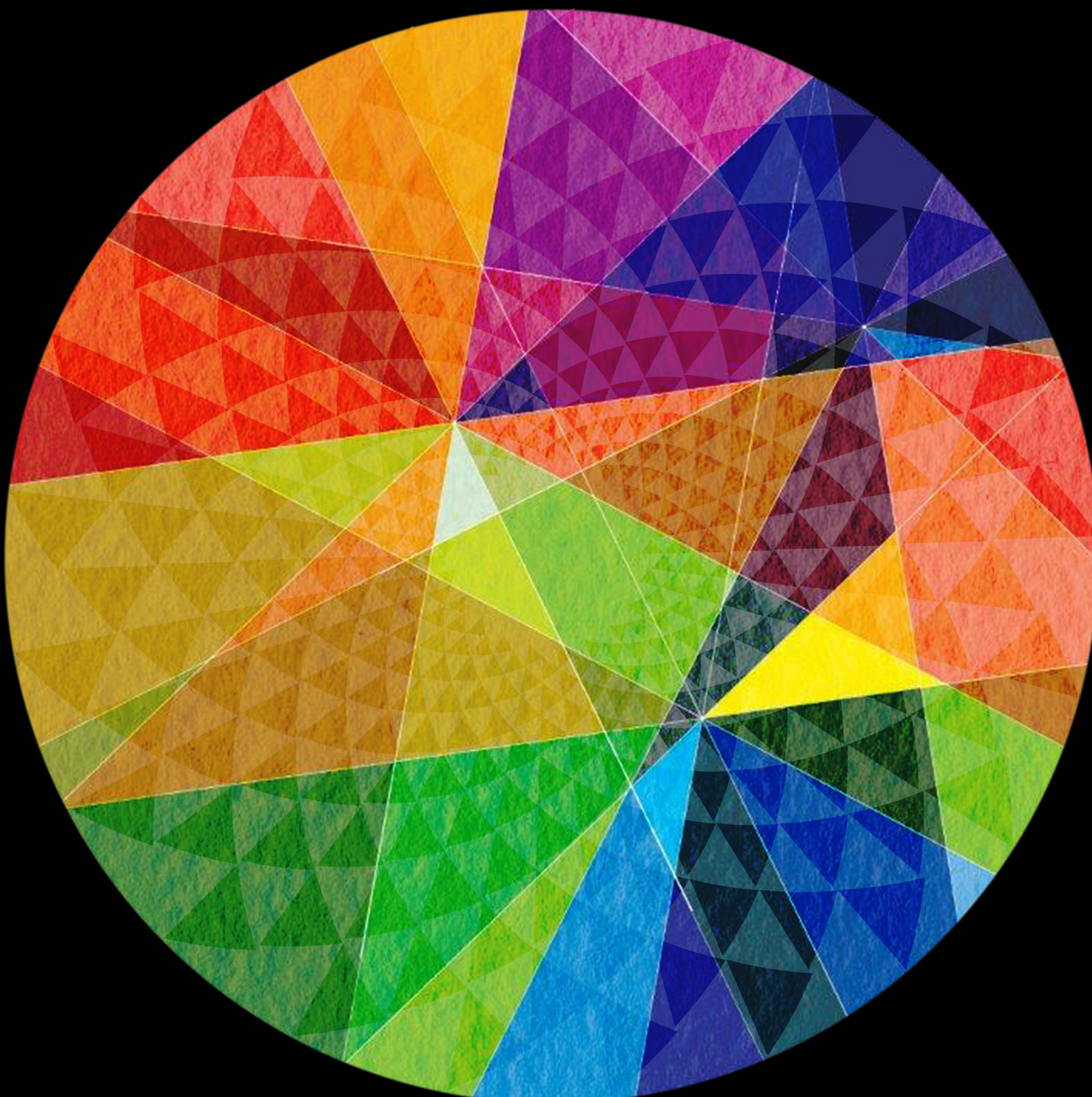
VC Human Capital Survey

Third edition | March 2021



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Executive summary

The venture capital (VC) industry appears to be making progress in achieving greater gender, racial, and ethnic diversity. Some progress has been made in expanding the representation of women in leadership positions, particularly for investing professionals. In addition, of the VC firms surveyed, more are adopting diversity and inclusion strategies than before, and firms with these strategies report having more diverse workforces than other VC firms. However, the pace of progress has been uneven across diversity demographics—there has been little increase in the representation of Black and Hispanic employees in the overall industry and in leadership positions. At the talent management level, few of the firms surveyed conduct employee surveys to assess their progress in creating a more inclusive workplace. While the improvements indicate a positive trend, the data indicates the industry has work to do to achieve a long-term diverse workforce.

These are some of the key findings of the third edition of the *VC Human Capital Survey*, powered by the National Venture Capital Association (NVCA), Venture Forward, and Deloitte to assess the state of diversity, equity, and inclusion (DEI) in the VC industry. The survey provides a source of information that allows firms to benchmark themselves against industry practices and helps them identify innovative approaches to promote DEI.

The third edition of the survey collected information from 378 VC firms (a significant increase from 203 firms in the previous edition, representing an aggregate total of $256.4 billion in assets under management) on their talent management practices and on the demographics of nearly 5,000 employees.

Although there have been other assessments of diversity in the VC industry, this survey series provides a unique perspective. Unlike other research efforts in this area, it gathers diversity data from VC firms of all types, sizes, and geographic regions, examines diversity for a variety of groups across all types of positions, and examines firm talent management strategies. In addition, it is conducted every two years so that progress can be tracked over time.

In 2020, there were widespread protests to promote greater racial justice, and companies in all industries, including VC firms, appear to be paying greater attention to the roles they have played and the work they must do to support social justice. In addition to their broader social responsibility, VC firms are increasingly recognizing that a more diverse and inclusive workforce can generate important business benefits, expanded business opportunity, improved performance, and greater innovation.

In June 2020, NVCA publicly launched VentureForward, a 501(c)(3) nonprofit supporting organization with a focus on advancing a more diverse, equitable, and inclusive venture ecosystem and conducting research on the industry. Venture Forward's programming expands opportunities for people of all backgrounds to access, participate, and succeed in VC and helps firms build strong, healthy cultures and values. Two key programs include VC University, a certificate program on venture finance with a scholarship component and mentorship program offered to new VC investors from diverse backgrounds, and LP Office Hours, workshops for emerging fund managers from diverse backgrounds to learn fundraising best practices. In 2016, NVCA and Deloitte created an industry benchmark survey series in the first edition of the *VC Human Capital Survey*, and a second survey was conducted in 2018. The survey complements Venture Forward's tools and underpins why its DEI programming is important for the industry.

The current edition of the survey found that the industry has made some progress in important areas of diversity, equity, and inclusion, as well as identifying potential areas to consider to drive further progress. Increasing diversity can be especially challenging for VC firms since they tend to be small, with a median size of six employees among firms participating in the survey. In addition, turnover tends to be low, especially in senior positions. Firms reported turnover of only 4% among senior investment positions and 24% among junior investment positions in the year ending June 30, 2020.

Yet, there remain promising strategies, discussed in this report, which can serve to further increase DEI, including using a broader range of external sources when recruiting for open positions, implementing diversity and inclusion strategies, implementing formal DEI programs, and conducting employee surveys to assess inclusion.

Key findings

Steady progress in increasing gender diversity. Female employees comprised 23% of investment professional positions (up from 21% in 2018 and 15% in 2016), and 16% of investment partners (up from 14% in 2018 and 11% in 2016). The representation of women also increased in the junior-level investment positions from which firms often draw to fill more senior-level positions. Women comprised 33% of junior-level investment positions, compared with 28% in 2018 and 25% in 2016. Female employees accounted for 24% of investment professionals who originate deals, 21% of those who represent the firm on the boards of portfolio companies, 21% of firm investment committee members, and 18% of management company owners.

Little improvement reported in Black employee representation. Black employees comprised 4% of the overall workforce, the same percentage as in 2018, 4% of investment professionals (up from 3% in 2018), and 7% of junior-level investment positions (an increase from 5% in 2018). The percentage of investment partner positions held by Black employees was 3%, unchanged from the prior survey. Black employees comprised 3% of investment professionals who originate deals, 3% of those who represent the firm on the boards of portfolio companies, 3% of firm investment committee members, and 3% of management company owners.

Asian/Pacific Islander employee representation continues to grow. Asian/Pacific Islander employees comprised 18% of the overall workforce (compared with 17% in 2018), 19% of investment professionals (compared with 17% in 2018), and 25% of junior-level investment professionals (up from 20%). Fifteen percent of investment partners were Asian/Pacific Islander employees, the same percentage as in 2018.

Few gains in increased Hispanic employee representation. The percentage of the overall workforce reported to be Hispanic was 7% in the current survey, up from 5% in 2018, and Hispanic employees comprised 4% of investment partners, a slight increase from 3% in the prior survey. However, Hispanic representation among investment professionals declined from 5% in 2018 to 4% in the current survey, while the percentage of junior-level investment professionals who were Hispanic was 4%, unchanged from 2018. Hispanic employees accounted for 5% of investment professionals who originate deals, 4% of those who represent the firm on the boards of portfolio companies, 5% of firm investment committee members, and 5% of management company owners.

Representation of white employees remains steady and dominant. White employees comprised 72% of the overall workforce and also 72% of investment professional positions, compared with 76% in both instances in 2018. Among junior-level investment professionals, white employees represented 61% of positions, down from 70% in 2018. Seventy-eight percent of investment partner positions were held by white employees, compared with 80% in 2018.

More firms assigning responsibility for promoting diversity and inclusion. Fifty percent of firms said they have either a staff person or a team with this responsibility, a sharp increase from 34% in 2018 and 16% in 2016.

Diversity and inclusion strategies more widespread. The percentage of firms reporting that they have a diversity strategy was 43%, an increase from 32% in 2018 and 24% in 2016. Similarly, 41% said they have an inclusion strategy, an increase from 31% in 2018 and 17% in 2016.

Diversity and inclusion strategies associated with a greater representation of female and Black employees. Firms that reported having a diversity or inclusion strategy (or both) had a greater percentage of women among their investment professionals (25%, compared with 20% for firms with neither strategy) and their investment partners (20% compared with 14%). In addition, 5% of investment professionals were Black employees at firms with one or both of these strategies, compared with 3% at firms with neither strategy.

More firms monitor DEI at their portfolio companies. Thirty percent of firms said they request diversity, equity, and inclusion information from their portfolio companies, an increase from 19% in 2018.

Few firms conduct inclusion surveys. While diversity can be more easily measured, inclusion depends on how employees of different groups perceive the workplace and whether they feel they can be themselves and are valued. Yet, while 41% of firms reported having an inclusion strategy, only 26% said they conduct surveys of their employees to assess inclusion.

More VC firms are seeing interest from LPs and portfolio companies for their DEI information. Forty-one percent of firms said their limited partners (LPs) requested DEI details in the past 12 months (compared with 36% in 2018), while 9% of firms said their portfolio companies have done so (compared with 3% in 2018).

Why is advancing DEI important for the VC industry?

DIVERSITY, EQUITY, AND INCLUSION: WHAT ARE THE DIFFERENCES?

Diversity can be described as the representation, in a group, of various facets of identity, including (but not limited to) race, ethnicity, nationality, gender identity, LGBTQ+ status, socioeconomic status, ability, religion, and age. In an organization, *diversity* often refers to the degree to which specific groups are represented in the workforce and in leadership. However, more firms now recognize that simply having a diverse workforce is not sufficient. They are broadening their horizons beyond a narrow focus on diversity and inclusion to also consider *equity*.

Equity is often confused with equality. Equality is when all people are treated identically, without consideration for historical and systemic barriers and privileges. Equity is the outcome of diversity, inclusion, and anti-oppression wherein all people have fair access, opportunity, resources, and power to thrive, with consideration for and elimination of historical and systemic barriers and privileges that cause oppression. The goal of equity is to get everyone beyond those systemic barriers to the same starting place. Equity also has a distinct impact when applied within the venture capital ecosystem given the industry's role—and the associated partner economics that result—with funding the next generation of promising young startups. Therefore, it is important for the VC industry to examine and consider changing the design of systems and processes that determine who holds the power of financial equity, which means rethinking internal talent practices as well as external networks.

Inclusion can be described as the actions taken to understand, embrace, and leverage the unique strengths and facets of identity for all individuals so that all feel welcomed, valued, and supported. It goes beyond representation. In our study, *diversity* among employees is used in reference to gender, race and ethnicity, age, level of education, career level, marital status, veteran status, people with disabilities, and dependent care responsibilities. Whether a company is inclusive often depends crucially on its culture and the behavior of its leaders, in addition to specific policies and programs.

With talent and human capital being critical to success, increasing diversity, equity, and inclusion has become an important goal for many VC firms. For the industry to reach its full potential and have maximum impact on innovation, financial performance, and the economy, firms should consider prioritizing sourcing, welcoming, and embracing diverse talent. The ecosystem can also benefit from supporting emerging VC investors from diverse backgrounds with newer firms. Each firm will need to understand where they are located in their DEI journey and the additional steps they may need to take to help overcome the barriers to hiring talented people from historically underrepresented backgrounds and to considering them as investment targets.

Challenges and barriers

Over the past 50 years, venture capital has helped fuel the advancement of American innovation, creating value, jobs, wealth, and life-changing products and services. Though venture capital as an industry may be young and as an asset class may be small, high-growth startups and their long-term investors seem to have changed the world.

While venture capital spurred advances in its first 50 years, the industry workforce has been concentrated in a few demographics. Women, people of color, and other underrepresented minorities appear to have lacked access to the opportunities and benefits of VC investing and funding. Venture capital firms are typically small (median of six employees and average of 14 in the 2020 survey), and there is not much turnover in senior investment positions (4% in the past year). VC has also traditionally been an apprenticeship business with a reliance on existing networks and pattern matching (that is, relying on common attributes of past hiring or funding decisions that led to success). Furthermore, success in VC can take years to demonstrate since fund and company returns may take more than 10 years to realize. These factors present inherent challenges and barriers that industry newcomers may face, particularly when layering on the personal financial risk associated with the venture industry.

While increasing diversity among investment professionals at established firms is important, the industry has also seen a growing number of investors starting their own firms, given the low turnover of senior investment positions at established firms. However, there appear to be significant challenges facing women and underrepresented racial and ethnic groups in starting their own firms. The overall apparent lack of diversity among VC investment professionals also seems to be a factor in the lack of diversity in the leadership of VC-backed startups. Studies have shown that unconscious bias can affect investment decisions and play a role in which entrepreneurs investors fund.

For the venture industry to reach its full potential, expanding opportunities for people of all backgrounds to access, participate, and thrive in the ecosystem is important. Given the long-term nature of the industry, the pace of progress will likely be slow, but firms acting with intentionality and urgency now can drive meaningful change.

Opportunity and outperformance

Disruption and investing in the next groundbreaking idea are foundational to VC, and capital and having diverse talent to identify and source these startups may be key to the future of innovation. One of the biggest drivers for DEI is that diverse and inclusive workplaces can provide business benefits through improved financial performance and more innovation—in VC, that means better deal sourcing and talent recruitment.

In the VC industry, one study found that firms that increased their proportion of female partner hires by 10% had, on average, an increase of 1.5% in overall fund returns each year.[1] In the investment management sector, a Goldman Sachs analysis of investment returns found that all-female and mixed-gender portfolio management teams at US large-cap equity funds outperformed all-male teams, even after adjusting for risk.[2] The opportunity for outperformance should also pique the interest of limited partners (i.e., investors in VC funds) to direct more capital to diverse investment teams.

It may also be important for the VC industry to cultivate and embrace startups led by founders who are women or members of underrepresented racial or ethnic groups. VC investors are an important source of capital that founders and startups look to unlock, and increased diversity among check writers at firms is likely to lead to a more diverse group of founders receiving venture funding. Although US venture capital investments quadrupled over the past 10 years, there has not been a similar increase in the proportion of VC funding going to startups with women or racial and ethnic minorities among their founders. One analysis found that only 1% of VC-backed founders are Black, and fewer than 2% are Hispanic.[3]

Yet, startups with racially and ethnically diverse founding teams and executive teams have been found to have better performance, generating greater multiples on acquisitions and IPOs compared with white-only teams—30% higher for diverse founding teams and 64% higher for diverse executive teams in one study.[4] A separate study found that startups with women on their founding teams are likely to exit at least one year faster than other firms.[5]

Increasing workplace diversity is a self-reinforcing process. As firms hire more women or members of underrepresented racial and ethnic groups, especially if this is done in leadership positions, they often find it easier to increase diversity further since they benefit from a wider range of professional networks from which to identify candidates for openings. A Deloitte study of gender diversity in the leadership of financial services firms found that for each additional woman added to the C-suite, the number of women in senior leadership roles increased threefold.[6]

VC firms may need to go beyond simply increasing the number of members of underrepresented groups in different types of positions if they are to build a workplace environment and culture that is truly equitable and inclusive. Firms should strive to create a workplace where employees are respected for who they are, where their ideas and contributions are valued, and where they have a seat at the table when important decisions are made and have equitable access to promotion and financial incentives.

In a 2019 Deloitte survey of HR managers around the world across multiple industries, 79% said that fostering a sense of belonging in the workforce was important to their organization's success in the next 12 to 18 months, and 93% agreed that a sense of belonging drives improved organizational performance.[7]

Unfortunately, many members of racial and ethnic minority groups feel they have to engage in "covering" while at work, i.e., hiding or changing their appearance, behavior, or personal relationships in order to fit in and advance professionally. A Deloitte study across multiple industries in the United States found that 79% of Black employees and 63% of Hispanic employees reported covering while at work.[8]

VC firms that increase DEI may not only benefit from the ability to draw from a pool of underrepresented talent, but may also become a more attractive place to work for all employees. Inclusion has been found to be an important factor for most employees when choosing a company to work for and deciding whether to remain at their current employer.[9]

Gender diversity

Although women still appear to be underrepresented in the VC workforce, VC firms that participated have made steady progress over the course of the survey series in increasing gender diversity among their investment professionals, investment partners, and junior-level investment positions, which often provide a pipeline when filling more senior-level positions (figure 1).

Workforce overall

In the 2020 edition of the *VC Human Capital Survey*, women comprised 45% of the overall VC workforce, the same percentage as in 2018 and 2016. Women represent 51% of the overall US population.

Large firms surveyed reported that women comprised 49% of their workforce, compared with 42% at mid-size firms and 32% at small firms.[10]

Female employees accounted for 94% of administrative positions, 67% of investor relations/communications positions, and roughly 55% each of positions in finance, legal, and operations.

Investment positions

Although the representation of women appeared substantially lower in investment positions, it increased from prior surveys. Firms participating in the survey reported that 23% of their investment professionals were women, compared with 21% in 2018 and 15% in 2016. The lower representation of women in investment positions cannot solely be explained by a lack of a pool of potential candidates. One 2019 study found that women accounted for 34.8% of MBA classes at leading universities.[11]

The gender diversity of investment professionals varied by the type and location of the firm.

- Women comprised fewer investment professionals at firms focused on the growth stage (16%) than at firms focused on the seed (29%), multistage (24%), or early (23%) stages.
- Women comprised a smaller percentage of investment positions at firms headquartered in the South (18%), compared with those headquartered in the Northeast (24%), the West (23%), or the Midwest (26%).

Another sign of progress is that women represent a growing percentage of junior-level investment positions, which constitute an important pipeline from which firms often draw to fill senior-level investment positions. Firms reported that women comprised 33% of their junior-level investment professionals, which constitutes a steady increase from 28% in 2018 and 25% in 2016.

The representation of women among junior-level investment professionals varied by size of firm, investment stage, and location.

- Women represented 48% of junior-level investment professionals at small firms, compared with 32% at mid-size firms and 31% at large firms.
- Firms focused on the seed stage reported that 55% of their junior-level investment professionals were women, compared with much lower percentages for firms focused on other stages such as multistage (34%), early (31%), and growth (23%).
- Women comprised fewer junior-level investment professionals in the South (23%) compared with the Midwest (45%), Northeast (40%), and West (33%).

In addition to the representation of women overall, firms should recognize that women of different racial and ethnic groups face distinctive challenges. When the gender representation in investment positions is broken down by race and ethnicity, firms reported small improvements in representation for white, non-Hispanic female employees (15% compared with 14% in 2018) and for Black/Hispanic women (3% compared with 2% in 2018).[12] The percentage of investment positions held by female employees who are Asian/Pacific Islander remained unchanged at 6%.

Firms reported more progress in achieving greater representation in their junior-level investment professional positions for different groups of female employees. The percentage of junior-level investment professional positions held by white, non-Hispanic female employees was 18% in 2020, up from 12% in 2018. The percentages of junior-level investment professional positions also increased for Black/Hispanic female employees (4% up from 1%) and Asian/Pacific Islander female employees (12% up from 5%).

Investment partners

There has been steady progress in increasing gender diversity among investment partners. In the 2020 survey, 16% of investment partners were women, an increase from 14% in 2018 and 11% in 2016.

However, this increase in representation was concentrated in relatively few of the surveyed firms. Sixty-five percent of firms said they did not have any female investment partners, only a small decrease from 68% in 2018. Among the firms that did report having female investment partners, 75% reported that they only had a single female investment partner.

When it came to their educational credentials, female investment partners (78%) more often had graduate, professional, or postdoctorate degrees than did their male counterparts (72%).

Firms that are generalists reported that 21% of their investment partners were women, compared with 15% each for firms specializing in technology or life sciences.

Similarly, women were underrepresented among investment professionals with a variety of more senior responsibilities, such as *originates deals (24%), represents the firm on the boards of portfolio companies* (21%)*, member of the firm's investment committee* (21%)*, and owner of the management company* (18%).

Firms reported that the increase in gender representation among their investment partners was only the result of white, non-Hispanic female employees comprising 12% of investment partners, compared with 11% in 2018.[13] In contrast, the representation of Black and Hispanic female employees among investment partners was 1% in 2020, compared with 2% in 2018, and the percentage of investment partners who are Asian/Pacific Islander female employees was 3% in 2020, compared with 5% in 2018.

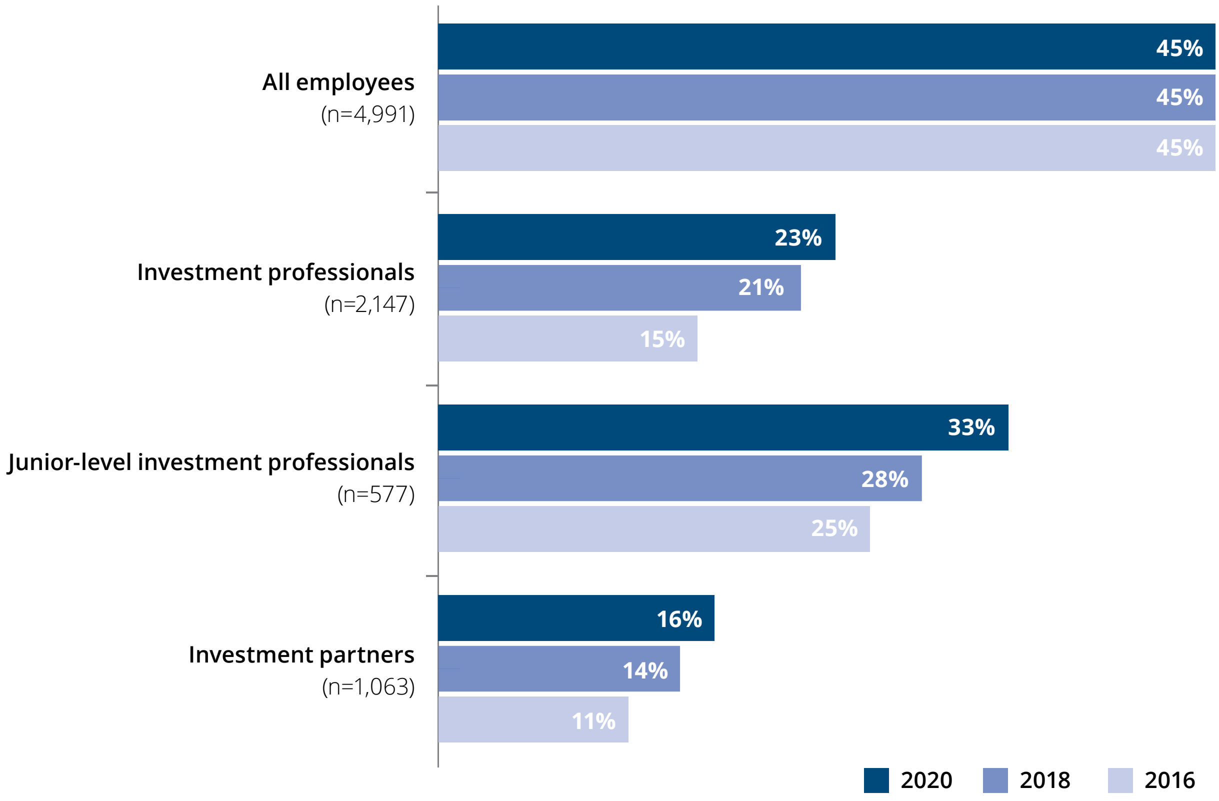
Provision of dependent care

Firms reported that 41% of their female employees provided care for others, either dependent children or adults, compared with 52% of their male employees. The need to provide care for children or other dependents may affect the ability of workers to balance their professional and family responsibilities, which could discourage them from seeking positions in the industry or may make it more difficult to be successful once hired. Programs and benefits that help employees manage the demands of both a career and a family may help attract a wider range of employees, including women. To assist VC firms in addressing this issue, NVCA maintains a set of model HR policies for attracting and retaining diverse talent that include sample policies for childcare leave and flexible work arrangements.[14] Another NVCA-supported resource for firms to consider is the "Invest in Partners" initiative that helps working parents participate in, remain in, and thrive in the workforce.[14]

Figure 1. Gender diversity

Base = Employees

Percentage of female employees among each group



Racial diversity

Black employees appear to continue to be significantly underrepresented, although the firms surveyed reported some small gains in Black employee representation among their investment professionals overall and their junior-level investment professionals compared with the prior survey. The percentages of Black employees among the overall workforce and among investment professionals remained unchanged. There were some increases reported in the representation of Asian/Pacific Islander employees (figure 2).

Workforce overall

Across the overall VC workforce reported on in the 2020 survey, 4% of employees were Black, the same percentage as in 2018, and 18% were Asian/Pacific Islander, compared with 17% in 2018.[16] By way of comparison, 14% of the working-age US population (ages 18 to 64) is Black and 8% is Asian/Pacific Islander.[17] Seventy-eight percent of the working-age US population is white, while white employees comprised 72% of the overall VC workforce, compared with 76% in 2018.

There were variations in racial diversity by region and investment stage.

- Firms headquartered in the Midwest (9%) reported a larger percentage of Black employees than did those in the South (5%), Northeast (4%), or West (3%).
- Black employee representation was highest in firms focused on the seed investment stage (7%), compared with those focused on multistage (4%), early (3%), or growth (2%).
- Asian/Pacific Islander employees had higher representation among firms headquartered in the West (26%) compared with those headquartered in the Midwest (11%), Northeast (10%), or South (10%).

Investment positions

Black employees comprised 4% of investment professionals in the firms surveyed, a small increase from 3% in the prior survey.

The representation of Black employees among investment professionals varied based on the investment stage and the age of the firm.

- Black representation among investment professionals was higher at firms focused on the seed investment stage (8%) compared with those focused on early (4%), multistage (3%), or growth (2%).
- Black employees comprised a somewhat higher percentage of investment professionals at firms that were less than 10 years old (5%) than at older firms (3%).

While their total number appears low, Black employees work in investment positions at similar rates to employees of other races. Firms reported that 48% of their Black employees were in investment professional positions, compared with 51% for Asian/Pacific Islander employees and 49% for white employees.

Among junior-level investment positions, there appears to have been some progress toward increased racial diversity, with Black employees comprising 7% of these positions in the current survey, up from 5% in 2018. Black employees appeared better represented among junior-level investment professionals at firms focused on the seed stage (16%) than at those focused on multistage (7%), early (5%), or growth (2%).

VC firms would appear to have the potential to increase the representation of Black employees, given that they comprise more professionals in similar fields such as consulting and investment banking. A study of hiring from 2010 to 2015 found that Black employees accounted for 8.8% of the new hires in consulting and 6.1% of those in investment banking, compared with fewer than 1% among investment professionals in VC.[18]

Asian/Pacific Islander employees comprised 19% of investment professionals, compared with 17% in 2018.

Asian/Pacific Islander employees appeared to have higher representation among investment positions in specific categories of firms:

- Asian/Pacific Islander employees comprised a larger portion of investment professionals at firms located in the West (27%) compared with those located in the South (15%), Northeast (14%), or Midwest (14%).
- Twenty-six percent of investment professionals were Asian/Pacific Islander at firms that are corporate venture groups, compared with 17% at other firms.
- Asian/Pacific Islander employees were more common among investment professionals at firms focused on multistage (23%) and early stage (19%) than at those focused on seed (16%) or growth (11%) investment stages.

There was a larger increase in representation of Asian/Pacific Islander employees among junior-level investment positions, from 20% in 2018 to 25% in 2020.

Certain categories of firms reported greater representation of Asian/Pacific Islander employees among their junior-level investment professionals:

- Asian/Pacific Islander employees were 37% of junior-level investment professionals at corporate venture groups, compared with 22% at other types of firms.
- Asian/Pacific Islander employees had greater representation among junior-level investment professionals at firms focused on multistage (33%) and early stage (27%) than at those focused on the growth stage (14%).
- Firms that were generalists reported that 29% of their junior-level investment professionals were Asian/Pacific Islander employees, compared with 24% each at firms specializing in technology or in life sciences.

White employees comprised 72% of investment professionals, compared with 76% in 2018, and 61% of junior-level investment professional positions, down from 70% in 2018.

Investment partners

Three percent of investment partner positions were reported to be held by Black employees, the same percentage as in 2018. Seven percent of firms had at least one Black investment partner, which was also the same percentage as in the prior survey, while the remaining 93% of firms did not report having any Black investment partners.

There were significant differences reported, however, in Black representation in investment partners positions based on the characteristics of the firm.

- Firms that had been started within the past 10 years reported that 4% of their investment partners were Black employees compared with 1% among older firms.
- Firms focused on the early (5%) and seed (4%) investment stages reported greater representation of Black employees among investment partners than those focused on multistage (1%) or growth (1%).
- Black representation among investment partners was highest among firms headquartered in the Northeast (5%), compared with those in the West (3%), Midwest (3%), or South (1%).

Other metrics also capture the apparent low representation of Black employees, such as *originates deals* (4%), *represents the firm on the boards of portfolio companies* (3%), *member of the firm's investment committee* (3%), and *owner of the management company* (3%).

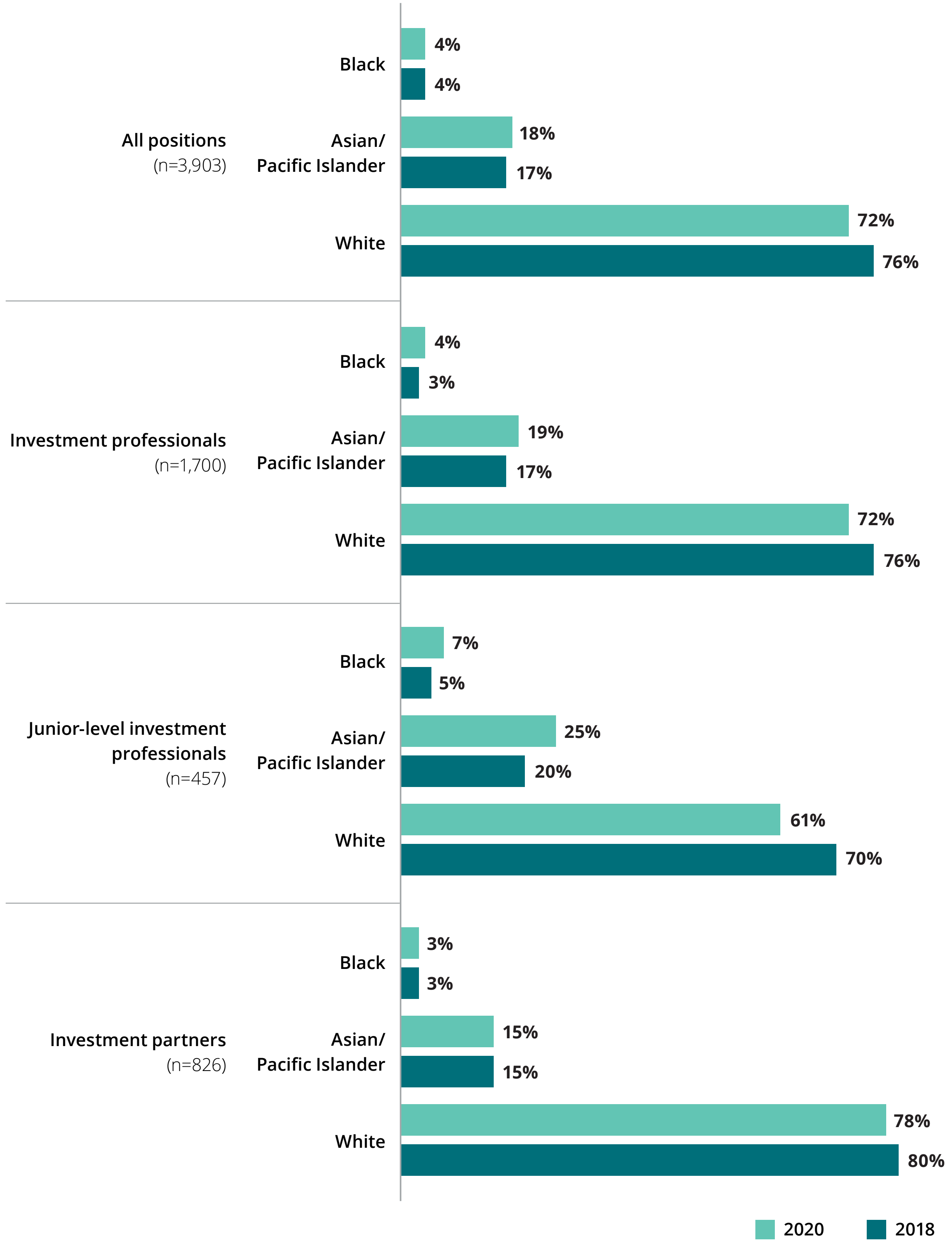
Asian/Pacific Islander employees comprised 15% of investment partner positions, unchanged from 2018. Asian/Pacific Islander had significantly higher representation among investment partner positions in certain categories of firms:

- Firms headquartered in the West (22%) reported greater representation of Asian/Pacific Islander employees among investment partner positions than did those headquartered in the South (12%), Midwest (10%), or Northeast (9%).
- Asian/Pacific Islander employees represented a significantly greater percentage of investment partner positions at firms focused on multistage (20%) and the seed stage (18%) than on those focused on the early (10%) or growth (9%) investment stages.
- Only 5% of investment partner positions were held by Asian/Pacific Islander employees at firms specializing in life sciences, compared with 18% at those specializing in technology and 15% at generalists.

Although 15% of investment partner positions were held by Asian/Pacific Islander employees, they had slightly higher representation when considering other metrics such as *originates deals* (18%), *represents the firm on the boards of portfolio companies* (17%), *member of the firm's investment committee* (17%), and *owner of the management company* (16%).

Seventy-eight percent of investment partner positions were held by white employees, compared with 80% in 2018.

Figure 2. Racial diversity
Base = Employees



Note: Figures for 2016 are not shown because the survey questions on race and ethnicity had a different format in the 2016 survey and are not comparable to those in 2018 and 2020.

Ethnic diversity

Representation of Hispanic employees has increased somewhat among the overall workforce and investment partners, but declined slightly among investment professionals (figure 3).

Workforce overall

Hispanic employees comprised 7% of all employees in the survey sample, up from 5% in 2018.[19] In comparison, 19% of the working-age US population is Hispanic.[20]

There were a number of differences in Hispanic employee representation in the overall workforce among firms with different attributes.

- Hispanic employee representation was higher at firms focused on the seed (11%) and early (8%) investment stages than at those focused on multistage (5%) or growth (6%).
- Firms specializing in technology (8%) reported having a greater proportion of Hispanic employees than those that were generalists (6%) or specialized in life sciences (3%).
- Firms headquartered in the West reported a greater percentage of Hispanic employees (10%) than did those in the Northeast (5%), South (4%), or Midwest (3%).

Investment professionals

This indication of progress, however, was not seen among investment professionals at firms surveyed, where Hispanic employees accounted for 4% of positions, which was a decrease from 5% in 2018.

Hispanic representation among investment professional positions varied across groups of firms.

- Firms focused on the seed (8%) or early (5%) investment stages had greater Hispanic representation among their investment professionals than did those focused on multistage (2%) or growth (1%).
- Firms established less than 10 years ago reported that 6% of their investment professionals were Hispanic, compared with 2% among older firms.
- Small (10%) firms had a higher percentage of Hispanic employees among their investment professionals than did mid-size firms (4%) or large firms (1%).

Hispanic employees were much less likely to work in investment positions than were their non-Hispanic colleagues. Thirty-two percent of Hispanic employees represented in the survey sample were investment professionals, compared with 52% of non-Hispanic employees.

When it came to junior-level investment professionals, the percentage of Hispanic employees was 4%, unchanged from 2018.

Younger firms and small firms surveyed reported higher Hispanic representation among their junior-level investment professionals.

- Firms started less than 10 years ago reported that 7% of their junior-level investment positions were held by Hispanic employees, compared with 3% among older firms.
- Small firms (10%) and mid-sized firms (6%) had a higher representation of Hispanic employees in these positions than did large firms (2%).

As with the apparent underrepresentation of Black employees discussed above, given the experience in similar industries, VC firms appear to have the potential to recruit more Hispanic candidates for investment positions in order to increase diversity. From 2010 to 2015, Hispanic employees accounted for 4.9% of the new hires in consulting and 5.8% in investment banking, compared with 3.2% in VC.[21]

Investment partners

Hispanic employees accounted for 4% of investment partners at the firms surveyed, compared with 3% in the 2018 survey. Ten percent of firms reported having at least one Hispanic investment partner, a slight increase from 9% in 2018, while the remaining 90% of firms did not report having any Hispanic investment partners.

Ethnic diversity among investment partners varied across firms of different types.

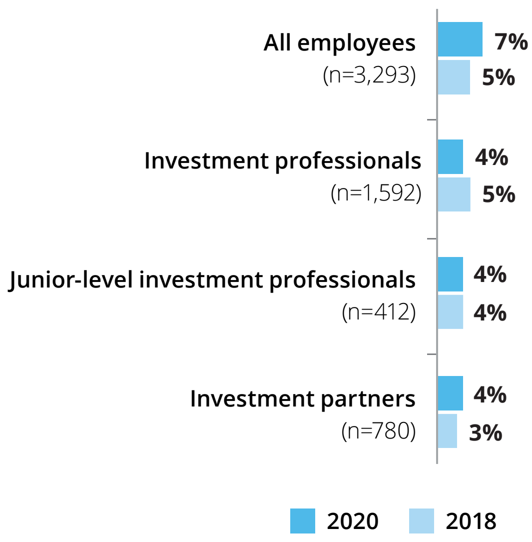
- Hispanic employees comprised a greater percentage of investment partners at firms focused on the seed (8%) and early (6%) investment stages than at those focused on multistage (1%).
- Firms specializing in technology (6%) had greater Hispanic representation among investment partners than those focused on life sciences (2%) or were generalists (2%).
- Firms started within the last 10 years had a higher percentage of Hispanic employees among their investment partners (6%) than did older firms (2%).
- Hispanic representation among investment partners was significantly higher at small firms (11%) than at mid-sized (3%) or large (1%) firms.

Other metrics also capture the apparent low representation of Hispanic employees among investment professionals, including *originates deals* (5%), *represents the firm on the boards of portfolio companies* (4%), *member of the firm's investment committee* (5%), and *owner of the management company* (5%).

Figure 3. Ethnic diversity

Base = Employees

Percentage of Hispanic employees among each group



Note: Figures for 2016 are not shown because the survey questions on race and ethnicity had a different format in the 2016 survey and are not comparable to those in 2018 and 2020.

Other key characteristics of the VC workforce

Millennials

Forty-four percent of the VC employees in the survey sample were 22 to 35 years of age (versus 41% in 2018), falling into the millennial generation. Employees in this age range comprised 42% of investment professionals (the same percentage as in 2018) and 11% of investment partners (versus 8% in 2018).

The millennial generation has now overtaken the baby boomers as the largest generation in the United States,[22] and competing successfully to attract millennial employees will be important to hiring future talent. Millennials are also the most diverse generation in history,[23] and VC firms that fail to tap traditionally underrepresented groups in this generation may find they are drawing from a shrinking pool of candidates.

In addition, creating an inclusive workplace is important to attracting talented millennials from all groups since this generation places a high value on inclusion. A Deloitte survey found that more than half of millennials said they would leave their current employer for a more inclusive one.[24]

Veterans

Only 39% of firms surveyed said they collect or have access to information on the veteran status of their employees, although this percentage has increased from 33% in 2018 and 28% in 2016. Based on US census data, veterans comprise almost 8% of the US population.[25] Yet, among the VC firms participating in the survey that collect or have access to this data, only 3% of employees were veterans, compared with 1% in 2018 and 2% in 2016. With veterans seemingly underrepresented in the VC workforce, VC firms appear to have an opportunity to access a wider pool of candidates by increasing representation of veterans.

Talent management practices

Internal resources versus outsourcing

As in 2018, most firms executed human resources functions and recruitment internally with few outsourcing these activities. Regarding human resources responsibilities, 67% of firms said these were completely or primarily executed internally (the same percentage as in 2018), while only 9% said they were completely or primarily outsourced (compared with 10% in 2018). For recruitment, 71% of firms reported that these responsibilities were completely or primarily handled internally (up from 63% in 2018), while 6% said they were completely or primarily outsourced (compared with 9% in 2018).

Demographic data collected

To successfully increase diversity, a firm should gather information on where it stands currently so that it can monitor progress and the success of its efforts. For race, ethnicity, and marital status, 75% of firms reported that they collect or have access to each type of employee data (figure 4). This is a steady improvement for race and ethnicity data, where the figures were 65% in 2018 and 61% in 2016. Significantly fewer firms said they collect or have access to other types of employee information such as dependent care (41%), veteran status (39%), and disability (33%), although more firms reported collecting these types of data than did so in prior surveys.

DEI strategies and programs

Many firms recognize that their previous efforts to improve diversity and inclusion have had only modest results and that more work remains to be done. Although fewer than half of the participating firms report having diversity or inclusion strategies, as was the case in 2018, the adoption of these strategies has grown over the course of the survey series (figure 5). In 2020, 43% of firms reported they had a diversity strategy, which was an increase from 35% in 2018 and 24% in 2016. Similarly, 41% said they had an inclusion strategy, compared with 31% in 2018 and 17% in 2016.

Firms also more often said they had staff tasked with managing DEI in their organizations. Fifty percent of firms said they had either one staff person (20%) or a team (35%) with this responsibility. This is a significant improvement over prior surveys, when 34% in 2018 reported having staff responsible for DEI and 16% did in 2016.

Although only a minority of firms reported having formal programs to promote DEI, these now appear more widespread than before (figure 6).[26] For example, 33% of firms reported having formal programs to improve hiring in this area, compared with 26% in 2018 and 10% in 2016. Similarly, the prevalence of formal programs for promotion practices grew from 5% in 2016 to 15% in 2018 to 21% in 2020.

Informal programs are more common, with roughly two-thirds to three-quarters of firms reporting having informal programs to promote DEI in such areas as recruitment, hiring, promotion, and retention.

Although 41% of firms reported having an inclusion strategy, some firms appear to lack the basic elements of a successful strategy. Inclusion is a function of how employees feel about the workplace—whether they feel free to be themselves and to contribute their ideas to help the business achieve its objectives. Yet, only 26% of firms said they conduct surveys of their employees to assess inclusion. Conducting periodic employee surveys to assess inclusion is an approach that more VC firms may want to consider.

Growing focus on monitoring DEI from limited partners and portfolio companies

Motivated by the performance advantages of a diverse and inclusive workplace, 41% of VC firms said that one of their limited partners had requested DEI details from their organization over the past 12 months, which is only a modest increase from 36% in 2018.

When it came to their portfolio companies, only 9% of firms said their portfolio companies had requested DEI details from their organization over the past 12 months, although this was an increase from just 3% in 2018.

On the other hand, more VC firms are focusing on DEI at their portfolio companies. Thirty percent of firms reported that they request DEI details from their portfolio companies, up from 19% in 2018.

DEI strategies and programs associated with greater gender and racial diversity

Firms with diversity or inclusion strategies report having greater gender and racial diversity. Among firms that reported having a diversity or an inclusion strategy (or both), 25% of their investment professional were women, compared with 20% at firms with neither strategy. These firms also reported more gender diversity in leadership positions, with women comprising 20% of their investment partners, compared with 14% at firms with neither strategy.

The presence of formal programs designed to promote DEI also appeared to be associated with greater gender diversity. Women comprised a larger percentage of investment partners at firms that had several types of formal DEI programs, including mentorship (20% versus 15% at firms without a formal program), retention (21% versus 15%), and promotion (21% versus 14%).

Regarding racial diversity, strategies to promote diversity and inclusion were also associated with greater Black employee representation, although the relationship was not as strong as for gender. Five percent of the investment professionals were Black at companies with either a diversity or inclusion strategy (or both), compared with 3% at companies with neither strategy.

These positive relationships between DEI policies or programs and greater gender or racial diversity suggest that more firms may want to consider adopting them. VC firms should also consider employing the Listen, Engage, Acknowledge, and Do (L.E.A.D.) framework as they craft their strategies to increase DEI both for their Black employees and for other underrepresented groups.[27]

Figure 4. Types of employee information collected

Base = Firms (n=378)
Percentage of firms collecting each type of employee information

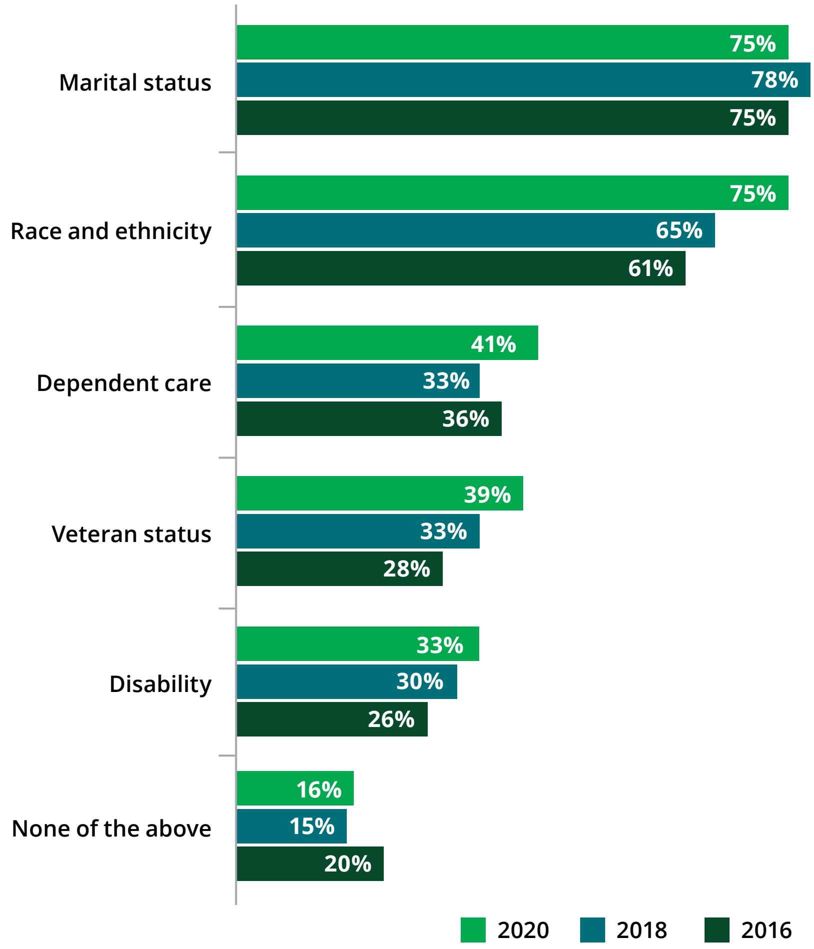


Figure 5. Human capital strategies

Base = Firms (n=374)
Percentage of firms with each strategy

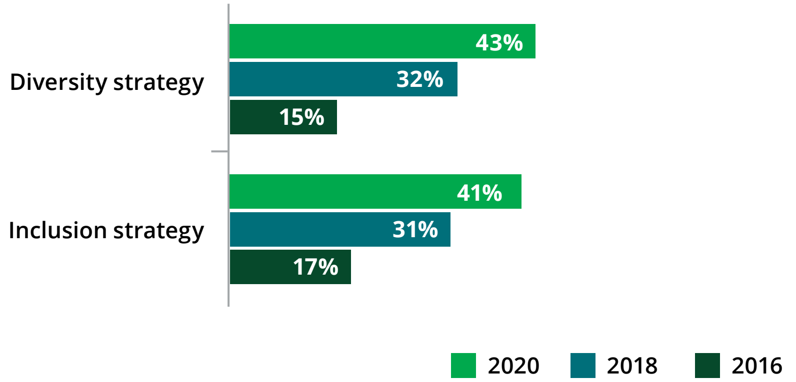
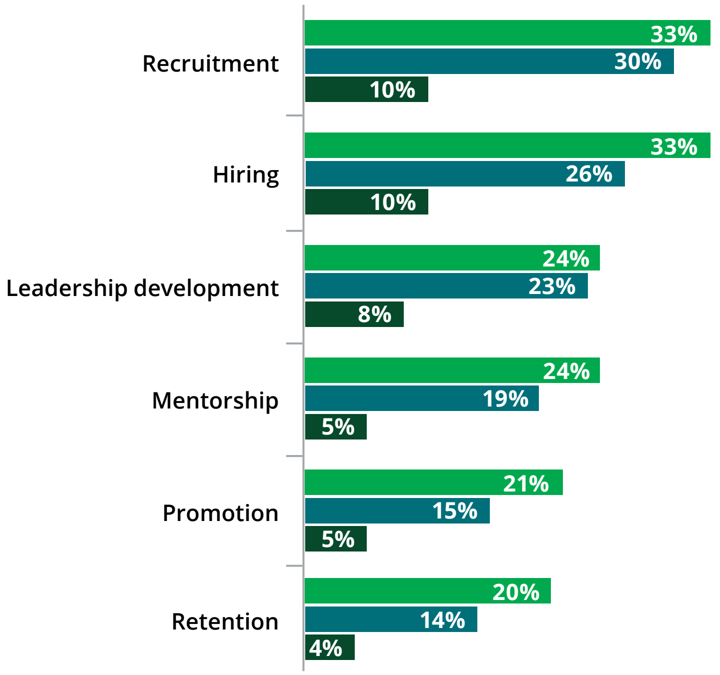


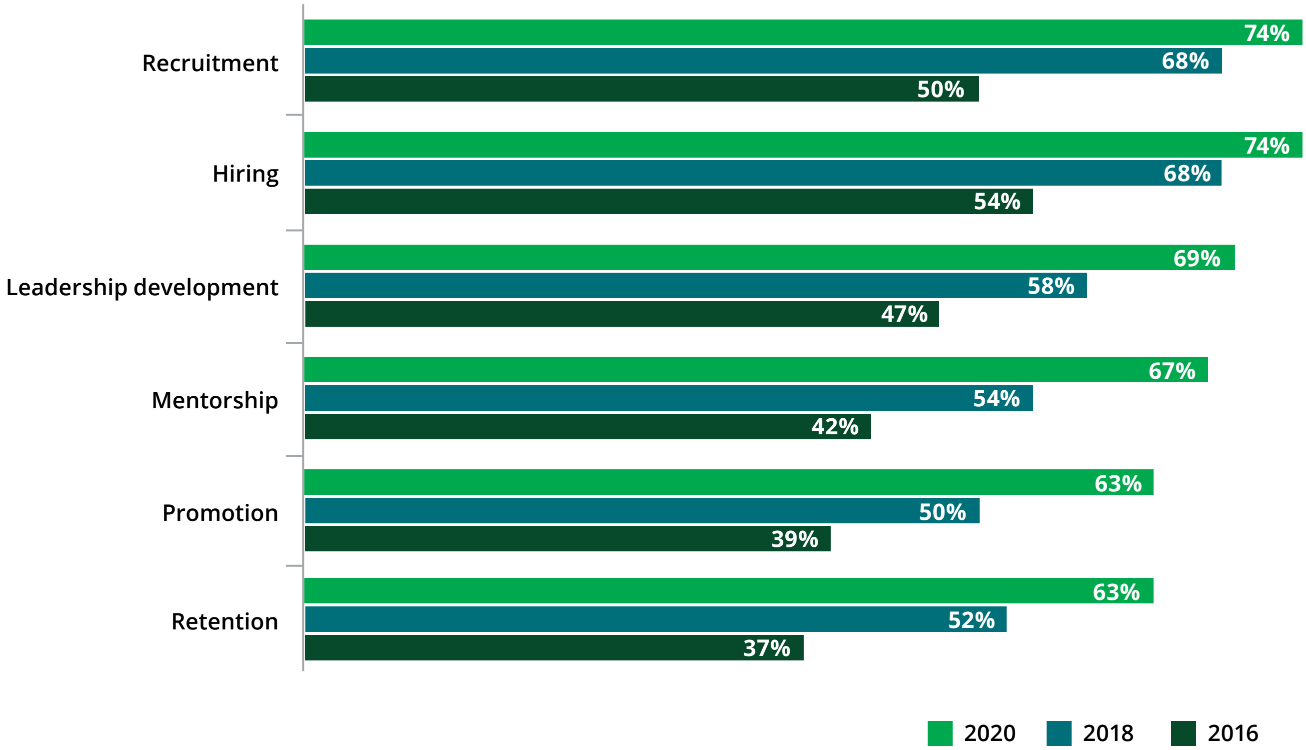
Figure 6. Diversity and inclusion programs

Base = Firms
Percentage of firms with each program

FORMAL PROGRAMS (n=373)



INFORMAL PROGRAMS (n=376)



Policies to address harassment and discrimination

Having effective policies in place to prevent instances of harassment and discrimination is a key element to building an inclusive workplace. In the 2020 survey, roughly similar percentages of firms as in 2018 reported having human resources policies and processes, such as a code of conduct (77% the same percentage as in 2018), an employee handbook (77% compared with 83%), and an antiharassment policy (76% compared with 80%).

However, the percentages of firms reporting that they have an internal contact identified to whom to report alleged misconduct jumped sharply to 66%, compared with 42% in the previous survey. While only 28% of firms said they had an external contact identified to whom to report alleged misconduct, this was also an increase from 17% in 2018.

Although most firms have these HR policies and programs, only 33% of firms reported having mandatory prevention programs that address harassment and discrimination (compared with 29% in 2018), while 8% reported having optional programs (compared with 10% in 2018). An additional 31% of firms said they were likely to begin offering programs addressing harassment and discrimination (compared with 27% in 2018). However, 28% of firms said they lacked such programs and were not likely to offer them in the future (compared with 35% in 2018). NVCA has issued model documents and resources to assist VC firms with addressing harassment, including sample HR policies, sample HR best practices, and a sample code of conduct policy.[28]

More recruiting from outside the firm

Low turnover, especially for senior-level positions, presents a challenge to increasing diversity. Firms reported turnover of only 4% for senior investment positions in the year ending June 30, 2020, and only 9% for senior finance, operations, and administration positions. Turnover during this period was higher among junior investment professionals (24%) and junior finance, operations, and administration positions (15%).

When an employee leaves a firm voluntarily, exit interviews can be helpful to understand the reasons. Sixty-two percent of firms said they have a structured format for employees to provide feedback upon their departure from the firm, which is an increase from 47% in 2018. Firms that don't currently have such a structured process to get feedback from employees when they depart may want to consider implementing one.

In addition to positions that become available due to turnover, a significant percentage of firms reported that the total number of positions at their organizations had increased in the year ending June 30, 2020. For investment positions, 21% of firms reported the number of senior-level positions had increased, while 43% said the number of junior-level positions had expanded. Among finance, operations, and administration positions, the comparable figures were 21% for senior-level positions and 38% for junior-level positions.

Firms more often reported that they typically seek external candidates for open positions than they did in the 2018 survey (figure 7). To fill openings among senior investment positions, 46% of firms said they sought external candidates always or most of the time (up from 35% in 2018), while 65% said the same about junior investment positions (up from 49% in 2018). The percentage of firms typically seeking external candidates for both senior and junior finance, operations, and administration positions also increased from the prior survey.

With firms increasingly seeking external candidates for open positions, they have more opportunity to increase the diversity of their workforce, and this appeared to be the approach used by many firms. Among female investment professionals, 49% had been hired from outside the firm, compared with 37% of male investment professionals. Similarly, 47% of Black investment professionals and 45% of Asian/Pacific Islander professionals had been hired from outside the firm, compared with 37% for white investment professionals. This did not appear to be the case with Hispanic investment professionals, however, where 30% had been hired from outside the firm, compared with 41% of non-Hispanic investment professionals. The demographics of junior-level investment professionals also play an important role in creating a larger pool of diverse talent for senior-level hiring outside the firm.

Even if firms hire external candidates, they are unlikely to make progress if they continue to use the same recruitment methods as in the past. There was little change from the prior survey in the use of most recruitment methods to develop a pipeline of external candidates, with notifying their peers in the venture capital industry (78%) and notifying firm internally (59%) cited most often (figure 8). The exception was posting on third-party website (e.g., LinkedIn, AngelList, newsletters, or other aggregator websites), which was named by 54% of firms, a substantial increase from 37% in 2018. This signals a positive trend for firms in expanding their reach outside of known industry networks for sourcing talent.

Not surprisingly, almost all firms said that contributions to the performance of the fund (90%) and deal origination (82%) were very important or important factors. However, the factor most often rated highly was soft skills, with 94% of firms saying it was very important or important. Soft skills—like communicating well, having empathy, and being supportive—are undoubtedly essential to success. Unlike hard financial metrics, however, the subjectivity in assessing them opens the possibility for unconscious biases to creep in that can influence how employees are assessed and limit their potential to advance professionally. VC firms should consider how they can establish clear criteria for promotion and monitor the promotion process to minimize the potential impact of unconscious bias.

Figure 7. Frequency of seeking external candidates for vacant positions

Base = Firms (n=378)

Percentage responding "always" or "most of the time"

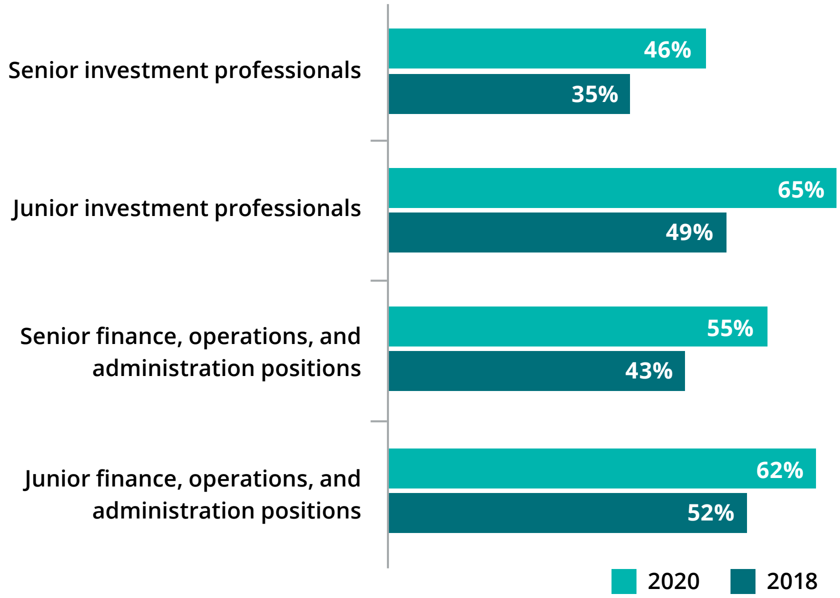
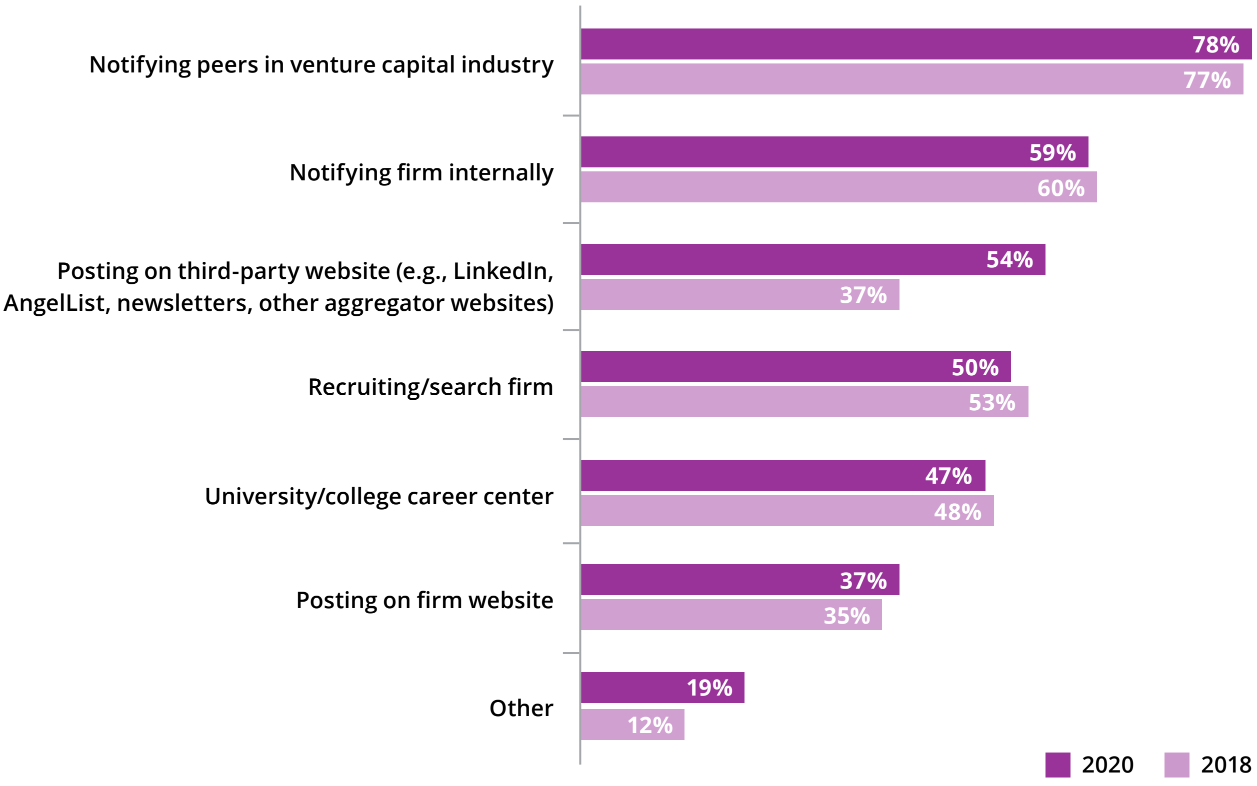


Figure 8. Marketing channels used to develop a pipeline of external candidates

Base = Firms (n=372)



Note: Figures for 2016 are not shown because the survey questions on race and ethnicity had a different format in the 2016 survey and are not comparable to those in 2018 and 2020.

Successfully promoting diversity, equity, and inclusion

DISCLAIMER: There is no one-size-fits-all approach to addressing diversity, equity, and inclusion (DEI) in VC—a recommendation that works for one firm may not for another. While we outline high-level opportunities that may help move the needle on DEI, a firm-specific data analysis and needs assessment would be valuable before implementing any of the considerations outlined below.

The VC industry has a responsibility that extends far beyond returns for its investors—VCs drive value for and influence job markets, entrepreneurs, and (perhaps most importantly) are at the forefront of value creation through innovation for society. It is without a doubt then that the VC industry carries a great social responsibility to champion DEI. To realize impactful and long-term gains, VC firms should look beyond the traditional talent and HR policy lens to move the needle on DEI—looking across the VC life cycle and stakeholders with a critical lens and bold appetite to drive systemic change is key.

Collect data and assess progress

Progress can most easily be measured with data, which is critical to understanding the challenges, impact, and success of a given strategy. For example, 25% of firms surveyed reported that they do not collect workforce data on race and ethnicity and marital status. Tracking that data and how it changes over time measures progress toward the goal of increased diversity and whether programs aimed at achieving that change are working. Understanding where in the talent pipeline the numbers are the weakest—from recruiting and hiring to retaining and promoting—helps identify where to focus the firm's DEI efforts.

Similarly, while 41% of firms reported having an inclusion strategy, only 26% said they conduct surveys of their employees to assess inclusion. While diversity is an easier metric to capture, inclusion depends on how employees of different groups perceive the workplace and whether they believe they can be themselves and are valued. Collecting data, such as conducting opinion or pulse surveys, can help assess progress on how the internal firm culture is evolving.

Set targets for the firm

Many firms recognize that previous efforts to improve diversity, equity, and inclusion are only a start and that more work can still be done. Set targets and consider assigning responsibility for promoting diversity, equity, and inclusion to an employee or group of employees. It is important that these leaders be actively sponsored by the senior partners in the firm. There needs to be an open door to continue to brainstorm and assess progress against goals. It was encouraging to see positive momentum here, where 50% of firms said they have either a staff person or a team with this responsibility, a sharp increase from 34% in 2018 and 16% in 2016.

Define a DEI strategy and implement a clear process, specific goals, and a timeline to achieve them. For example, the survey reinforced findings from past years that firms with a human capital strategy have greater numbers of women and Black minorities than firms without a strategy. According to the 2020 data, VC firms with a diversity and inclusion strategy report that 25% of investment partners are women compared with 20% at firms without a strategy. In addition, 5% of investment professionals were Black employees at firms with one or both of these strategies compared with 3% at firms with neither strategy. Being purposeful about these initiatives appears to yield results.

Review the recruitment strategy

Actively seeking external candidates for open positions using a skills-based approach, as opposed to sourcing talent through existing networks, can provide VC firms with an important opportunity to increase the diversity of their workforce by adding a range of voices, experiences and perspectives to their ranks. To fill openings among senior investment positions, 46% of VC firms said they sought external candidates always or most of the time (up from 35% in 2018), while 65% said the same about junior investment positions (up from 49% in 2018). Setting targets on the diversity of those external candidate pools may also increase the success of the hiring program.

The millennial generation has overtaken the baby boomers as the largest generation in the US and is one of the most diverse generations in history. VC firms that fail to tap traditionally underrepresented groups in this generation may find they are drawing from a shrinking pool of candidates. According to the 2020 survey, those in the 22 to 35 age range (falling into the millennial generation) comprised 42% of investment professionals (the same percentage as in 2018) and 11% of investment partners (versus 8% in 2018). The same is true, of course, for the population of entrepreneurs. Adding diverse talent to the VC team may therefore increase the firm's ability to source deals from this diverse community of founders.

Champion more equitable policies and organizational infrastructure

It is important to think beyond establishing equitable policies and infrastructure—such as gender-agnostic parental leave, flexible work schedules, and floating holidays for culture-specific celebrations—to creating a culture that encourages employees to leverage the benefits and infrastructure available to them. Firm leaders should also model behavior by taking paternal leave, for example, showing the team that new mothers and fathers will not be sidelined for spending needed time with their families.

Develop DEI-specific accountability metrics for leadership

Establish DEI best practices in promotion decisions for all positions and particularly for investment positions (i.e., principals, VPs, and partners)—using a consistent set of skills and metrics-based measures of success for deal sourcing, due diligence efforts, or portfolio company support, for example.

Invest in learning and development programs

Commit to making DEI more than a "check-the-box" exercise of online, click-through training. Invest in unconscious bias learnings, assessments, and inclusive leadership development for the investing and operating teams, and perhaps even portfolio company leaders alike. Doing the training together helps to build a common-language approach across the firm. Consider having the team get involved with community organizations focused on VC education and mentorship to underrepresented groups.

Build the next generation of VCs

Expand beyond the traditional pool of campuses in your recruiting efforts—many nontraditional educational institutions have a growing interest in VC and dedicated cocurricular groups focused on preparing students for the industry. To be even bolder on this front, consider developing a minority-focused scholarship fund, fellowship opportunity, and/or sponsorship program to seed a pipeline of new investors and operators. In addition to Venture Forward, community organizations such as All Raise, BLCK VC, LatinX VC, and HBCUvc offer programs, resources, and access to talent from groups historically underrepresented in VC.

Look to a new network of entrepreneurs for investments

Break the "pattern matching" approach and remove subjectivity from investment decisions. Many VC firms have developed women- and minority-focused funds, incubators, and accelerator programs, which require at least 50% of the founding team to represent gender or ethnic diversity for eligibility. Imagine the impact of the program if firms asked that all founding team members include minority representation, with an emphasis on CEOs from diverse backgrounds.

Commit to data transparency

Focusing on the progress that the VC industry has made to date is not enough. Firms should consider sharing DEI data beyond their firm's workforce representation, including portfolio companies and deal pipeline. Founders and LPs can also prioritize VC firm DEI in investment discussions by asking VC firms for DEI metrics. For example, the Institutional Limited Partners Association has already published guidelines for its LP members on how to due diligence the diversity and DEI efforts of its GPs.[29]

About the survey

The *2020 VC Human Capital Survey*, powered by NVCA, Venture Forward, and Deloitte, is the latest installment of an ongoing survey series that assesses the state of talent management, with a special focus on diversity, equity, and inclusion, in the US VC industry.

An email was distributed to 1,805 active, US-based VC firms, including NVCA members, asking them to participate in the study. Firms had the option to complete the assessment one of two ways: through a web-based survey or through an identical spreadsheet. Each firm had a representative, such as its CFO, general counsel, or HR manager, complete the survey, providing information on its employees. Individual employees were not contacted to participate individually. The representative also provided information on the firm's talent management, recruitment, and HR practices. The universe of 1,805 VC firms was defined as any active, US-based VC firm meeting at least one of the following criteria: (1) raised a VC fund between 2012 to 2019; (2) made one or more investments in a US-based company in 2019, limited to VCs that either raised a fund or were raising a fund, and made at least five investments in the past five years; (3) was identified as a growth equity firm in NVCA's 2020 Yearbook; (4) was a corporate venture group that made 10 or more investments from 2015 to 2019; or (5) was an NVCA member firm as of May 2020. The firms were identified with the assistance of PitchBook.

The survey was conducted from August 30–September 30, 2020, and was completed by 378 firms, compared with 203 firms in the 2018 edition of the survey.

The survey gathered gender information on 4,991 US-based full-time employees at these firms as of June 30, 2020 (compared with 2,712 employees in 2018), information on race for 3,903 employees (compared with 1,824 employees in 2018), and information on ethnicity (i.e., Hispanic versus non-Hispanic) for 3,293 employees (compared with 1,394 employees in 2018).

In the charts in this report, the indication of sample sizes refers to those in the 2020 survey.

The participating firms had an aggregate total of $256.4 billion in venture capital assets under management and a total of 33,369 portfolio companies. They represented a range of sizes and types (figures 8–10).

The survey sample is broadly representative of the VC industry. The research team sought a 90% confidence level, which corresponds to a margin of error of 4.3% for questions answered by all 378 firms and of 1.2% for questions answered about all 4,991 employees.

In this report, some survey results are analyzed by size of firm, using the following definitions:

- Small firms (one to five employees)
- Mid-size firms (six to 20 employees)
- Large firms (21 employees or greater)

To increase survey visibility and promote participation among the industry, NVCA and Venture Forward also launched a new public #VCHumanCapital pledge as part of the 2020 survey fielding process. Completing the survey was a component of the pledge, which was signed by145 VC firms.[30]

Figure 9. Number of employees
Base = Firms (n=377)

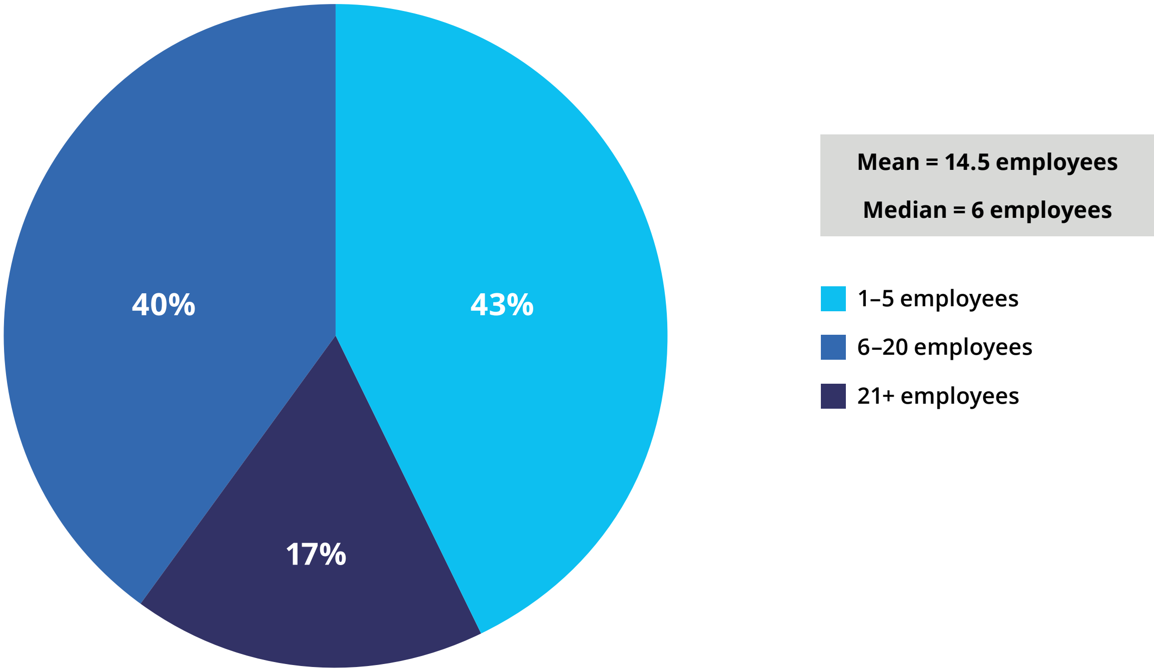


Figure 10. Investment stage focus
Base = Firms (n=378)

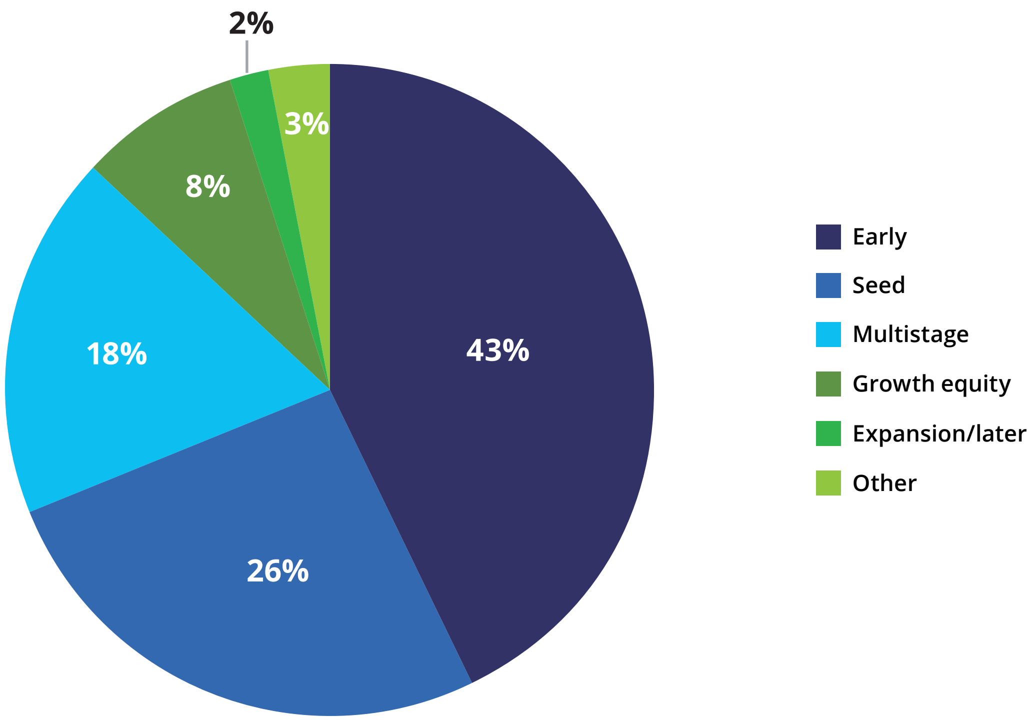
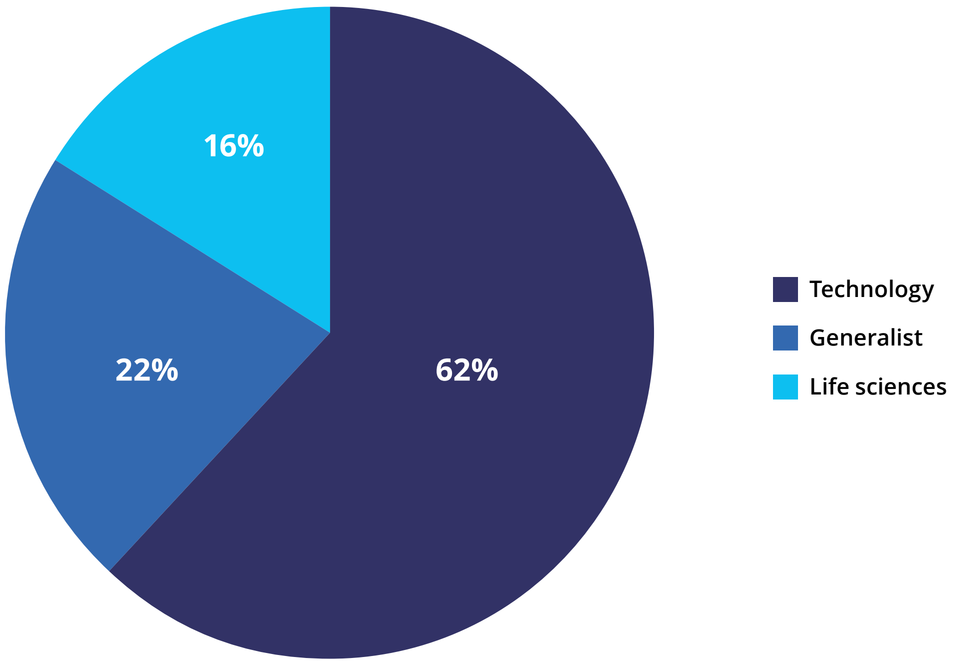


Figure 11. Primary investment sector focus
Base = Firms (n=378)



Appendix

Figure A. Number of female investment partners
Base = Firms

Figure B. Number of Black investment partners
Base = Firms (n=281)

Note: No firms in the survey samples reported having more than one Black investment partner.

Figure C. Employee function by gender
Base = Employees

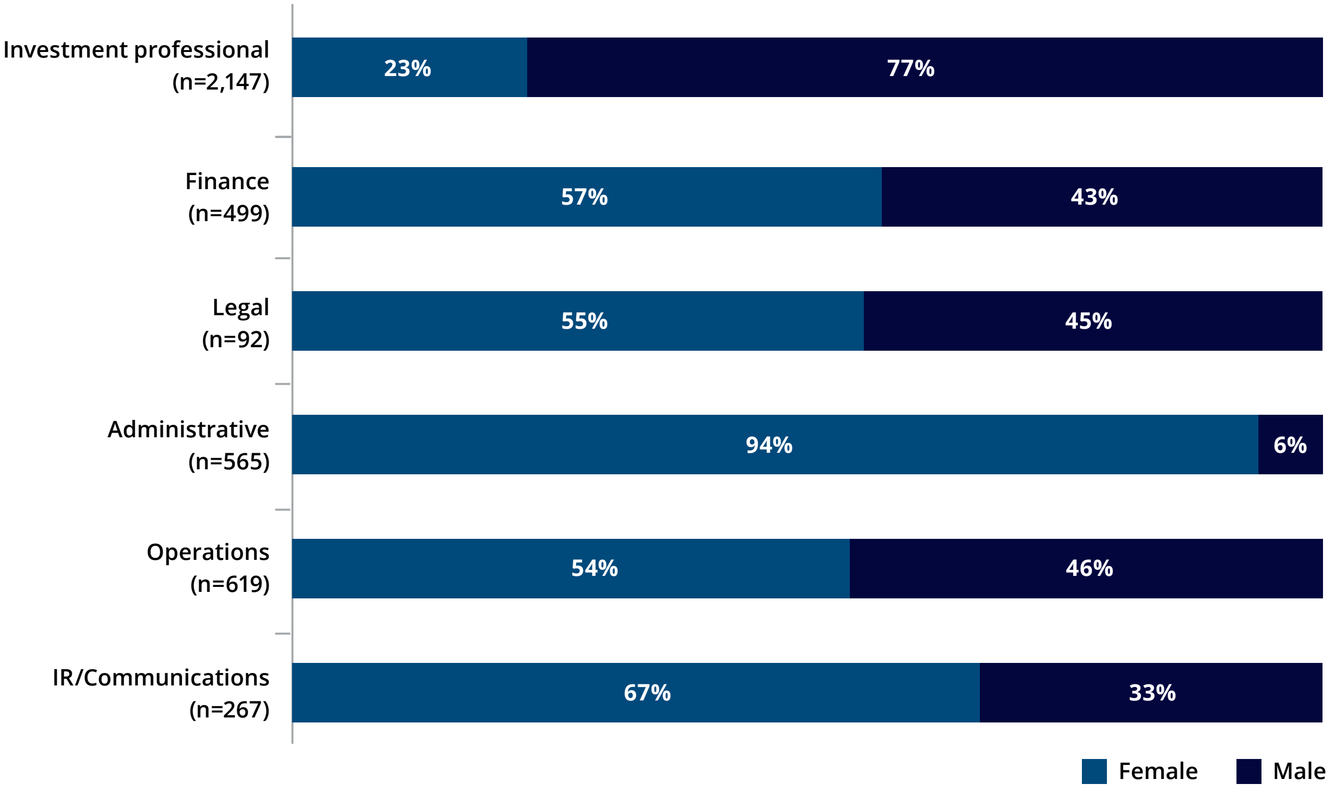


Figure D. Employee function by race

Base = Employees

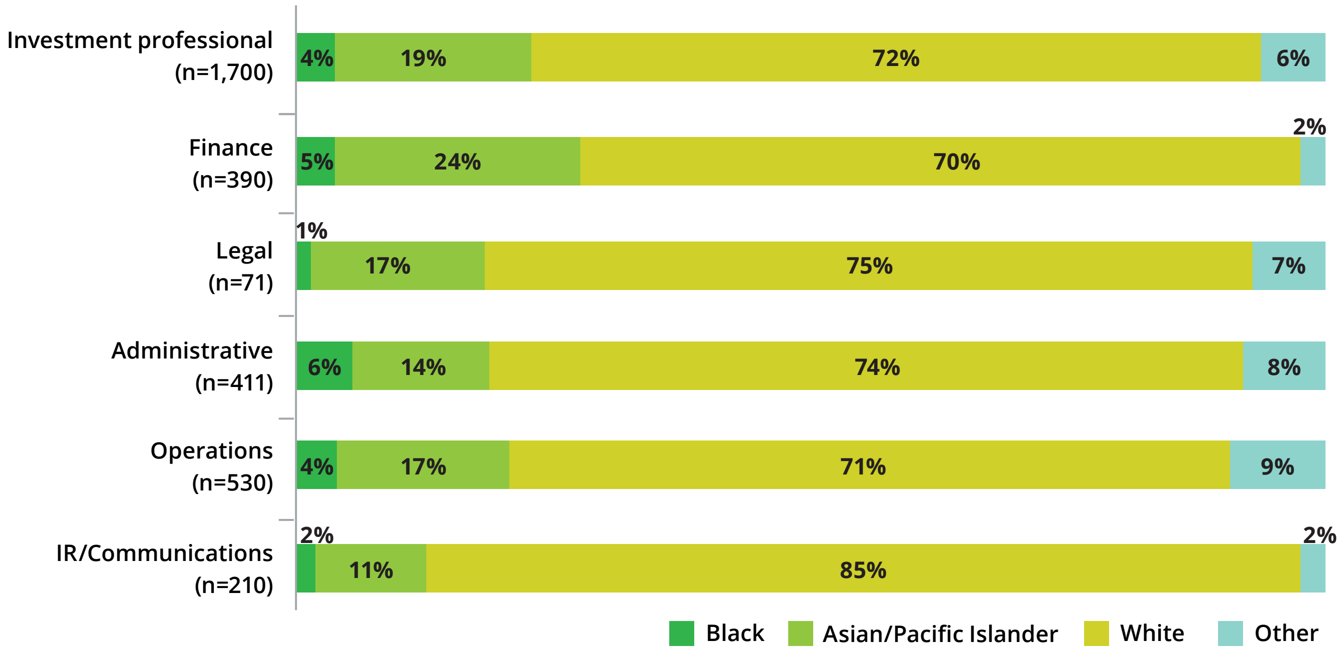


Figure E. Human resources policies and processes

Base = Firms

Percentage of firms responding "yes"

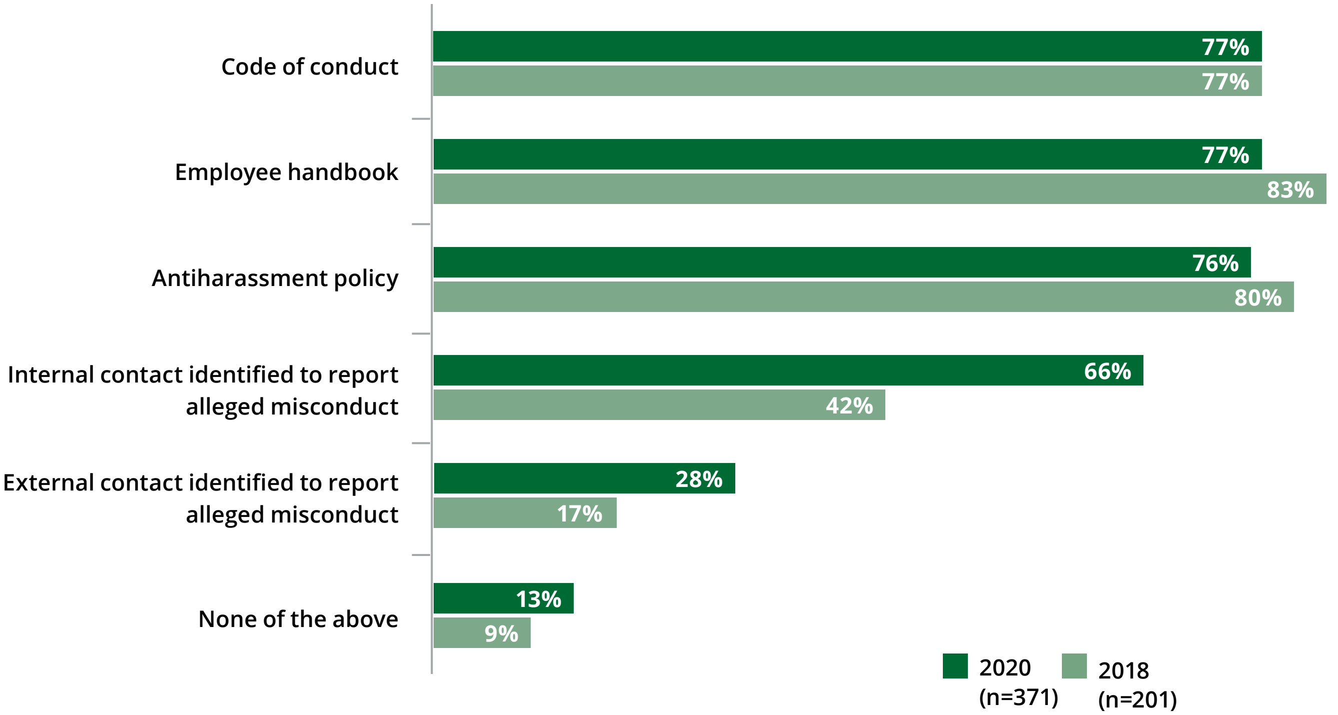
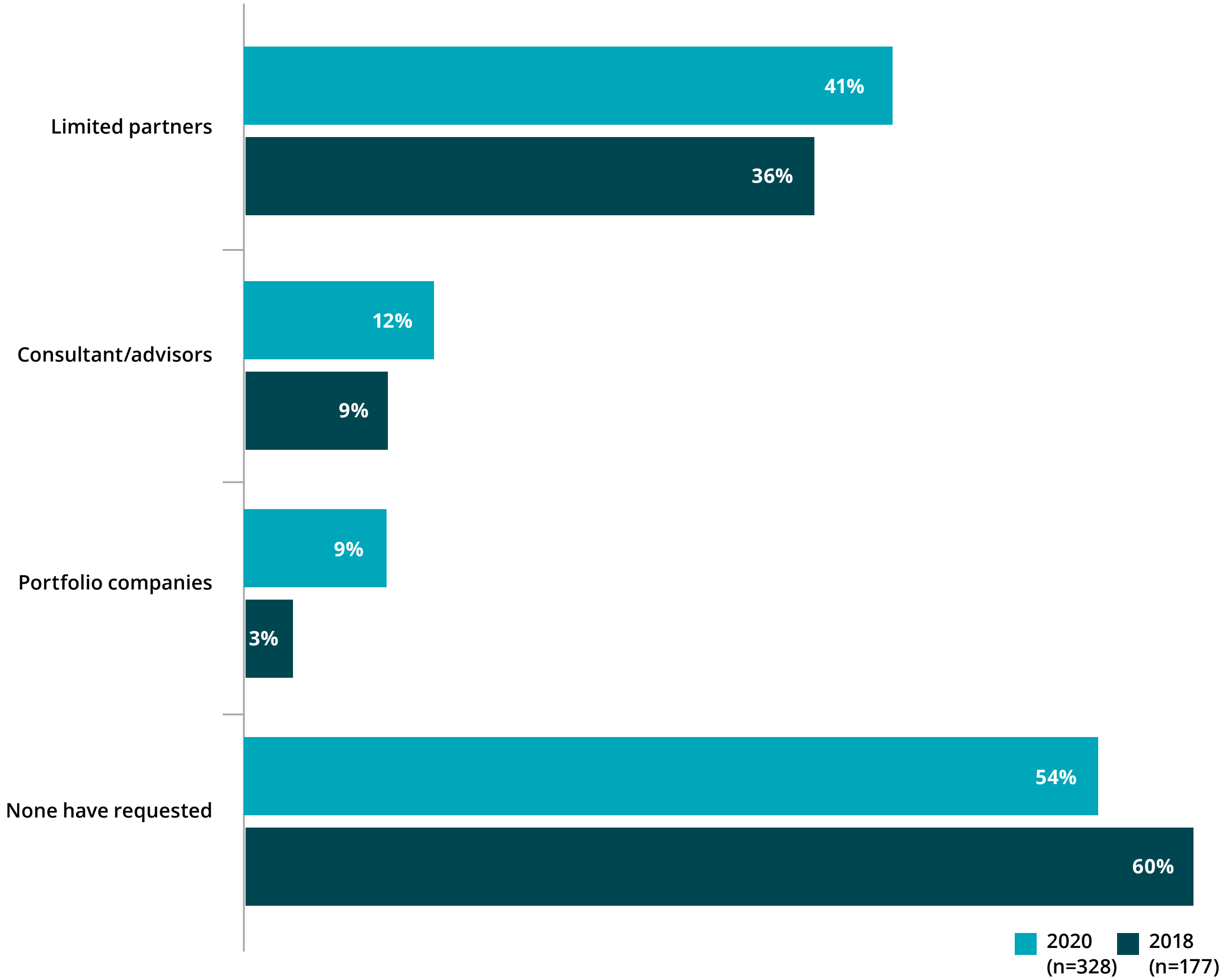


Figure F. Parties that have requested diversity, equity, and inclusion details within the past 12 months
Base = Firms



Female employees by diversity and/or inclusion strategy Base = Employees		
As a percentage of:	**Have diversity and/or inclusion strategy**	**Have neither strategy**
Total employees (n=4,925)	45%	45%
Investment professionals (n=1,581)	25%	20%
Junior-level investment professionals (n=573)	34%	33%
Investment partners (n=1,049)	20%	14%

Racial diversity by diversity and/or inclusion strategy Base = Employees		
As a percentage of:	**Have diversity and/or inclusion strategy**	**Have neither strategy**
Total employees (n=3,888)		
Black	4%	3%
Asian	18%	17%
White	69%	77%
Investment professionals (n=1,689)		
Black	5%	3%
Asian	20%	19%
White	69%	75%
Junior-level investment professionals (n=454)		
Black	6%	6%
Asian	27%	23%
White	59%	66%
Investment partners (n=818)		
Black	4%	2%
Asian	14%	16%
White	77%	79%

Hispanic employees by diversity and/or inclusion strategy Base = Employees		
As a percentage of:	**Have diversity and/or inclusion strategy**	**Have neither strategy**
Total employees (n=3,278)	8%	6%
Investment professionals (n=1,581)	4%	4%
Junior-level investment professionals (n=409)	5%	4%
Investment partners (n=772)	4%	5%

Investment professional characteristics

Figure G. Characteristics of investment professionals
Base = Investment professionals

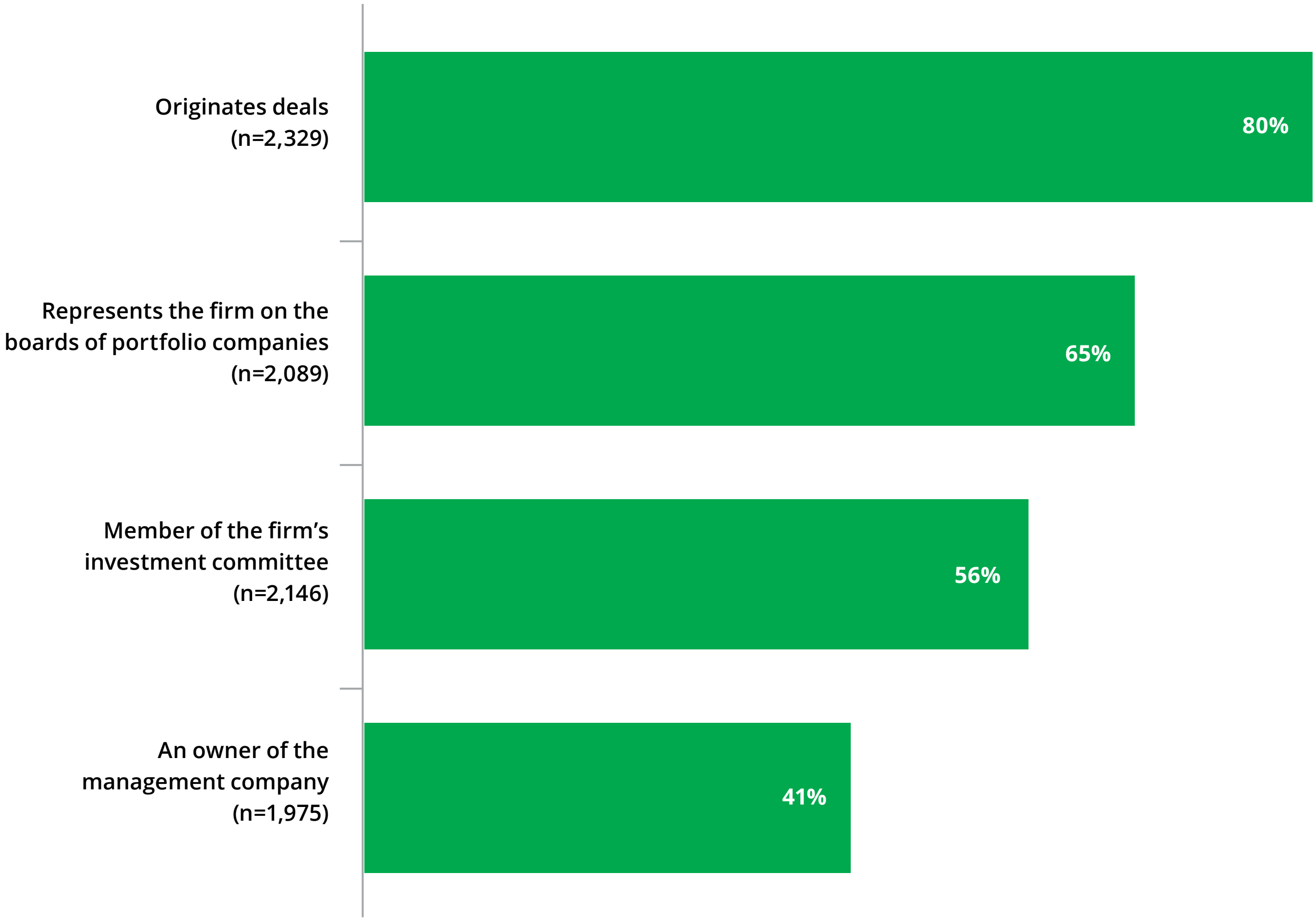
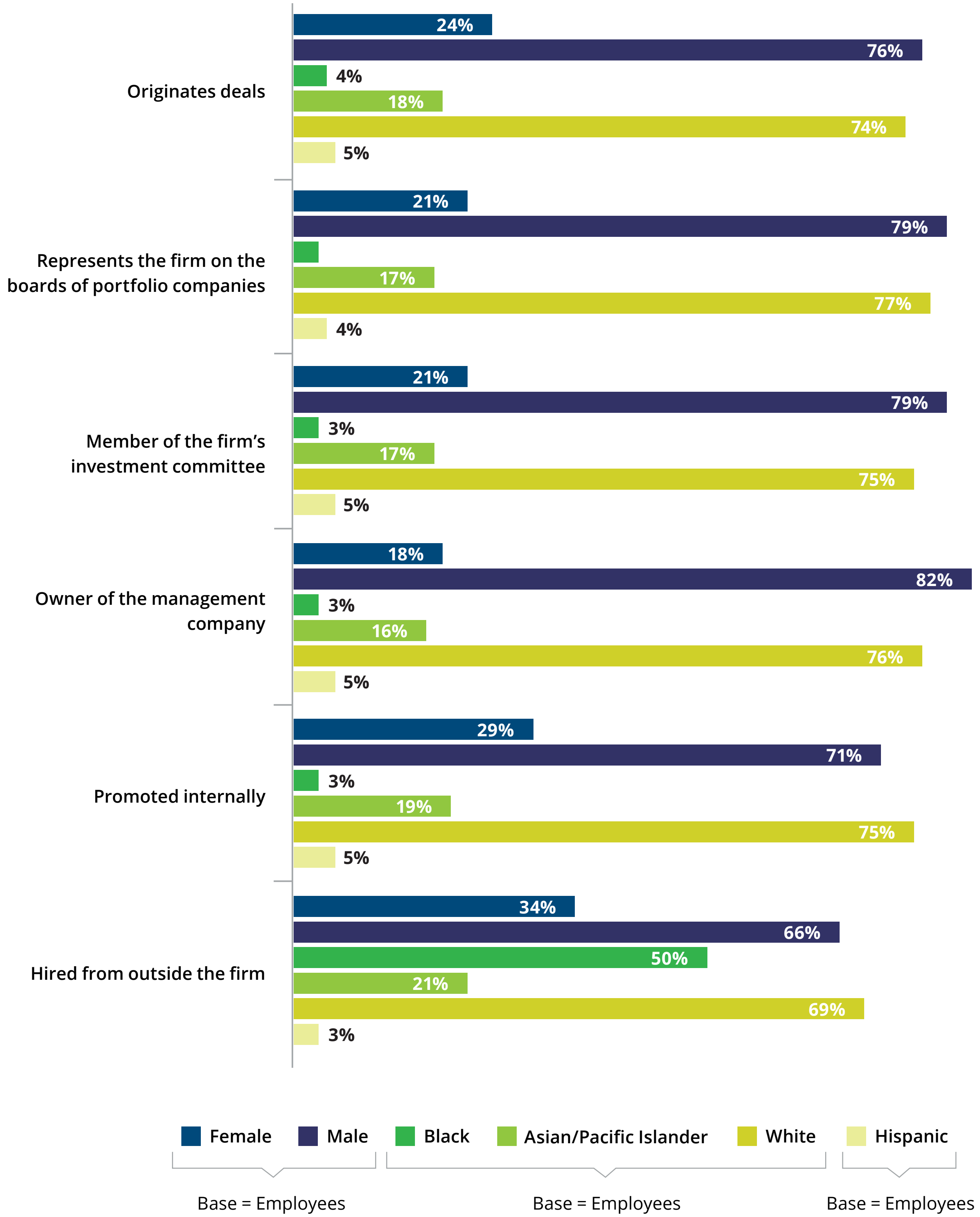


Figure H. Characteristics of investment professionals by gender, race, and ethnicity
Base = Investment professionals



Female employees by characteristics of investment professionals Base = Employees	
As a percentage of investment professionals with the following characteristics:	
Originates deals (n=1,811)	24%
Represents the firm on the boards of portfolio companies (n=1,340)	21%
Member of the firm's investment committee (n=1,197)	21%
Owner of the management company (n=796)	18%
Promoted internally (n=840)	29%
Hired from outside the firm (n=898)	34%

Hispanic employees by characteristics of investment professionals Base = Employees	
As a percentage of investment professionals with the following characteristics:	
Originates deals (n=1,332)	5%
Represents the firm on the boards of portfolio companies (n=1,003)	4%
Member of the firm's investment committee (n=916)	5%
Owner of the management company (n=619)	5%
Promoted internally (n=598)	5%
Hired from outside the firm (n=671)	3%

Racial diversity by characteristics of investment professionals Base = Employees	
As a percentage of investment professionals with the following characteristics:	
Originates deals (n=1,412)	
Black	4%
Asian	18%
White	74%
Represents the firm on the boards of portfolio companies (n=1,051)	
Black	3%
Asian	17%
White	77%
Member of the firm's investment committee (n=938)	
Black	3%
Asian	17%
White	75%
Owner of the management company (n=631)	
Black	3%
Asian	16%
White	76%
Promoted internally (n=670)	
Black	3%
Asian	19%
White	75%
Hired from outside the firm (n=696)	
Black	5%
Asian	21%
White	69%

Endnotes

1. Paul A. Gompers and Silpa Kovvali, "The Other Diversity Dividend," *Harvard Business Review*, July–August 2018, https://hbr.org/2018/07/the-other-diversity-dividend.
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