

Case Profile: Richelieu Dennis at SheaMoisture

(Part 2)

September 2015

Dennis sold a minority, non-controlling stake in Sundial Brands to Bain Capital. The deal valued the company at roughly \$700 million.

The terms mattered as much as the decision. He gave up equity, but the family kept the board. The family kept the management. The family kept day-to-day operations.

He also chose who was on the other side of the table. Deval Patrick — a Bain managing director and the former Governor of Massachusetts — led the partnership discussions and joined Sundial's board.

He said the investment was driven by the need to stay competitive and would fund the infrastructure for expansion, strengthen the company's social entrepreneurship model, support a multi-brand strategy, and let Sundial invest in other like-minded brands.

Community Commerce continued to operate after the money arrived.

The backlash (the first test)

Parts of the community that had built SheaMoisture read a private equity investment as a betrayal of the thing the brand claimed to be. Rumors spread that Mitt Romney, who founded Bain Capital, now owned SheaMoisture.

Dennis did not go quiet. He answered publicly:

"Mitt Romney has nothing to do with me. Nothing to do with us. It's not fair to characterize us or judge us based on an individual that's got nothing to do with us."

His argument was not that the mission mattered less than growth. It was that without scale, the mission would lose.

April 2017 (the second test)

SheaMoisture released a video in its #EverybodyGetsLove campaign, produced by the agency VaynerMedia. In it, women described their experiences of "hair hate." Of the women featured, one was Black.

The customers who had built the brand — Black women with curly, kinky and tightly coiled hair — called it an erasure of the very people who had carried the company from a Harlem street table into national retail. The criticism was immediate and severe.

The company pulled the ad and posted on Facebook: *"We really f-ed this one up."*

Dennis said the campaign had been intended "to demonstrate the challenges that women have had and continue to have with the societal norms of beauty." He then publicly owned up to the mistake:

"To equate their struggles with hair to those of other women, is in their minds trivializing their struggles, and we can't forget that."

November 2017 (the exit)

Unilever acquired Sundial Brands for a reported \$1.6 billion — at the time, the largest consumer products transaction by a majority Black-owned company. Two years earlier the company had been valued at \$700 million.

Written into the transaction and negotiated as part of the deal: Unilever and Sundial created the New Voices Fund, seeded with \$50 million and intended to reach \$100 million, to invest in businesses founded by women of color.

On why, Dennis said:

"When you think of the fact that women get funded less than a penny to the dollar of men, that is going to destabilize our communities if it continues."

Afterword

In 2017 he founded Essence Ventures and acquired Essence Communications, returning a Black women's institution to Black ownership. He remained chair and CEO of Sundial until December 2019.

The New Voices Fund operates on what he calls the ACE model — access, capital and expertise.

Under Dennis, SheaMoisture became the number one natural hair and beauty company serving Black women.