

# Money Inc: Insights From the Next Generation of Female Beauty Investors

"If you don't change the makeup of the people in the room making investment decisions, how are you going to confirm you're looking at and seeing the brands across the ecosystem?"

By [Allison Collins](#) on October 16, 2020

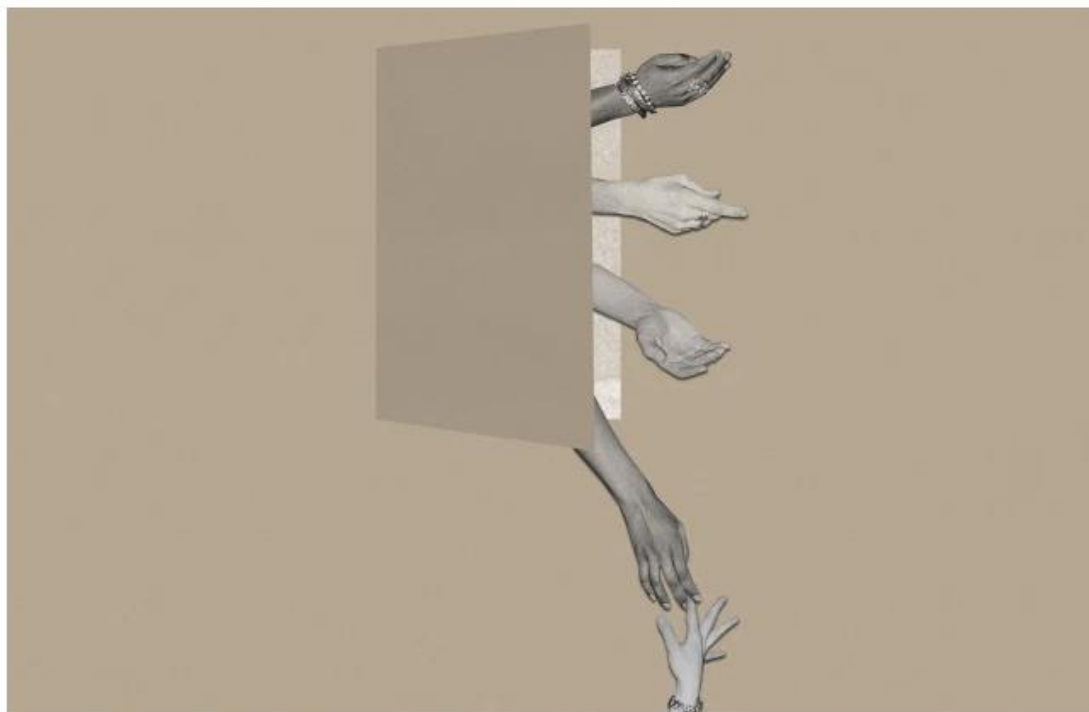


Illustration by Alex Bandoni. Hands by Eric Weiss for WWD.

It's 2020, and it's time to invite more women into the Zoom conference room.

This holds true broadly—the business benefits of having a diverse organization in all respects have been well documented—but it is especially so in **beauty**, where women comprise the vast majority of consumers but men still write the vast majority of checks.

The result is a funding gap that spans far beyond the **beauty industry**. In venture capital firms, just 12 percent of decision makers are women, according to Pitchbook, and in the “retail” sector, where the company classifies **beauty** investments, only 30.4 percent of VC dollars go to companies with female founders.

“We know women have a much tougher time accessing capital...we need more broad diverse check-writers,” said Neda Daneshzadeh, partner and cofounder of private equity firm Prelude Growth Partners, which backs Summer Fridays and Westman Atelier. Daneshzadeh founded Prelude with Alicia Sontag, the former global president of beauty for Johnson & Johnson. Together, they focus on growing categories backed by shifts in consumer behavior, like using clean skin care or coloring hair at home. More often than not, they’ve backed female-founded businesses.

“It’s more than just about the investment,” said Daneshzadeh. “As women, we have an innate sense about these categories, we’re the consumer, we use the products every day, we’re beauty and wellness junkies at our core.”

So while skin, hair and makeup are all still of interest to investors, so are things beyond the traditional confines of beauty, including fitness, nutrition, personal care and DIY services, and companies along the supply chain for those sectors. “It’s not like 2008 or 2001, where it was just boom—recession...this is more like a...wartime economy,” said Sontag. “There are some things that are up dramatically. In world war time it was airplane building, in COVID-19, it’s wellness. That’s where people are investing, because that’s what matters.”

Sexual wellness and menopause are also of interest, and female investors said that generally, they feel more equipped than their male counterparts to tackle those conversations.

“There’s a responsibility of an investor to set the tone,” said Kelly Dill, principal at Imaginary Ventures, which backs Necessaire and Bread. “I’ve heard it all, it is fine. I’m a woman, I know what goes on down there, talk to me.”

“I can feel, even though Zoom, a sigh of relief sometimes where it’s like, ‘I don’t have to dread this call where I have to talk about vaginas to a guy who’s uncomfortable with the word,’” Dill added.

More broadly, having women at the table helps center pitch meetings around growth potential. “If you’re talking about the beauty space or products that are often geared towards women, when there’s no women in the room, there’s this burden of explanation that is required,” said Alisa Williams, partner at VMG Partners, which backs Briogeo. “Think about a 20- or 30-minute pitch—now you’re spending 10 minutes trying to educate the people in front of you on why this is even a valuable space to be looking at rather than talking about the growth opportunities or the journey for your brand.”

“You don’t have to explain to us what damaged hair means, you don’t have to tell us what a scalp exfoliator is—we don’t have to go through that song and dance,” Dill added.

Still, being a woman in the investment space is not easy. There is a dearth of female mentors, and it’s not uncommon to be the only woman in a room. Those experiences can be intimidating, sources said, making women feel they must “do better than a man” in order to prove their worth. And while many women enter the investment space, few stay on to make it to the upper ranks.

Cristina Nuñez, cofounder of True Beauty Ventures, noted that she didn’t have a female mentor until she left finance to get operating experience under Elana Drell Szyfer, who was then at Laura Geller. “In investment banking, I didn’t have a single female mentor. In private equity in my early years at Catterton and Tengram, I didn’t have any female mentors,” Nuñez said.

Now, she works alongside cofounder Rich Gersten. They’ve invested in Aquis, and continue to look at female-founded and diverse brands, Nuñez said. “Diversity really does deliver returns,” she said.

Williams said that as one of very few Black female investors, she is also focused on diversity as part of her investment approach. “It’s a real focus for me to make sure that we’re looking at the brands early in the same way we do for other brands, and finding ways to support founders in a way that a lot of founders of color have not felt supported in the past,” she said.

“It’s the same reason it’s so important to have women in the investor seat. If you don’t change the makeup of the people in the room making investment decisions, how are you going to confirm you’re looking at and seeing the brands across the ecosystem?” Williams added.