Clear Vision: Santa Monica-based Clearlake Capital sees gains from inclusion efforts.

the end of 2019 from 312 one year earlier, and that group of firms has grown at a compound annual growth rate of 29% since 2014, according to **Fairview Capital Partners Inc.**

In order to increase those numbers even more, it's important to look at why they're low in the first place. One reason, Greene said, is hiring managers at private equity firms have an innate tendency to hire who they know, the people in their social networks.

Many times, it's not even a conscious decision, but if those networks are narrow — which they can often be in the PE world — then it's difficult to bring that diversity in, Greene said.

"We attempt to self-select in the industry what pathway is going to lead to great outcomes, instead of looking at what skill sets and attributes — singularly regardless of background — will lead to great outcomes," he said.

"What it really is akin to is a lack of appreciation for what people of different backgrounds have had to achieve, and how successful they can be when given a true fair opportunity," Greene added.

A certain look?

Additionally, it can be difficult to make PE more diverse because there are fewer jobs in the space than in other areas of business. People also tend to have a belief that private equity professionals look a certain way.

"It doesn't require a person to look a certain way or to have played lacrosse, or to be on the swim team at an Ivy League school, yet those are elements that factor into the hiring decision," Greene said.

In addition to breaking out of that pattern, another path to change is to understand that there isn't just one pathway to success, such as going to Ivy League schools and then working at a well-known financial institution.

> Sometimes just asking yourself the question makes the difference.
>
> JOSÉ FELICIANO
> *Clearlake Capital*

Another indirect, yet effective, approach taken by NAIC and other organizations is to help firms led by women or minorities perform well. "In doing so, they become an exemplar and an archetype of what's possible," Greene said.

It would also help tremendously, Khodadad said, if limited partners demand more diversity within their organizations. This could have an impact similar to recent developments in the ESG space where investors have called on companies to be more environmentally and socially responsible. Companies have listened because, after all, investors have the money.

"It has to start with the pocketbooks of investors to actually set the policies," Khodadad said.

Moonsail Capital

FOUNDED: 2017
HEADQUARTERS: Downtown
MANAGING PARTNERS: Joseph Acevedo, Rafael Ortiz and Carlos Rodríguez
EMPLOYEES: 5
NOTABLE: Moonsail targets health care, business services and niche consumer services such as fitness, wellness, coffee roasters, specialty food products, nutritional supplements and postsecondary education. The firm's typical transaction is lower middle market, founder and family owned, EBITDA $2 million to $6 million, and primarily control buyouts, though it will consider minority and other structured debt and equity investments.

ROCA Partners

FOUNDED: 2015
HEADQUARTERS: Beverly Hills
MANAGING PARTNER: Ravi Yang Sarin
EMPLOYEES: 6-10
NOTABLE: ROCA targets technology-enabled services companies in education, financial services, health care, media, retail, and travel and leisure. In June the firm co-led a $25 million raise for San Francisco-based executive recruiting firm Riviera Partners.