

# Insights from the 2019 Private Equity Recruiting Conference



The private equity sector has evolved quickly in the last few years, distinctly shaping recruiting dynamics in new and interesting ways. Recently, I had the pleasure of attending the 2019 [“Private Equity Recruiting: Linking Talent to Value”](#) conference in New York City. 400 private equity leaders, chief talent officers, and executive recruiters gathered at the Harvard Club to discuss recruiting, developing, managing, engaging, and retaining 21<sup>st</sup> century private equity talent, and there were many insights applicable to anyone in the industry.

## **Private Equity Growth and Evolution**

In order to adapt to the nuances of modern private equity recruiting, it’s necessary to first understand how the industry has changed. The private equity environment has seen explosive growth in the 2000’s. 20 years ago, there were perhaps only 20 private equity firms with over a billion dollars in assets. Today, there are over 1,000. Assets under PE

management are not just growing rapidly, but they represent larger and more sophisticated businesses.

This type of evolution makes clear that the strategy of private equity firms is changing. Before, firms used to emphasize operational reengineering. Firms could take portfolio companies that needed direction, streamline processes, and turn that business over for a healthy profit. Today's private equity firm focus is on *talent* reengineering, emphasizing getting the right talent in the right seats at the private equity and portfolio levels. To fill this increased need, firms are even looking to talent acquisition professionals in the public sector who have experience leveraging talent on large scales.

### **The Link Between Talent and Value**

Private equity firm strategies are moving toward creating value more quickly. Not long ago, [the tenure of executives in portfolio companies](#), once acquired, was one to two years. For example, CEOs would stay on after acquisition to provide a transitional period for the business. Today, prior to purchasing a business, a private equity firm will assess a company's executive team and make personnel changes that take effect immediately upon acquisition so that their strategy can be instantly employed and the company can hit the ground running.

There's a greater focus on providing value as quickly as possible after an acquisition. Before, with operational changes, that value would come more slowly. Today, with value derived through talent, private equity recruiting becomes a distinct priority earlier in the process. Firms are focusing on building talent and HR departments that can better guide portfolio companies. Advisory roles are coveted, and understanding that it's different to be a CEO within private equity is necessary for securing that type of talent.

### **Evaluating Talent**

One of the most interesting parts of this year's conference centered around a discussion on talent assessment, screening, and evaluation tools. In the past, a great deal of emphasis was placed on the private equity interview process. Typically, those candidates who interviewed the best were the ones who got the job, which makes sense on a surface level. However, in 2019 we have the luxury of analytics and data that can better support the vetting of talent. Now, even before an interview, we can know what kind of person, leader, and developer of talent a candidate really is. Knowing the cultural fit of a candidate and how they respond to difficult situations sheds a new light on the evaluation process. Hard skills and soft skills are both essential to private equity roles, and the more disciplined talent management processes of today are better able to vet those areas.

Of course, there's no question that [it's a candidate's market](#) in private equity. So much growth and focus on talent can only be sustained by steady hiring, and yet the pool of qualified talent is quite limited. It takes time and effort to capitalize on today's new strategic directions. An exciting part of the event was conversation about the role search firms are playing in this big picture. Engaging with experienced recruiters is how many private equity firms are solving the difficulties that recruiting in the space brings.

### **The Future of Private Equity Recruiting**

Despite the inherent challenges in dealing with a small talent pool and revamping strategy, the 2019 Private Equity Recruiting Conference made everyone in attendance excited for the future. Change is difficult, but when embraced, it can take firms and individuals to new heights.

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