



Building a Performance Culture in Private Equity- Backed Businesses

*Research results from Criticleye's
2017 Private Equity Retreat*



“Our findings point to a paradox in the world of private equity at present. While there is a strong understanding of the benefits executives can gain from peer to peer learning, experiential learning and mentoring, there seems to be a reluctance at board level to create a framework of support for senior leaders.

“This lack of focus on leadership capability will prove to be problematic as exit timelines become longer. PE management teams and sponsors need to start examining how to develop and nurture the best talent within their businesses, especially given the greater focus on engagement, culture and productivity.”



Joe Berwick,
Business Development
Manager, Criticaleye



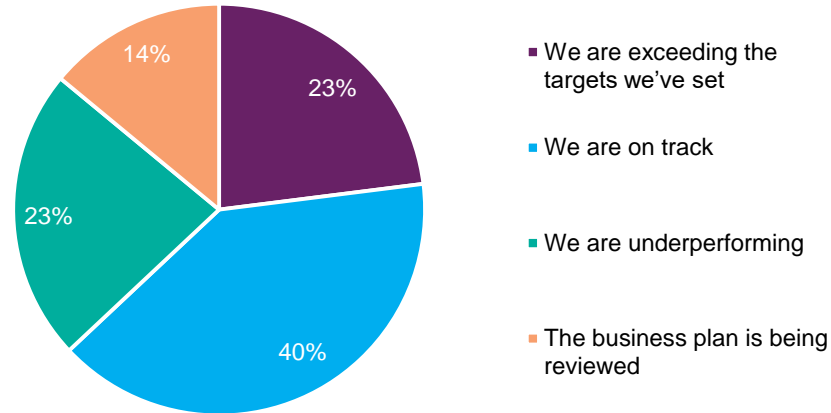
Findings from Criticaleye's Private Equity Retreat 2017 Survey

- Just over **one-third** of respondents are underperforming against their business plan
- **71%** of leadership teams are too insular and focused on the day to day
- **39%** said the chairman provides minimal support at best for the executive team
- **40%** of respondents felt their current senior executives lacked the right skills to execute large-scale organisational change
- Only **9%** have a clear plan for succession in the executive team



Just over one-third of respondents are underperforming against their business plan, with 14% needing to review it completely

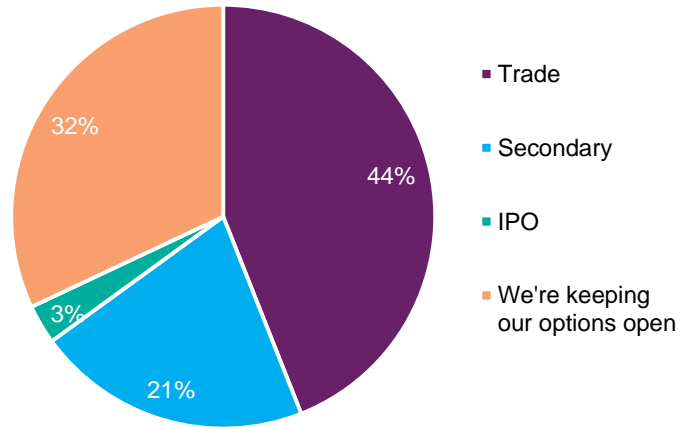
How are you currently performing against your business plan?



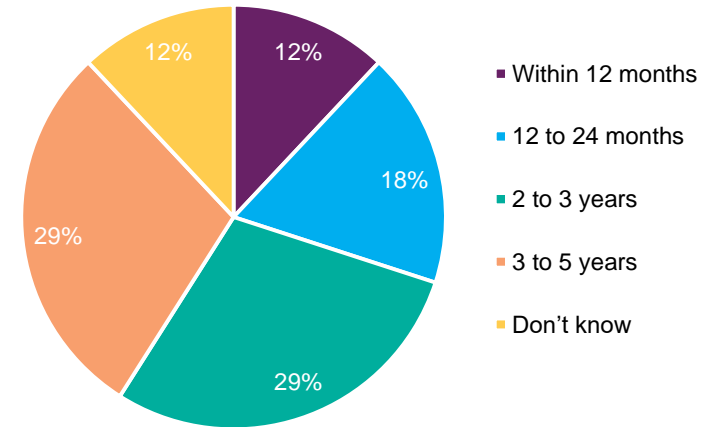


The IPO market remains largely closed and it appears exit cycles are getting longer

What is your most likely exit route?



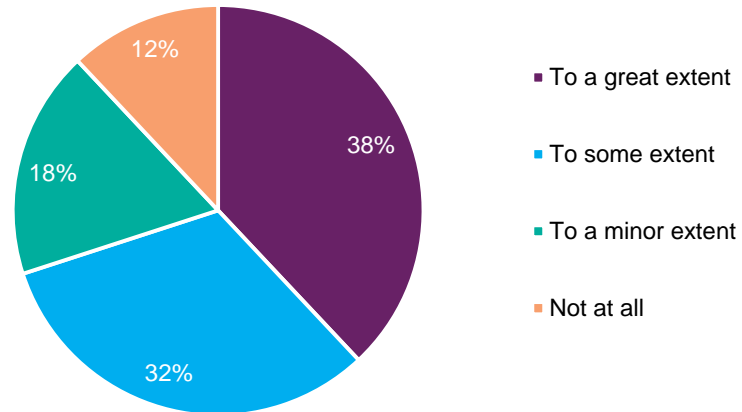
When do you expect to exit?





Nearly two-thirds of respondents say there is uncertainty between the management team and investors on the exit strategy

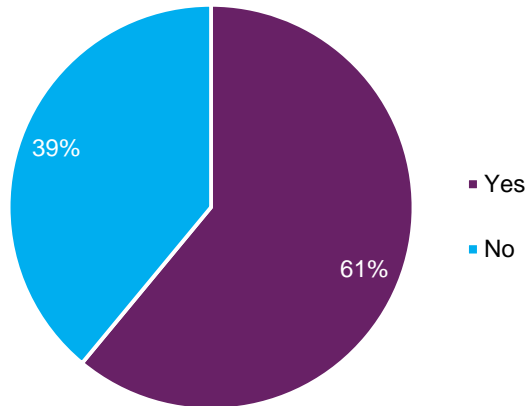
Is the management team aligned with the investor's exit strategy?



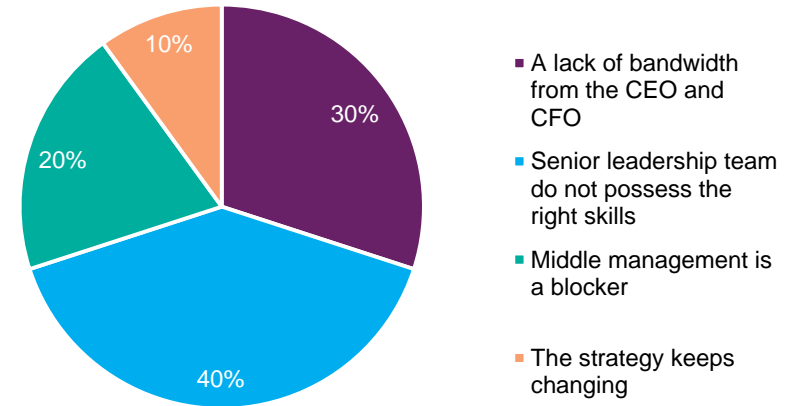


The biggest barrier to leading organisational change is a lack of leadership capability in the top team, which is placing additional pressure on both the CEO and CFO

Are you undertaking large scale organisational change during the next 12 to 18 months?



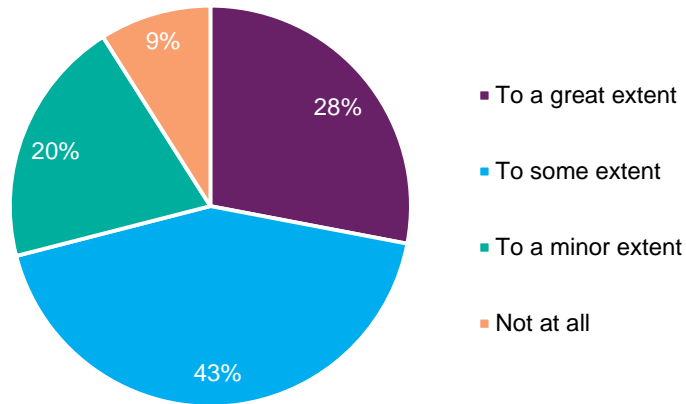
What is the biggest barrier to executing large scale organisational change?



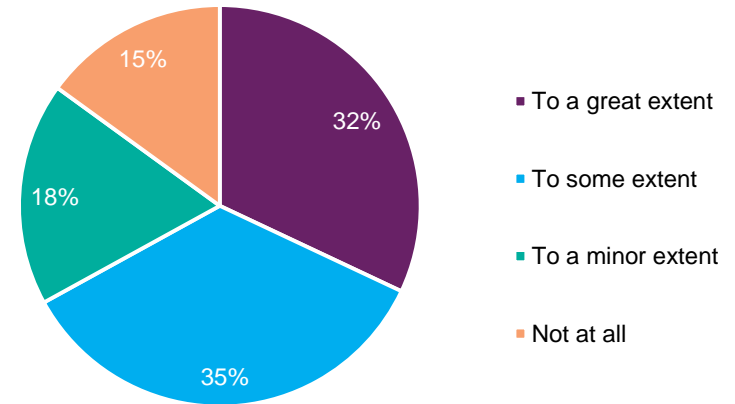


The vast majority of leadership teams (71%) are too insular in their outlook as they are consumed by their day-to-day responsibilities, resulting in a siloed mentality

Is your senior leadership team too inward-looking and focused on the day to day?



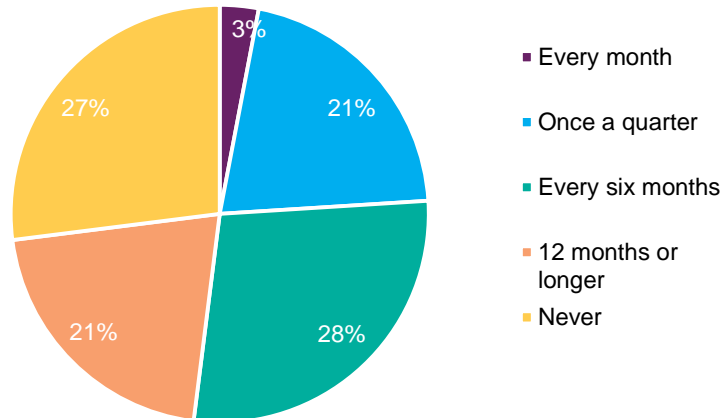
Do the behaviours of the senior executive team reinforce silos within the business?



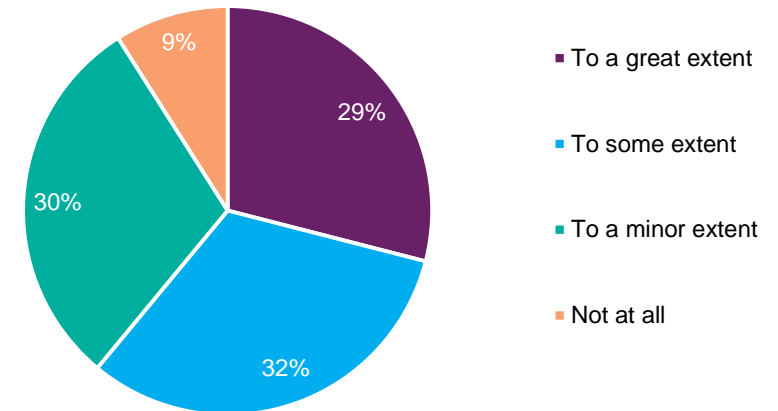


Just over half (52%) said the HRD meets with the board every six months or more to discuss leadership development. Worryingly, 39% stated their chairman provides minimal or no support for the executive team

How often does the HRD meet with the Board to discuss leadership development for senior executives?



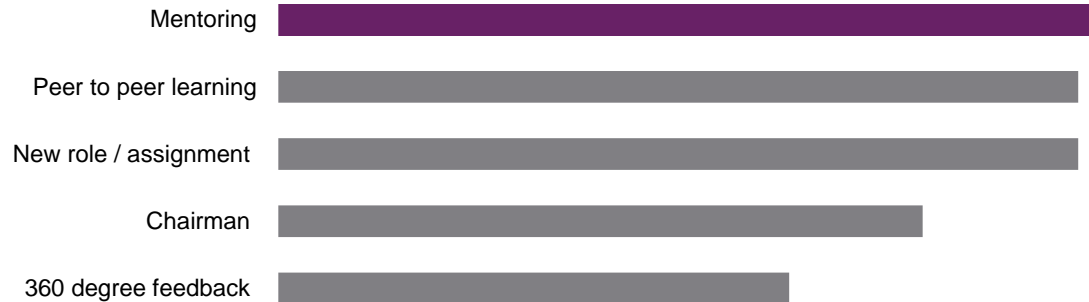
Does your chairman provide effective support for the executive team?





Mentoring was seen as the most effective tool for helping to develop and support executives of PE-backed businesses

What are the most effective leadership development tools for senior executives?





While the benefits of mentoring and peer to peer learning are clearly recognised, there appears to be reluctance to engage in long-term planning on leadership development...

- **63%** have used mentoring as a development tool for executives
- **89%** say that peer to peer learning results in a direct uplift in business performance

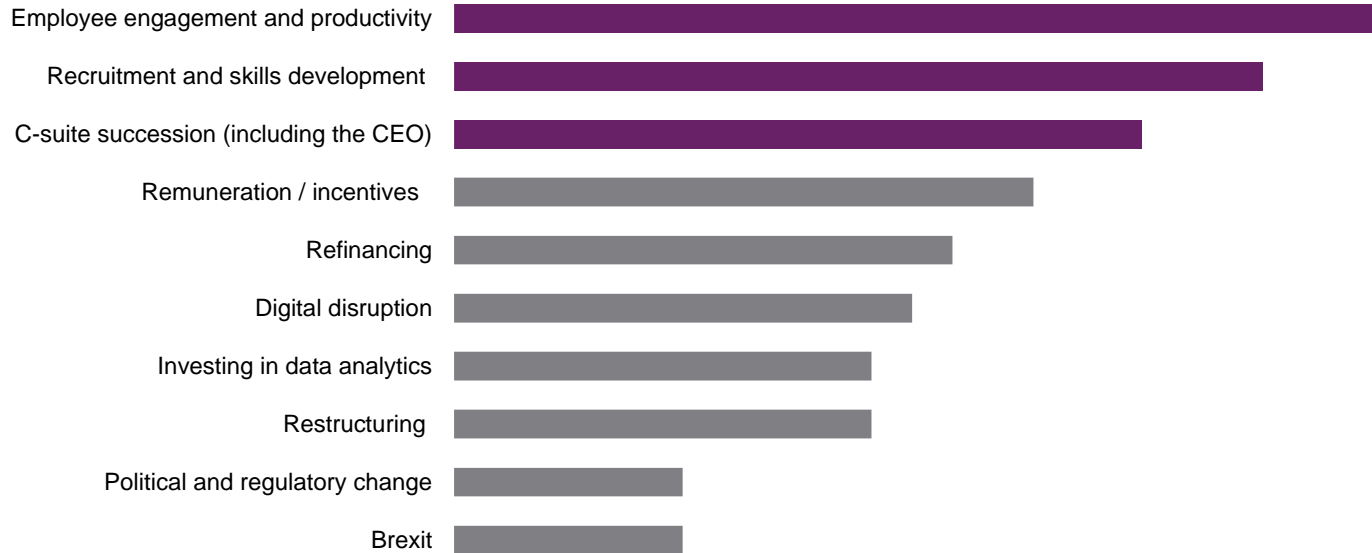
However...

- Only **9%** have a clear plan for succession in the executive team
- **83%** invest in headhunters / recruitment consultants to bring in senior executives, rather than invest in developing the leadership capability of senior executives



The top three areas of focus for businesses over the next 12 to 18 months are employee engagement and productivity, recruitment and skills development and C-suite succession (including the CEO)

What will you be prioritising in your organisation over the next 12 months?





Criticaleye – the peer to peer Board Community



“At Criticaleye we believe that great leadership creates positive outcomes and enables powerful legacies. Whatever the strategic direction of your business, it’s essential to have an effective, cohesive leadership team in which there is complete trust and alignment.”



Matthew Blagg
CEO
Criticaleye



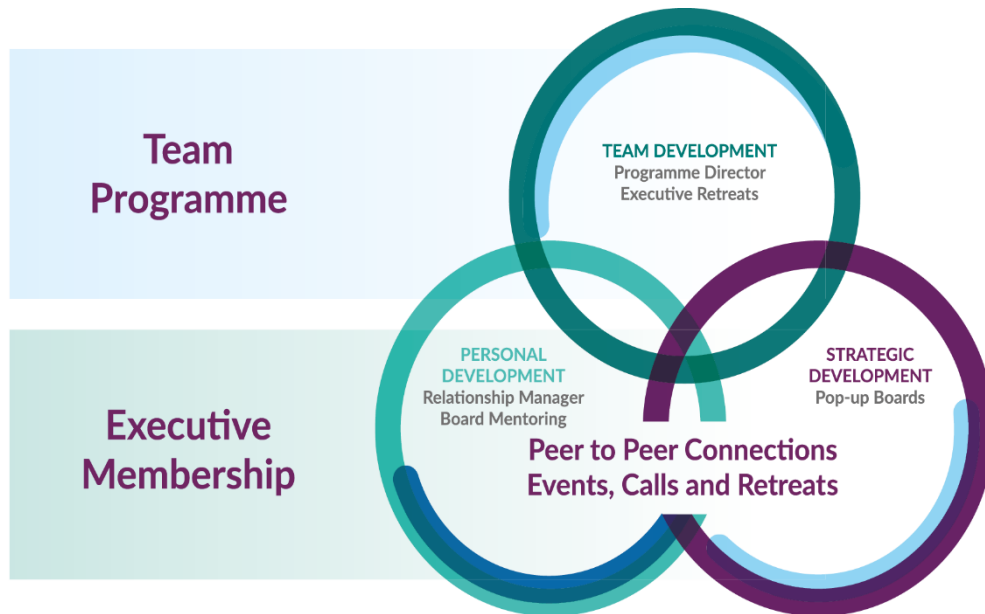
We Inspire Leaders to Succeed

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

Our unique strength lies in our ability to bring together a wide range of leadership and industry experience.

We invite them 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.



Inspiring Leaders to Succeed



Respect

We advocate high levels of respect internally and amongst our Members so that there is value and appreciation of the various opinions, experiences and roles in the Community

Collaboration

We work together by sharing knowledge and expertise to achieve results

Challenge

We provide a safe environment where ideas and strategies are challenged, actively inspiring leaders to think differently

Trust

We provide a trustworthy platform for peers to share knowledge and inspiration openly

Integrity

We promise to drive results whilst honouring confidentiality

Criticaleye (Europe) Ltd

88 Kingsway
London
WC2B 6AA
UK

info@criticaleye.com
www.criticaleye.com

Criticaleye (Asia) Ltd

Level 27
World Wide House
19 Des Voeux Road Central
Hong Kong