



How Will Remote Work Reshape Private Fund Deals, Sales Teams?

By Tom Stabile September 30, 2020

Private equity managers are used to launching funds that look out at investment trends a decade or more in the future. But the abrupt embrace of remote working in response to the coronavirus pandemic – and the expectation it has created for a flexible blend of at-home and in-office options – has fund managers scrambling to figure out how they'll organize deals, sales, and other teams in just a year or so when the health crisis subsides.

The decision at most firms appears to loosely break into two options: returning to pre-pandemic work patterns, where people largely work out of offices; or making a concerted shift to embrace more remote working, whether for some or all employees, and adjust office space and team dynamics accordingly.

For many fund managers, especially those that prize face time, the pandemic has surprised them with evidence their firms can function remotely, says **George Wilbanks**, managing partner at Wilbanks Partners, an executive search firm. And that could make it harder to go back to the way things were, he says.

"It's going to be really hard to dial it back," he says. "It will be hard to unwind the creative tools people have developed to be productive remotely."

But few managers have a sense what they want their future work landscape to look like, says **Bryce Klempner**, partner at **McKinsey & Co.**

"I've had this conversation with literally dozens of private equity professionals, that they're thinking about what their life is going to be like afterwards," he says. "But if I spoke to 20 people, I've heard 30 answers."

While there is wide agreement that remote working has not hampered most businesses, and in many cases has increased productivity, fund managers shouldn't make long-term staffing plans based only on that experience, says **Laura Dribin**, president and CEO at **Peritius Consulting**.

"I would personally tell companies not to make any grand gestures quite yet," she says.

And some managers already are aiming to get back to normal for certain functions, says **Nicholas Tsafos**, partner in charge of the New York office at **EisnerAmper**.

"I'm hearing from my [clients] that they want to bring deal teams back before everyone else," he says.

But the main theme for managers today is analysis – and concern – about how to proceed, says **Dale Rose**, president at **3D Group**.

“I don’t know if anyone has the right mix,” he says. “I’m hearing people struggle with it.”

As firms start down the path of deciding whether to make remote work options a permanent feature, there are many potential variables to consider. Some managers may decide that teams where a “high degree of banter” takes place among high-level decisionmakers need to be in the office, Wilbanks says. “For some functions, it’s essential for people to be facing off,” he says.

Meanwhile, they may determine that other teams – especially those with more millennial generation employees – are adept at using video conferencing and messaging tools such as Zoom and Slack, Wilbanks says. “Some of them have gotten good at real time [interaction] to replace an in-person bullpen,” he says.

Managers may also realize that remote working policies shouldn’t apply universally but instead to specific job roles, work experience levels, or just individual employees, Dribin says.

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“They will need to determine who needs to be in a face-to-face situation and who can be at home,” she says.

Distinct business segments and geographic locations may also call for different approaches, Tsafos says. “You can’t have a cookie cutter approach,” he says.

And increasing the share of remote work may require managers to find workarounds beyond technology to keep employees connected, Wilbanks says. “Maybe it will be more conferences and offsite meetings,” he says. “Maybe it will be a requirement for a team to come to the

office two days a week and spend most of the day together. Instead of a one-hour meeting once a day, you have a six-hour meeting once a week.”

Those decisions will spawn others, such as whether to adjust remote worker pay, he adds. “People are talking about this,” he says. “It also affects where compensation is headed.”

Some managers are already leaning toward more remote working and scaling back office settings. That includes managers that have seen deals teams flourish, Klempner says. “They call it sourcing overdrive,” he says. “They’ve cut out all the travel and in-person meetings and have a ton more bandwidth.”

Sales teams can also have greater breadth, with some managers eager to replace the team traveling cross country with executives who instead pitch willing investors with a video call that allows them to cover more products, answer more questions, and deliver information faster, Klempner says. “Now, the reality is they can have 80% of their conversations from one place,” he says. “I think it will change the shape of those organizations.”

More remote work and digital collaboration also could bring more efficiency, Rose says. “If I can get the same deal without having to fly across the country, my result will be faster and cheaper.

and if I can have five meetings in one day and you can have one or maybe two, maybe I can do more deals,” he says. “The bet is about efficiency and speed.”

But other managers insist in-person collegial experiences are vital, especially for investment and sales teams, Tsafos says. “They need the energy of the room,” he says.

Companies such as **IBM** and **Yahoo** that had extensive remote working in years past later dropped those efforts, despite the higher productivity, Dribin says.

“What goes down is innovation and ideation,” she says. “The water cooler effect is an actual thing.”

Some managers also insist it’s not possible to replicate face-to-face interactions, Rose says. “The nonverbal information you get is quite significant, the visual cues,” he says.

In-person meetings also foster stronger personal bonds, Dribin says. “When you’re looking to buy [a] company, it’s a trust relationship – and they’re probably not going to sell it over a Zoom call,” she says. “Dealmakers are hard-driving extroverts... Getting in front of others helps feed them.”

And despite the successful run for remote working this year, strains are showing, Dribin says. “Now, you’re starting to see fatigue,” she says. “People want a work-life balance, but this has gone to the extreme where there really is no dividing line any longer.”

Contact the reporter on this story at tstabile@fundfire.com or 212-542-1222.

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