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Drawing more than 100 industry professionals from 81 organizations, the April 2022 members-only DEI roundtable drew LPs from across a spectrum of diversity, equity, and inclusion (DEI) experience to focus on how attendees can jumpstart their DEI journeys and how to address the biggest DEI challenges facing LPs. Summarized below are the key takeaways from the breakout discussions.

Key Takeaways

Many LPs are still in the information-gathering phase of establishing their DEI programs.

- Some participants were cautious to carve out allocations for diverse and emerging managers, fearing that a single bad emerging manager decision could reflect negatively on DEI efforts at organizations where support is tenuous.
- LPs are not considering outsourcing DEI data collection to other firms. While the added responsibility is a strain on LPs, the nuance that comes from collecting this information directly from GPs during diligence is useful.
- Some LPs have found success in building support with leadership by framing DEI efforts as diversifying risk, as a means to maintain momentum and keep the focus on performance.

For LPs just getting started on their DEI journeys, the focus is naturally on understanding where they / their managers stand relative to the industry.

- For LPs just getting started in DEI, the focus is on understanding current market trends, including what other LPs are doing, and clarifying their organizational and investment goals.
- LPs also reported surveying GPs as a great way to take stock of the managers they work with, including understanding how DEI has progressed in their organization and what their goals are. Survey findings are useful in identifying which managers are lagging and can serve as a starting point for future conversations.

LPs primarily use diversity data as a springboard for conversations as opposed to holding a GP to certain targets or Key Performance Indicators (KPIs).

- LPs use DEI data from GPs to inform in-depth conversations around goals and progress.
- LPs found greater success in getting survey responses from GPs when requests for data were accompanied by supplemental documents, such as a letter outlining DEI's importance to the institution and what will be done with the data when received.

LPs aren't walking away from managers because of DEI concerns—but they are taking notice.

- LPs reported they had not yet turned down any managers for DEI reasons as they are still primarily focused on working on DEI within their own organizations.
- Open and clear communication with GPs around goals and expectations is critical for helping GPs to start thinking about DEI at their own organizations, while giving LPs greater insight into the challenges facing GPs in market.
- Several participants had a "watch list" for managers who are not making sufficient progress on DEI within their organizations. This allows for a more targeted approach for LPs who are addressing parts of their portfolio where DEI is lacking.
- When requesting portfolio company statistics, LPs were receiving data typically at the senior management level.