



Leadership in Private Equity 2016



Criticaleye – the peer to peer Board Community



“At Criticaleye we understand how exposed leadership roles within private equity-backed companies can be. However, through access to independent and impartial advice, insight and critique, leaders and leadership teams are able to accelerate performance and generate greater value at the point of exit.”

Matthew Blagg
CEO
Criticaleye



We Inspire Leaders to Succeed

Our unique strength lies in our ability to bring together a wide range of leadership and industry experience into a trusted environment, where executives and their teams get access to the insight they need to enhance their performance.

We enable them to achieve alignment, remove silos and build trust at the senior level.

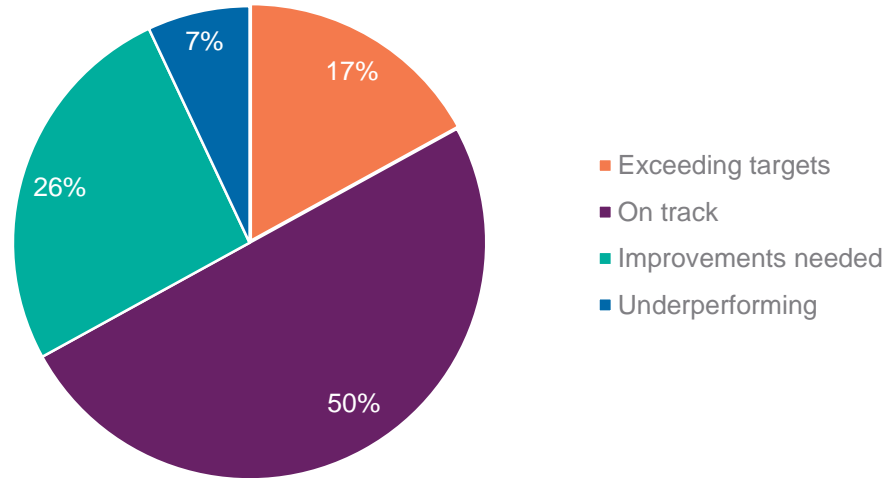


Our bespoke solution supports leaders with personal, strategic and team development



Over two-thirds of PE-backed leaders within Criticleye are either outperforming or hitting their targets

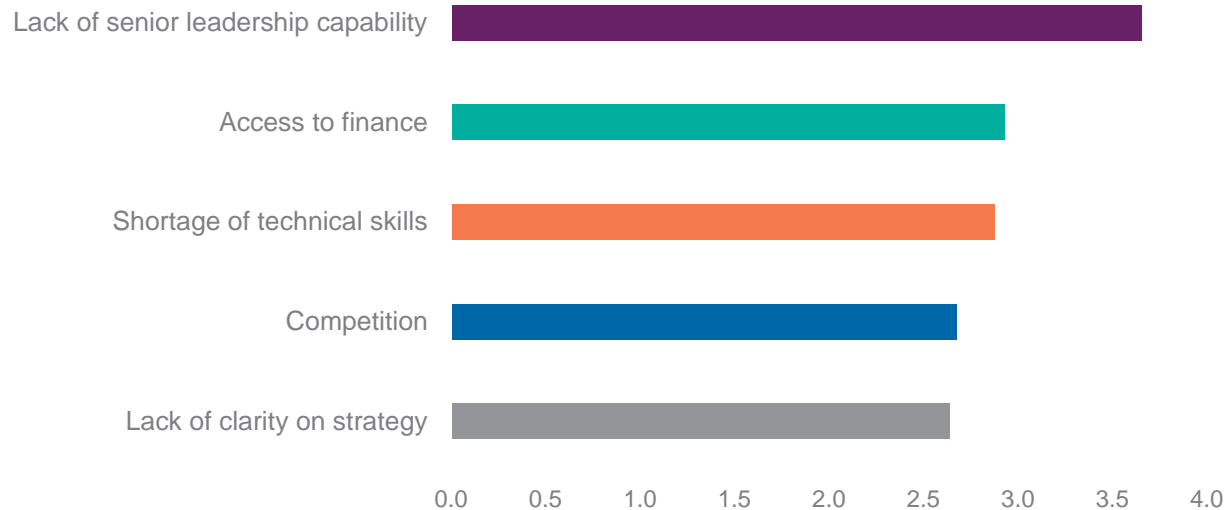
How are you currently performing against your business plan?





PE-backed leaders see the need to enhance senior leadership capability in order to facilitate growth

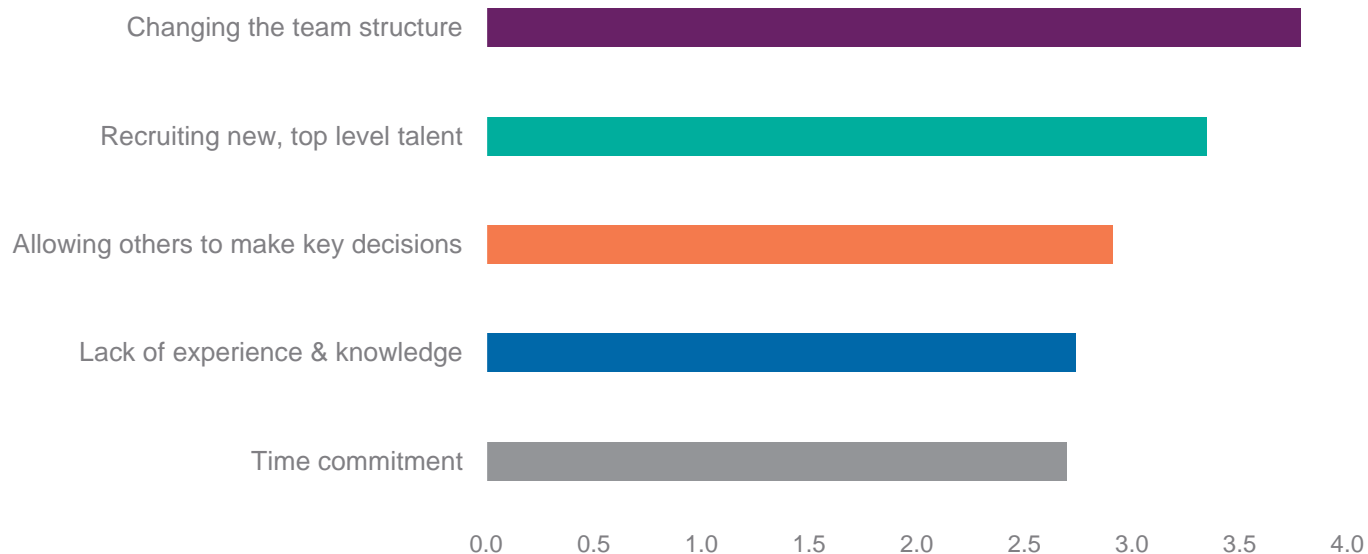
What are the main barriers to achieving your business objectives? (scale of 1 to 5, 5 being highest)





Creating the right leadership team is the biggest challenge when preparing for the next stage of growth

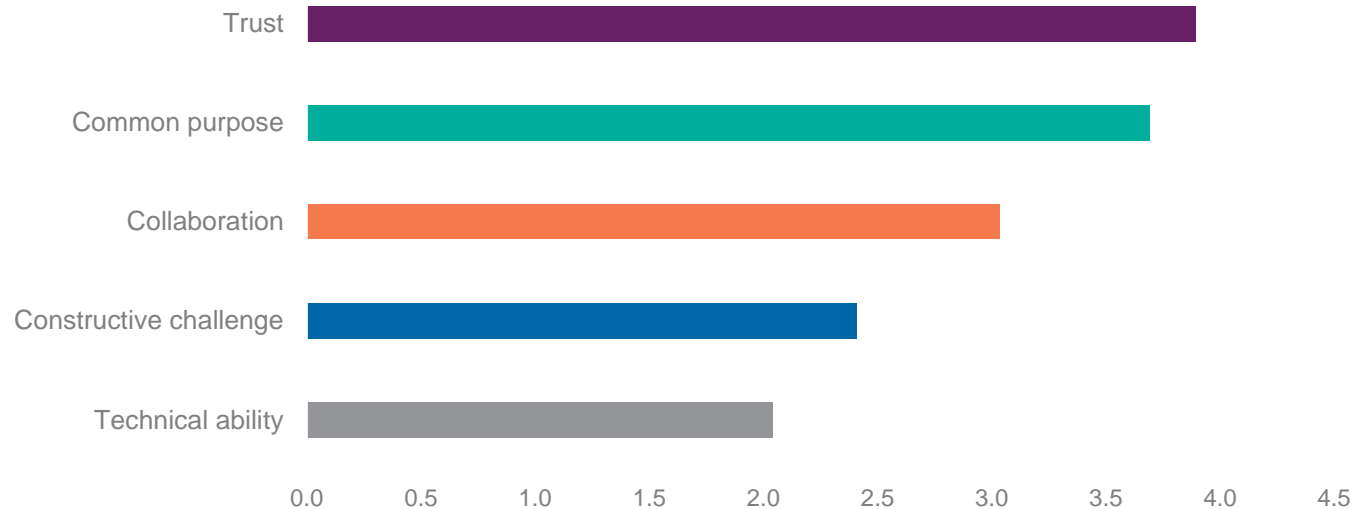
What is the biggest challenge you face when it comes to preparing your executive team for the next stage of growth?





Trust is integral to the development of a high-performing team

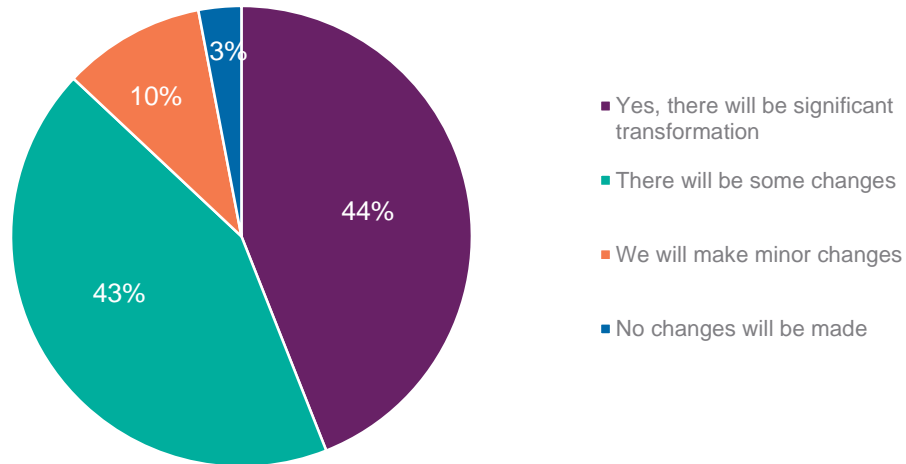
What do you believe to be the most important characteristics of a high-performing executive team?





87% of respondents expect to restructure over the next 12-18 months

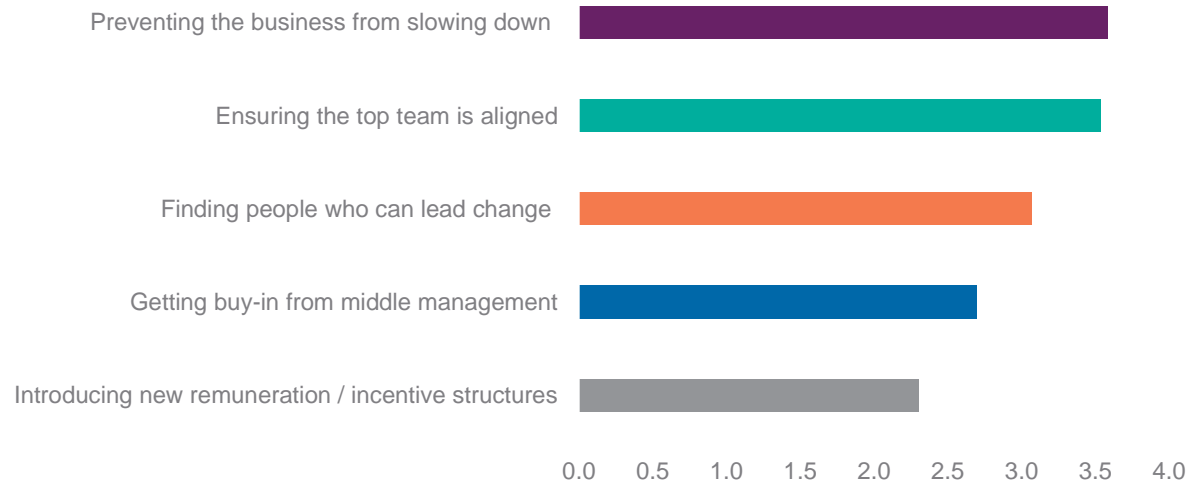
Do you expect to make changes to your organisational design in the next 12 to 18 months?





To successfully embed change, the leadership team must be consistent and aligned

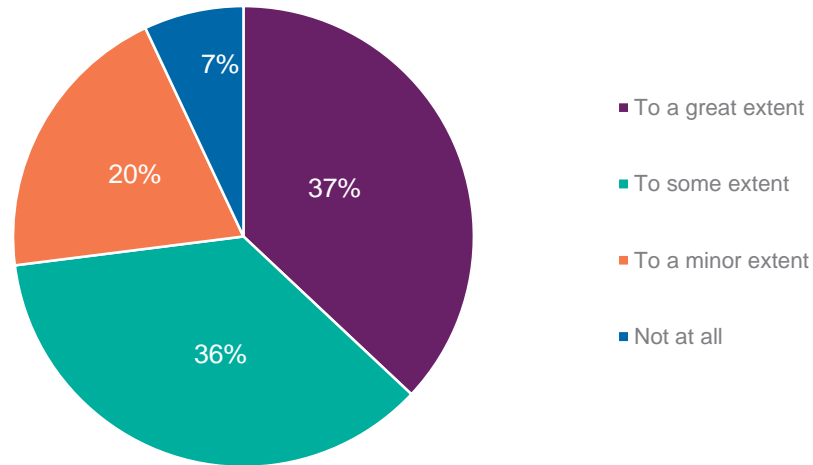
What do you believe to be the most significant challenges when undertaking an organisational restructure?





93% of respondents believe the behaviour of senior executives reinforces silos

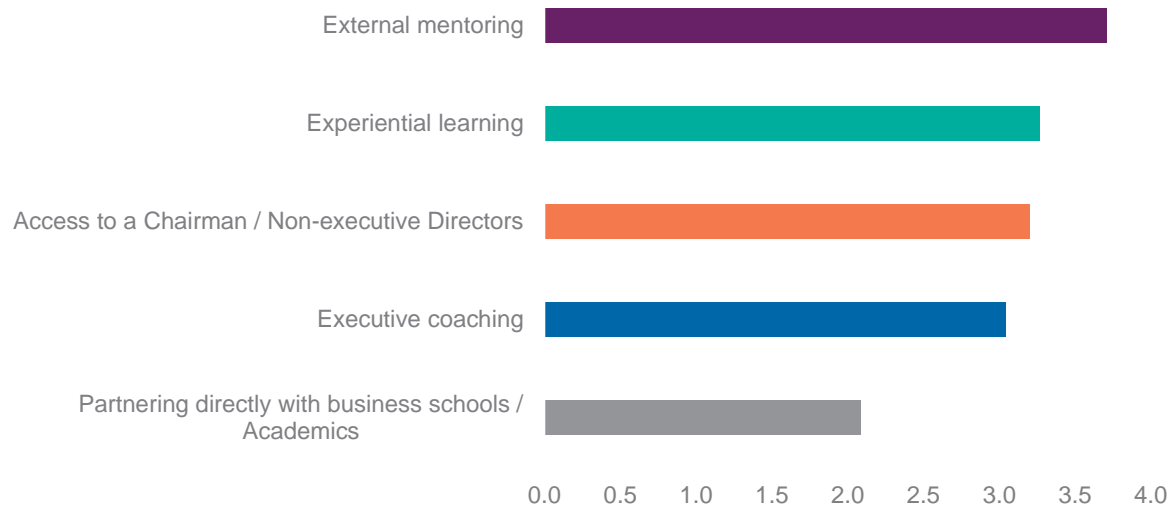
Do the behaviours of the senior executive team reinforce silos within the business?





PE-backed CEOs believe external mentoring and experiential learning are the most valuable development tools

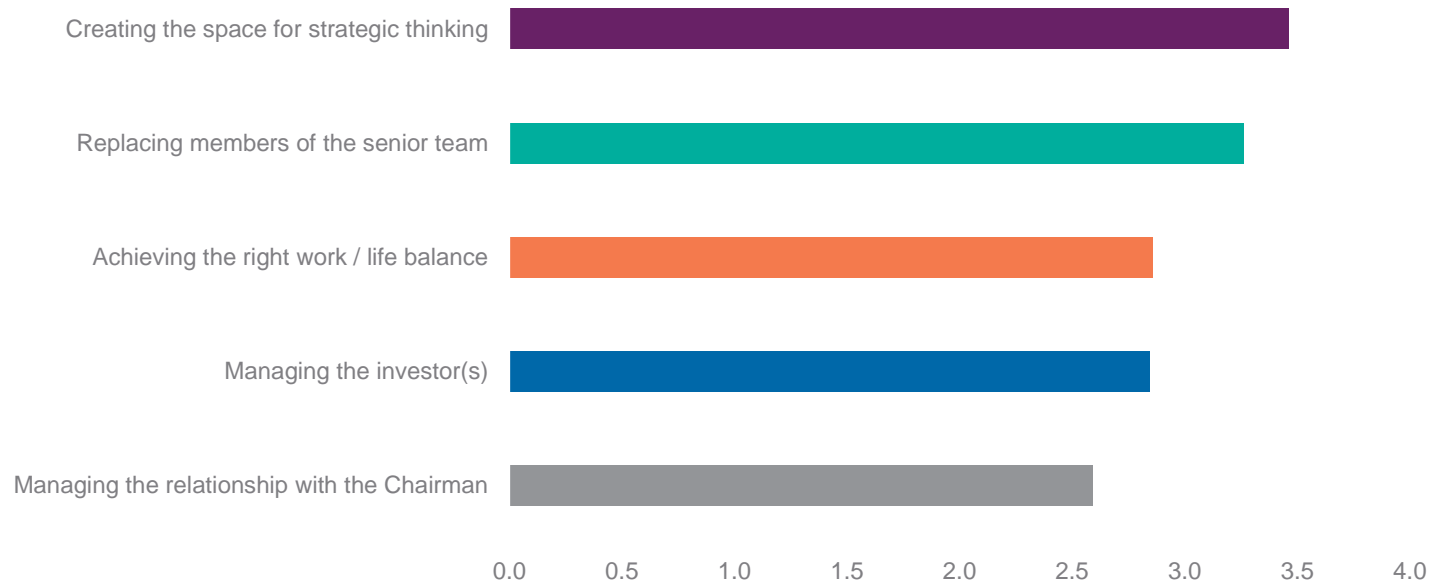
How effective are the following executive development tools within your company?





PE-backed CEOs need to ensure they create the headroom for strategic thinking and reflection

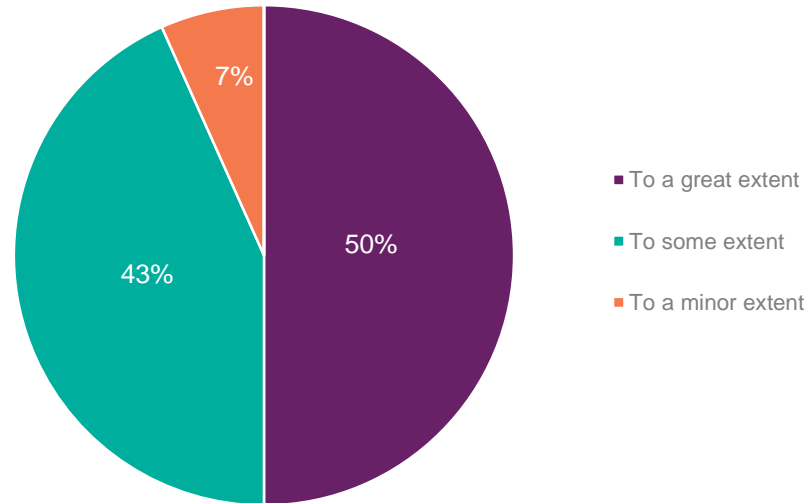
What has been your biggest challenge as a private equity-backed leader?





The majority of PE-backed CEOs will have to adapt their leadership style as the business grows

To what extent do you believe a CEO's leadership style must change as the business grows and matures?

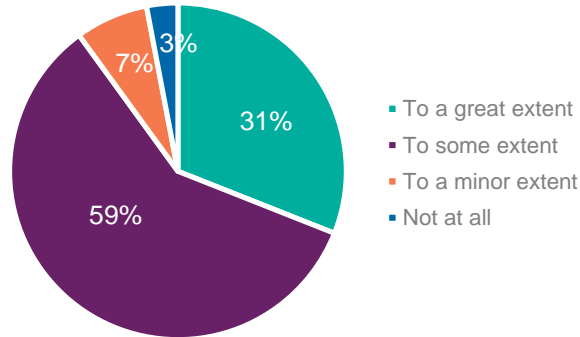




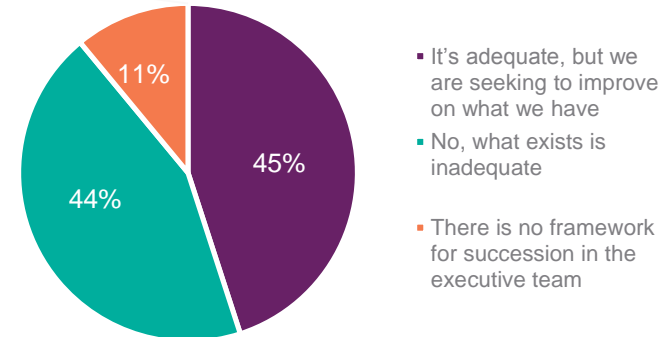
90% agree that a strong succession plan will have a positive impact on valuation at the point of exit

However, none of the respondents were satisfied with existing frameworks for succession

To what extent do you believe having a strong succession framework impacts your valuation upon exit?



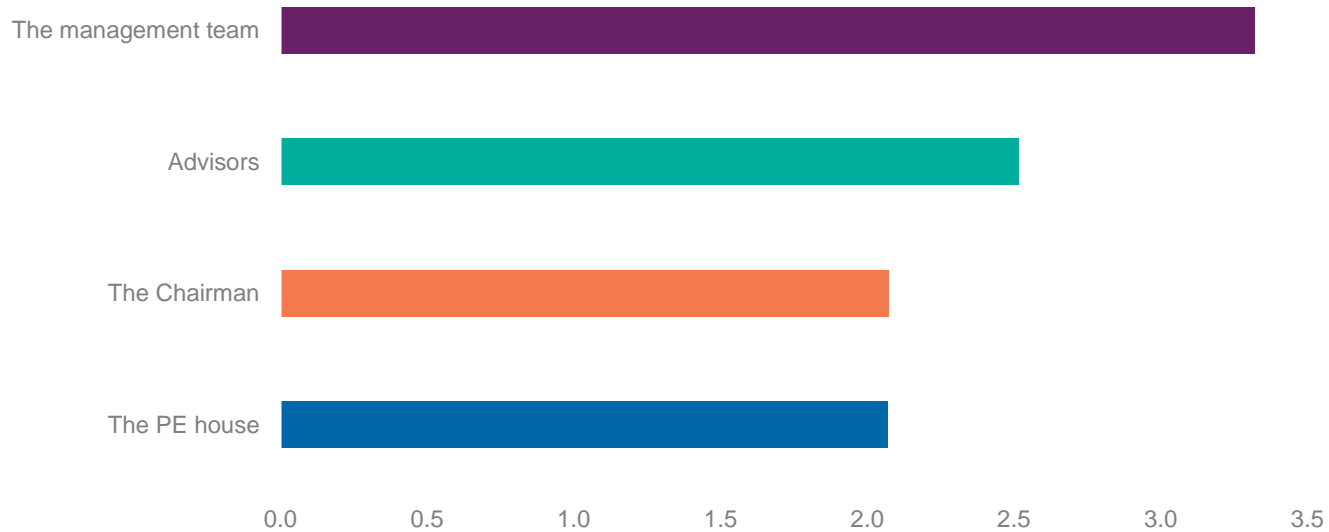
Is there a clear framework for succession in your executive team?





The management team has the greatest impact on valuation during an exit

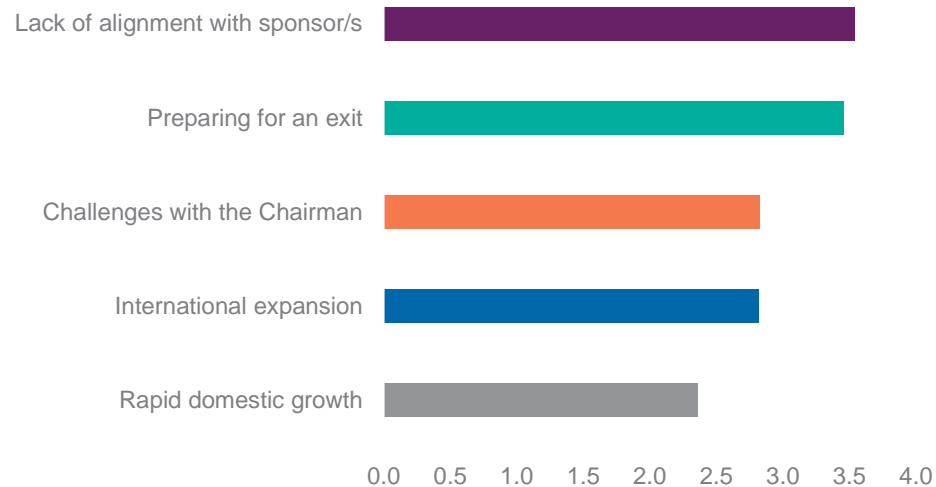
Who do you believe has the greatest impact on an organisation's valuation during the exit process?





External support is most valuable when navigating the relationship with the PE house and creating value at the point of exit

In what situation has external support been the most valuable for you as a leader of a PE-backed business?



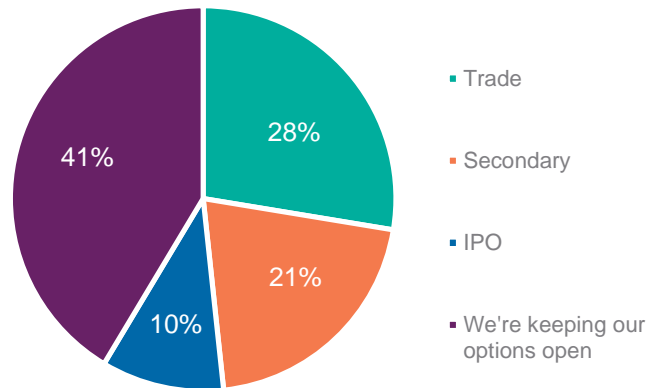


Exit Poll

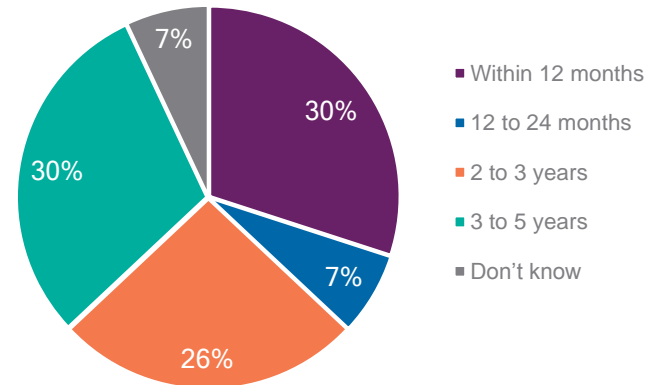
Trade and secondary are the preferred routes, with many looking to run a dual-track process

Just under a third of respondents expect to exit within the next 12 months

What is your most likely exit route?



When do you expect to exit?





Key Findings

- **Enhancing leadership capability within the senior team is the key to facilitating growth**
- **Creating the right team dynamic, grounded in trust, is one of the biggest challenges when preparing for the next stage of growth**
- **The majority of PE-backed leaders expect to restructure over the next 12-18 months. In order to execute this successfully, it will be essential to create alignment in the top team**
- **PE-backed CEOs must create the headroom for strategic thinking, especially as they will need to adapt their leadership style through organisational change and rapid growth**
- **The majority of PE-backed leaders acknowledge that good succession planning has a positive impact on valuation at the point of exit. However, most organisations do not have an adequate plan in place**
- **The management team has the greatest impact on driving the value of the business and therefore they must take a leading role during the exit process**
- **External mentoring and experiential learning are regarded as the most valuable development tools for PE-backed leaders**
- **External support has proven to be most valuable for PE-backed leaders when navigating the relationship with the PE house and maximising value at the exit point**



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The Private Equity Leadership Survey 2016 was conducted by Criticaleye to gauge the challenges that PE leaders face.