

**Bridge Forum Dialogue**  
**24 May 2013**

Speech by Ms. Désirée van Boxtel

Your Royal Highnesses, Excellencies, Ladies and Gentlemen,

Let me start with thanking the European Investment Fund and Bridge Forum Dialogue for the opportunity to be here, to meet and discuss with such remarkable role models and even share some of my views and passions.

It is a real honour.

Thank you for the introduction Ms. Reicherts:

Indeed I am one of the 3 women founders of a new Dutch PE fund, Karmijn Kapitaal, focussing on investing in Small and Midsized companies, and more specifically in companies that are led by a balanced team of men and women, or, a gender diverse management team.

Increasing gender diversity in organisations will serve many goals, on all sorts of levels: from macro-economic to personal.

I would like to focus today on my passion, and the reason Karmijn exists: what diversity can and will bring to individual organisations.

And that is simply: economic value.

First let me show you Hollands most important gender diversity role model management team. You have probably recognized our new King and Queen

As you probably know we are all very much in love with the couple, especially since last April, but taking a look at this team an interesting point stands out: It was especially since Maxima, with her totally different leadership style joined the team that it became an **excellent** team.

And that is what diversity in my view should be about: the combination of leadership styles, not of sexes as such. Because it is really the combination of leadership styles that leads to better and more sustainable results. It is not just about adding women to a team to make a difference. We need to make sure that the combination of the leadership that all the individuals in a team apply is in balance and leads to an excellent team.

And research has shown that we may generalize a bit: a large majority of men apply what is perceived as the 'male leadership style', and the same goes for women with the female style. But it is important though to notice that assessing individual styles and contributions in a team is a very important success factor to creating true diversity.

I would like to share a bit more about our experience with diversity in management teams:

We found that value creation is most served by having diversity in the 4 following **areas of leadership**.

- **risk attitude:** as we all read in the papers women tend to be quite risk averse and focus on knowing and managing risks. For us as an investor that is a very important quality, and we love this leadership style to be present in a management team. We see that it leads to better assessment of costs and investments and in the end to higher margins. But don't make a mistake about it: equally important for value creation in companies is of course to TAKE the risk. In many companies we see the rather traditional combination of a commercial man, thinking in opportunities and going out seizing them, and a financial woman trying to slow things down a bit ... But more and more we also see risk-prone women leading their own companies, being contrasted by a risk managing controller. Both combinations leading to balanced decision making.
- **Inclusive culture:** we see that companies that combine result orientation with people orientation in the management team have a higher level of diversity throughout the company too. Not only in sexes, but also in backgrounds, values, etc. Because of that, people feel more welcome in a company and free to contribute in their own way, and on average they stay with the company longer, which increases the output and value of the company.

- A 3rd leadership area, related to the previous one, is the **higher level of innovation and creativity** that is reached in diverse companies. For example product development can reach great heights with a combination of strong focus on delivering products on 1 side, with true creativity and out-of-the-box thinking on the other.
- Finally we find that the **combination of short term and long term vision and actions** is very instrumental in creating value. As an investor we do not believe in short term profits by draining all the cash out of companies. We want the company to survive and be a sustainable company in the long term too. But we do find that keeping companies on a certain cash-edge makes them flexible and eager too. That is why we DO believe in leverage as a value creating financial instrument too, because it keeps companies very focused on earning money.

All in all we found that, based on our own experience and extended scientific research, there is a very strong business case for gender diversity within companies. Achieving a new balance in company leadership styles can and will help create better and more profitable companies.

I realise that I focus on the private sector and small companies very much.

But actually I know that larger organisations could learn something from smaller companies in this case. In smaller companies limits like glass ceilings increasingly seem to become obsolete. More and more fathers sell their companies to daughters, mixed teams set up companies together, and business owners want the best men or women for the job. For many small business owners quota are not an issue, gender diversity is just making use of common sense. And just a means of becoming an excellent and very profitable company.

I hope with regard to diversity these companies may not only be an example for their peers, but also for larger organisations.

In fact this is something I especially wish for the financial industry, and more specific my own sector, the investment or PE sector, being a business partner and capital supplier to private companies.

PE has traditionally been fully dominated by male leadership styles. Actually, in PE not being afraid to take risks and having a focus on short term gains have been very rewarding for some. On the other hand though, the long term sustainability of some companies has proven to be minimal. A better balance in leadership styles would surely not only improve the image of PE and banks, but additionally lead to more sustainable and better performing institutions/companies.

Additionally there would be an important side-effect of increasing diversity in the financial sector. It could raise the appetite with women entrepreneurs to use external financial means, like loans or private equity, to set up a company, or help their companies grow.

At this moment there appears to be an enormous disconnect between women entrepreneurs and the financial sector.

To give an example from PE again: less than 1% of the portfolios of PE-investors in the Netherlands consists of gender diverse managed companies, whereas around 20% of all SME companies are managed by a gender diverse team. In the US it is better, but still less than 3% of the portfolios. And when I speak to women entrepreneurs they are generally proud that they have never had to use a bank loan in their companies.

But unfortunately this strategy also leads to smaller companies and thus less value creation.

The reasons of this disconnect partly lies in women's lack of knowledge and networks in the financial industry. But unfortunately it lies also in the uncomfortable feeling many women have with the current financial industry. They don't recognize themselves and their values in it, and will thus not turn to a bank or investor for money and partnership.

Once this gap between women entrepreneurs and their financial counterparts can be closed, this shall definitely lead to better mutual understanding. And that will lead to more entrepreneurship amongst women and even more creation of sustainable value.

Being a young investment fund, we have to prove our case, we know that. It is therefore that we truly value it as a great gift that EIF has the progressive vision to give us the chance to work from these beliefs and values, and became our cornerstone investor and -believer.

Thank you very much.