

# Buyouts

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## FEATURED

## Q&A with Stephanie Geveda of Coalesce

The managing partner discusses what went into founding Coalesce Capital, whose debut fund recently closed at \$900m, pointing out that there's really no 'How to set up a PE firm for dummies' guide.

**A** member of last year's Women in PE list, Stephanie Geveda is founder and managing partner of Coalesce Capital, which focuses on investing in business services. Coalesce has started the year on a good note, with its debut fund recently closing at \$900 million, no small feat in this tough fundraising environment. Geveda shares her thoughts on all that goes into founding a firm.

### What made you want to start your own firm?

I've realized over time that, instinctively, I'm an entrepreneur. I'm comfortable taking calculated risks, and I won't stop working at something until I've made it a success. On top of that, I find myself always challenging the status quo, and I can't tolerate complacency or missed opportunities.

I was able to feed my entrepreneurial nature at Warburg Pincus by building the business services investing strategy; starting Women at Warburg, the firm's female professional network alliance; and developing Warburg's undergraduate analyst program. As I grew at the firm, I was increasingly inspired by the talented entrepreneurs and management teams whose businesses we helped grow. Launching Coalesce Capital was a 20-year culmination of my journey in PE and also a leap towards doing business in a way I knew would suit me best.



Underpinning all of this was an opportunity I simply couldn't let go to the wayside after so many years working in the business services sector: to align investment capital and resources with human capital talent and potential. Once I saw this gap – which exists largely in the lower mid-market – I saw an undeniable chance to challenge the status quo and take the kind of calculated risk I knew would satisfy the entrepreneur in me.

### What have been the toughest challenges starting your own firm? Biggest surprises?

Starting a fund can feel quite lonely – there's not exactly a "How to set up a PE firm for dummies" guide you can buy off a shelf. What I've learned throughout

my career? You cannot do anything truly worthwhile by yourself.

So, the first thing I did was hire great people. I called seven of the most talented professionals I've worked with over the past 20 years and asked them to join Coalesce, and I received seven "yes" replies. Each person is part of the Coalesce team because of their unique skill set, professional experiences and a kind of "fire in the belly" I want to see in my colleagues.

As for toughest challenges, people in leadership often think they have to look like they know everything – it took me a while to learn to ask for help from others. The biggest and most wonderful surprise of launching this firm has been the number of people who have shown up to support me and Coalesce in this journey – taking hundreds of reference calls, supporting our early fundraising efforts and providing me with advice and counsel.

### What can you do at your firm that you couldn't at the old one?

In my old seat at a global top ten fund, many of the businesses I'm looking at now would have been too small for me to spend my time on. I'm really excited that I can now put my effort into smaller firms and have a transformative effect, including in helping to shape their strategy and culture. One benefit of a smaller, nimbler firm like Coalesce is we can ensure all our resources are focused on investing in and creating value for the firms we support.

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## Who are your role models?

I'm lucky to have a long list of role models and mentors – many of them women. And that list has only grown since launching Coalesce. There are a few people I would call out specifically: Susan Kasser, head of private debt at Neuberger Berman, has been a mentor and confidante of mine for 15 years. I was influenced by her decision to leave a top table seat at Carlyle to launch Neuberger Berman's private debt business from scratch and grow it to \$14 billion in assets under management over the past decade.

Noah Knauff, general partner at Bond Capital, was my longtime partner at Warburg Pincus. He always believed that I was capable of launching and building a private equity firm and encouraged me for many years.

Finally, I want to mention Holly More Haynes, who worked with me at Silver Lake. She is one of just a few examples of women who have started a buyout firm, and she's done amazingly well.

## What's easier, harder or different for a female founder than for a male?

The last year has been a hard time to start your own PE firm, no matter your sex or investment focus. That said, data shows emphatically that not only is it very challenging for women to start a private equity firm, but it's still challenging for women to advance in the private equity industry – period.

As to whether there's anything different about being a female leader in PE, I'll share this: we get used to doing things the hard way. Women who have thrived in this business, by necessity, build a track record of grit and determination.

That's true of many men too, of course, but it's definitely true for me – and all the female PE leaders I know. I believe that grit and determination help when it comes to starting a new firm in the face of significant market headwinds

## What kind of firm culture are you developing and how?

We gravitated to the name "Coalesce" because it reflects our team's aspirations, our collaborative spirit, and how we will make decisions together. We embrace the diversity of our backgrounds, skillsets and points of view.

One thing that we all have in common is our desire to create a culture of transparency, belonging and intellectual challenge to help us avoid the dangerous "echo chamber" or herd mentality that too often leads to mediocrity. Establishing a culture where you can challenge and be challenged is essential to our success as we aspire to be thoughtful stewards of our investors' capital and to create long-term, sustainable value in our portfolio companies.

As a leader, I understand the importance of leading by example. I want my colleagues to understand they have an obligation to dissent. It's how we work – and I can tell you – it's effective.