

# POWERHOUSES IN PRIVATE EQUITY

## My Life as a Deal Sourcer



**Gretchen Perkins**  
Partner  
Huron Capital Partners



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Partner  
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Gretchen Perkins, the head of business development at 20-year-old, Detroit-based, middle-market private equity firm Huron Capital, talks about her career path, the art of finding proprietary deals, and why entrepreneurs prefer to partner with Huron Capital. Interviewed by RSM's Kerensa Butler.

**Kerensa Butler, RSM:** So, Gretchen—you're the partner in charge of business development at Huron Capital. What does your role entail?

**Gretchen Perkins, Huron Capital:** I lead a dedicated team that spends all of its time sourcing investment opportunities for Huron Capital, both majority-control acquisition opportunities and minority investments in lower-middle market companies. Our job entails a lot of boots on the ground. We all travel almost every week. This is a people business, despite all of the deal portals, and all the efficiencies, and all sorts of best practices where you can improve your efficiency. We're talking someone's baby—their business. And we're talking millions and millions of dollars that we're entrusted to be careful stewards of on behalf of our investors—pension funds, college endowments, family offices. So it is still very much a people business, and we think that's the best way to source transaction opportunities.

**Butler:** So how did your career lead you to deal sourcing? How'd you get here?

**Perkins:** I started out in commercial lending. I realized that in lending, I really liked the variety. I really liked always having many different types of businesses to look at and assess, and learn about, and that just energized me. One of my borrowers, a private equity fund, approached me and said, "Hey, you've always been very diligent in calling on us for our deal lending activity. We are now at a size where we're adding a full-time dedicated deal sourcing person, and we've admired your diligence, and we want you to come do that for us." I was there for six years. Then I joined Huron Capital.

I love the variety. We're constantly sitting around our Monday morning meeting looking at the deals that came in the prior week, and we're struck that, huh, somebody does that. I never thought of that.



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↓ CONTINUES ON NEXT PAGE

Didn't know that was a business. Didn't know that was something in some supply chain. It's fun.

**Butler:** And then the most important question that I have is, how did playing the French horn in marching band prepare you for this life you live?

**Perkins:** It was a grueling, grueling training schedule at St. John's High School marching band. Geez. Training, making sure your delivery is perfect and great, and exactly what it needs to be for the moment. I feel that is very similar to what we do here in deal sourcing: finding the proper opportunity.

**Butler:** What do you think gives Huron the advantage in sourcing the deals?

**Perkins:** We have a differentiated way of sourcing, and we also have a very operational approach. One, our boots on the ground—calling on referral sources, accounting firms like yourself. You're the trusted advisors of many business owners. Calling on attorneys, investment bankers, business brokers, wealth managers, all sorts of trusted advisors to business owners, and we're calling on them, and that's our boots-on-the-ground approach that I referred to. We attend almost 30 conferences a year among my group, specifically to get in touch with all of these folks that I mentioned. We also have a way of finding deals that we have branded the Exec Factor Initiative. That's where we back an executive who's very experienced in his or her field, but there's no deal at hand. It's simply someone who either is ready for their next gig. They're maybe in large corporate America in a leadership role, and they're looking to create more wealth for

themselves. They move out of the huge company into the lower middle market to build a company from the ground up, so we partner with that executive.

A lot of firms will say, "Oh yeah, bring us a deal and we'll back you," but we say, "We'll back you in your idea for creating a buy-and-build scenario within your area of expertise." It might take 12 months. It might take 24 months to find that first deal, but we have committed to that executive.

**Butler:** So when you meet a potential portfolio company, what's your pitch for Huron? Why do you say us and not them?

**Perkins:** We say we have operational resources to help take them to the next level. We can help you get bigger and better than you are on your own. Many entrepreneurs realize they've taken their company to a certain level, and they're kind of maxed out on their capabilities, and they're looking for a partner like Huron Capital to help them scale the business, and get bigger, and create more jobs, and enhance their legacy, and build the company that they started.

**Butler:** In Huron's corner of the middle market, are deals heavily intermediated?

**Perkins:** I would say, as a whole, in our industry there is a lot of intermediation in the deals. However, we're pretty proud of the fact at Huron Capital that 68 percent of all closed deals we've ever done since the beginning of time—and we're celebrating our 20th Anniversary this year, by the way—over 68 percent of deals that we have closed have been proprietary, and there's been no intermediary. So we're pretty proud of that fact.

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**Butler:** What do entrepreneurs care about in an acquisition, other than the price? Obviously, you probably don't win deals based only on price.

**Perkins:** It's the relationship, number one. It's a marriage we're going into. It's a multi-year commitment to working collaboratively with each other with a common goal. Hopefully, our goals are aligned, and so we try to vet that at the beginning. What are your goals, Mr. or Ms. Executive? What do you want to do with this business? Do you want to push organic growth? Do you want to do add-on acquisitions? We can help you however you want to grow. We'll have a vision for a company, as well. Numerous portfolio companies of ours now have done, six, seven, ten add-on acquisitions.

**Butler:** What advice would you give for somebody who wants to enter into private equity?

**Perkins:** Well, it took me 15 years as a lender before I got into private equity, but I'd say the more traditional path for associates and vice presidents entering our business is they have a couple of years of investment banking, and then we hire them after that, so they know how to run models and do deals. We have them for two to three years, and then very typically they go back and get their MBA. And then, if we love them they loved us, we offer them a job back after their MBA is completed. It's also very common to hire vice presidents and associates that didn't work for us before.

Now, if you are an operating partner, you're going to be hired because of your multiple years of experience either helping implement ERP systems or optimizing supply chains, or maybe you're an operating partner of human capital. There's two levels: Either you're super experienced or you're new, and a gunner, and want to learn, and work hard, and like the pace of a private equity firm. ■

# Why Women in Private Equity Need 'Superpowers'



Gretchen Perkins of Huron Capital Partners talks about the woeful lack of women in private equity and what must be done to attract more, particularly at the higher ranks.

**Kerensa Butler, Partner, RSM:** Both of us are veterans in the private equity space. How have you seen the landscape change for, I hate to just say women, but under-represented populations or in general? What have you seen change?

**Gretchen Perkins, Partner, Huron Capital:** Well, I think the industry's changed in the most dramatic way during our years in this industry. It's so much more mature, and so much more efficient now, and so we all have to step up our game, right? I'm disappointed to say that when I entered this industry 20 years ago, it was about 10% woman, and today I look around, there's 10% women. I'm disappointed for my industry and I get it.

I talk to a lot of young women, and their comment is that they pull up the website of most private equity firms, and it's dominated by white males. I don't want to fight that fight, and now they're becoming entrepreneurs on their own. They're starting a business. I choose to believe that young, smart gunner women, and folks who are otherwise under-represented, have more choices, and it's our job as a private equity industry to make this industry more exciting and more interesting for them so that they will join our numbers.

I'm happy that many more firms are trying to make it better, and as they see those of us who can do it, who can operate at a high level while having a family, having a real life outside of work, that's helpful. They'll see that there are those of us who have made it work, and they can too, if they choose to.

The child-bearing years coincide with your real hard years in investment banking and private equity. I know numerous investment banks that are saying, "Okay you can have fewer deals. If you're raising a young family, instead of working on five deals, you can work on two or three, and it won't impact your career path here." It's those types of creative and accommodating ideas that I think are great, and we'll help budge that number. I hope when I leave this industry, we're at 25%.

**Butler:** That'd be awesome. I'm in it with you. Let's do it.

**Perkins:** Thank you. Let's do it.

**Butler:** When I work with a lot of the women and under-represented populations in my work at RSM, I say, "What's your superpower?" And so I would ask you, what is yours?

**Perkins:** My superpowers are my contacts, my connectivity, and my networking group. I have worked really hard over my whole career to create a network, and it has paid dividends. It pays more and more dividends as I go further in my career, so I think my ability to form a quick connection with someone, find some common ground, and continue to stay in touch after we've left our initial contact, is my superpower. It's very handy later in the career to have any number of people that I can call up on any number of topics and say, "Hey, what do you guys do?" And they'll tell me even if they're a competitor, or give me information on something that is not widely known. It's very helpful.

**Butler:** Your best advice is, work on your networks now. Work on your networks now while you're young. It's hard. It's hard to walk out of the office at five o'clock and go to a networking reception, right? Because everyone around you is looking at you judgy.

**Perkins:** "Why are you leaving so early?"

**Butler:** Right. Why you leaving so early? But you're not leaving early - you're going to work. You're going to work. Networking is work. You can't just float into a room, grab a drink, and talk to the same three people for two hours. That's a total waste of time. You should be actively working a room, and trying to find connections between people that can be helpful and offer value.

**Perkins:** That's true. If that's something that you're good at it and you like, press it. Press it hard. Exactly what you said. If you're not, find another way to be differentiated. Find another way to add value to your firm in your portfolio companies. ■