye-to-eye with the backers at this stage of a process, she should recognize that the fund is not the right fit and keep looking. From short- to long-hold, turnaround or growth, there is a fund for most styles of executive leadership.

Once in the CEO role, Kessler highlights the importance of “having your own advisors and friends that you can turn to for anything from web development to how to handle an issue with the board.” Stipp focused on other kinds of experience in her network, saying, “It’s always helpful to understand ideas for optionality that you didn’t think of yourself. Your network can help you along the way.” She

## Women and travel: A post-pandemic tipping point?

Achieving a balance between the need to travel for work commitments and family commitments can be the hardest part of the job for many women, especially mothers of underage children, and that includes those who hold C-suite positions. (One study found that 70% of men with households in the top 1% of earners have stay-at-home spouses, while among married women who earned personal 1% status, only 22% had a stay-at-home spouse.<sup>1</sup>)

Being away from family while children are young and the time-control challenges that emerge from that, along with relocation demands, are what many women say make them wait years to move into executive roles. Some only feel able to do so after their children leave home (as was the case for Michele Kessler, who, despite her executive positions, was reluctant to relocate due to the age of her children) or their spouse retires.

As remote and hybrid working is now expected to last, it is possible that these demands will lessen, making more women feel that it’s possible to take on a CEO role in any industry. Linda Boardman notes, “If you have a strong enough culture and infrastructure and communication system, you can have more flexibility. There’s still value in face time, but things will change.”

<sup>1</sup> Lila MacLellan, “70% of top male earners in the US have a spouse who stays home,” Quartz, April 30, 2019, qz.com.

**“It’s understandable that people like to tap into their own network, because it’s someone you know and can vouch for. [But] that can perpetuate the phenomenon of white men hiring other white men unless there are enlightened leaders around the table.”**

**Michele Kessler**  
CEO, REBBL

## What funds can do

These CEOs and many other executives are moving beyond preconceptions, but PE funds can do much more to make the benefits of diversity clearer and to attract more leaders who are women or diverse in other ways. Most obviously, leaders at PE funds need to overcome the preconception that PE experience is needed to succeed in PE. And leaders who are committed to increasing diversity should add to their own networks with diversity in mind. As a start, they can seek out executives at larger companies in industries parallel to those in the portfolio or opt for a leader with the right agility, learning capability, and execution focus coming from different industry at the right scale and business model.<sup>3</sup>

PE leaders can also highlight role models of success in the industry, which could help mitigate what Boardman identifies as a key question many women ask when they are recruited: “Should I walk away from a larger company where things are more concrete?”

Beyond that, the leaders of PE funds need to continue to diversify their deal teams to help attract diverse executives for their portfolio companies. Then, when recruiting for a specific role, they will benefit from clearly defining the core skills and experience needed for the role without preconceptions about where those skills might be found, and then ruling people in based on what’s right instead of preemptively ruling them out.

What this means is that leaders should begin at the question, “What has to be true for this executive to succeed?” This approach can help expand thinking and allow for more diversity in the initial candidate slate. PE leaders can think about ways to backstop executives who might look a little risky with independent directors, peer mentors such as successful CEOs in the fund’s other portfolio companies, or operating partners with specific expertise. In parallel, improving diversity on the boards of portfolio companies, casting a wider net than is often seen today, can both support new CEOs and build a potential CEO or C-suite pipeline for future investments.

Fundamentally, setting diversity goals aligned with business goals and committing to building diverse slates for any executive or board role will be crucial to success, these CEOs agree.

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Executive positions at private equity-backed companies are more attractive to women than many may think. These firms offer opportunities to build businesses, stretch leadership skills, and develop teams in ways that larger companies do not. And when executives succeed in a PE-backed role, they typically have lasting connections across the PE fund’s network, which can allow them to build on successes in ways not often possible in larger organizations.

As society-wide pressure for diversity of all kinds increases, women seeking senior roles will benefit from considering PE even if they have reservations. Leaders at PE funds will benefit from seeking these women out and shifting their traditional recruiting processes to attract women and other diverse leaders.

PE leaders committed to increasing diversity can also highlight role models of success in the industry, which could help mitigate what Linda Boardman identifies as a key question many women ask when they are recruited: “Should I walk away from a larger company where things are more concrete?”

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<sup>3</sup> For more on new approaches to agility, see Yulia Barnakova and Steven Krupp, “The future is now: How leaders can seize this moment to build thriving organizations,” Heidrick & Struggles, December 17, 2020, [heidrick.com](https://www Heidrick.com).

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