



**CRITICALEYE**

The peer to peer Board Community

# **PE RETREAT 2018**

## RESEARCH RESULTS

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**MAXIMISE YOUR  
OPPORTUNITY**

“This research, carried out at our PE Retreat 2018, offers valuable insight into the challenges executives in private equity-backed businesses are facing. The environment is tough: prices are high, disruptors are everywhere and turnover within the C-suite is frequent.

In this environment, the leadership team is crucial if businesses are to maximise the opportunities on offer. But while 80% of PE executives say that management capability has a decisive impact on exit valuations, over a third don't invest in leadership development. Compounding this, while PE execs earmark 'retaining key talent and developing skills' as their number-one priority, 38% of their businesses don't have an HR Director.

Executives want access to external knowledge that they can leverage, and they need to have talented people around them to help deliver the business strategy, but, worryingly, 84% of PE leaders say their management team is too inward-looking. Our research reveals that this focus on the day-to-day is having a significant impact on business performance.

As well as the data collected at the Retreat, the following research contains comments from leading PE executives on how they are navigating these tensions.”



**Jamie Wilson**  
Managing Director  
Criticaleye

# Findings from Criticaleye's PE Retreat 2018 Research



80%

of PE leaders confirm that management capability is intrinsic to exit valuation, but over a third (**36%**) do not invest in leadership development



38%

of PE-backed management teams don't have an HR Director despite saying that talent and developing skills are top priorities



84%

of PE executives say their management team is too inward-looking



80%

of PE executives believe too much focus on the day-to-day has a detrimental impact on business performance



Not enough time discussing strategy was cited as the top reason for management team failure

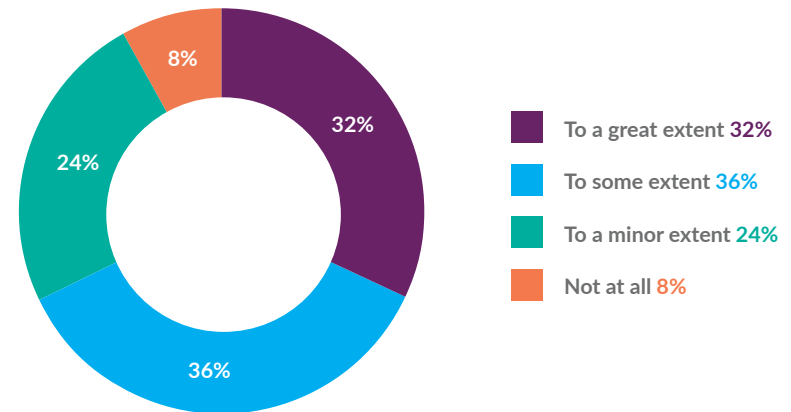


84%

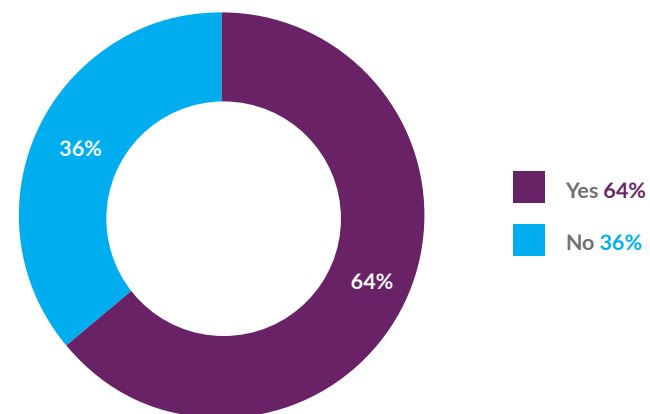
say PE-backed businesses spend more on headhunters than developing their own leadership talent

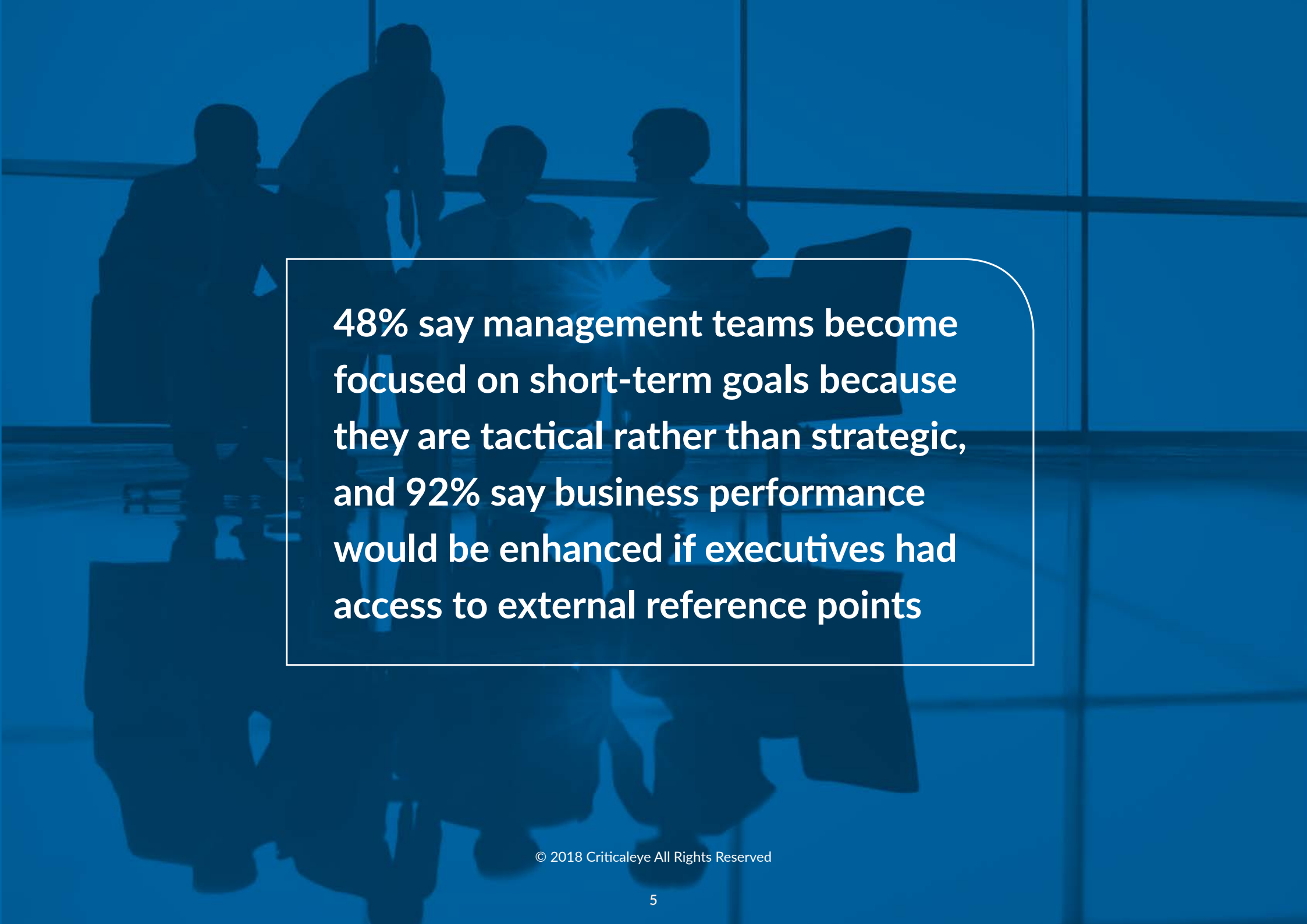
92% of PE-backed businesses are facing some degree of business model disruption, but over a third (36%) say they don't have the right leadership team to respond

Is your business model being disrupted?



Does your senior leadership team have the ability to respond to business model disruption?



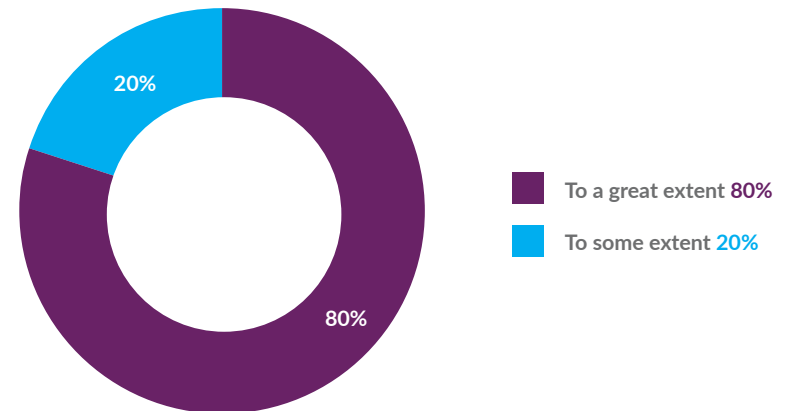
The background of the slide features a blue-tinted image of several business professionals in a meeting. Some are standing and leaning over a table, while others are seated. The scene is dimly lit, with the primary light source coming from a large window in the background, creating a professional and collaborative atmosphere.

**48% say management teams become focused on short-term goals because they are tactical rather than strategic, and 92% say business performance would be enhanced if executives had access to external reference points**

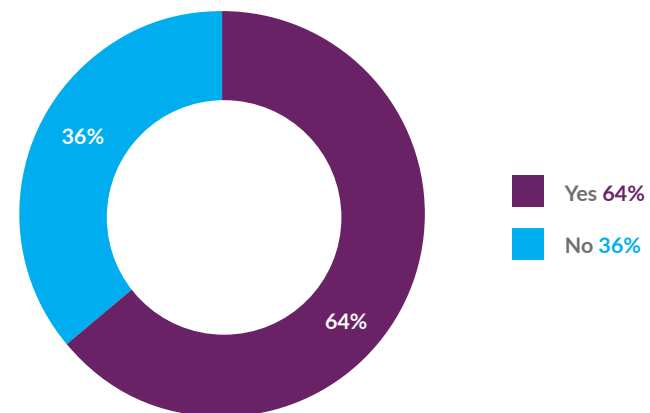
**“Quite often management capability is the single most important factor to a potential buyer”**

PE Research Participant

Is management capability intrinsic to the overall exit valuation of the business?



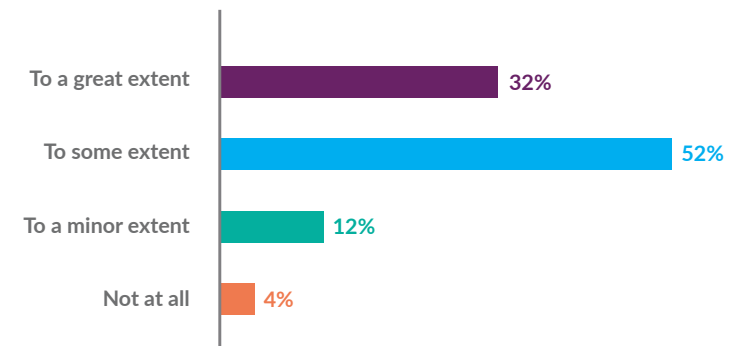
Do you invest in developing management team capability?



**“All leadership teams suffer from being too inward-looking – as leaders our job is to constantly monitor customer needs, changing market dynamics and our competitors”**

PE Research Participant

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



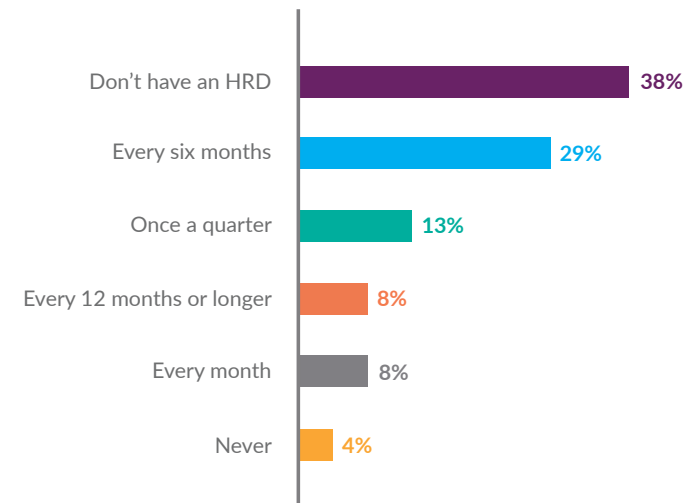
Does being too focused on the day-to-day have a detrimental impact on business performance?





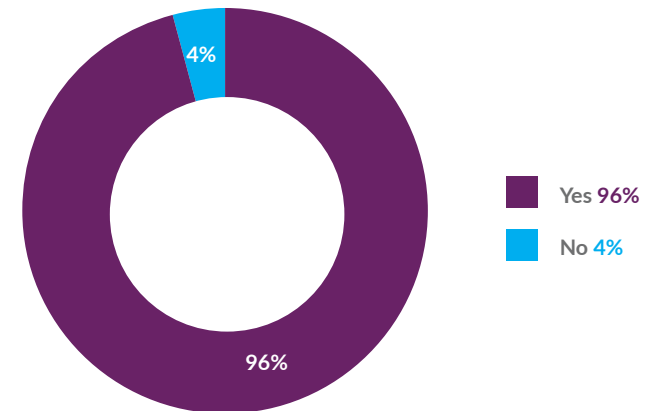
**Although retaining talent and developing skills are top priorities for the year ahead, 38% don't have an HRD in place**

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

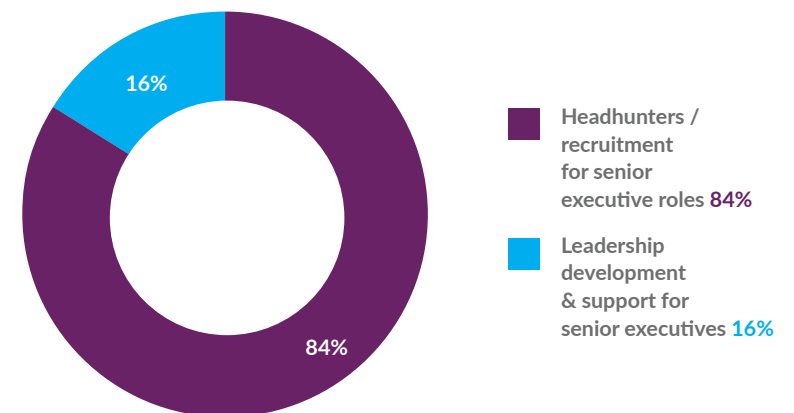


**Although a significant majority (96%) think more should be spent on leadership development, 84% acknowledge that headhunter fees still dominate budgets**

Should more be spent on leadership development and support for senior executives, as opposed to headhunters?



In your experience, on which of the following do PE-backed businesses spend more?



PE executives ranked the most effective leadership development tools for senior executives

1. Mentoring

2. Peer to peer learning

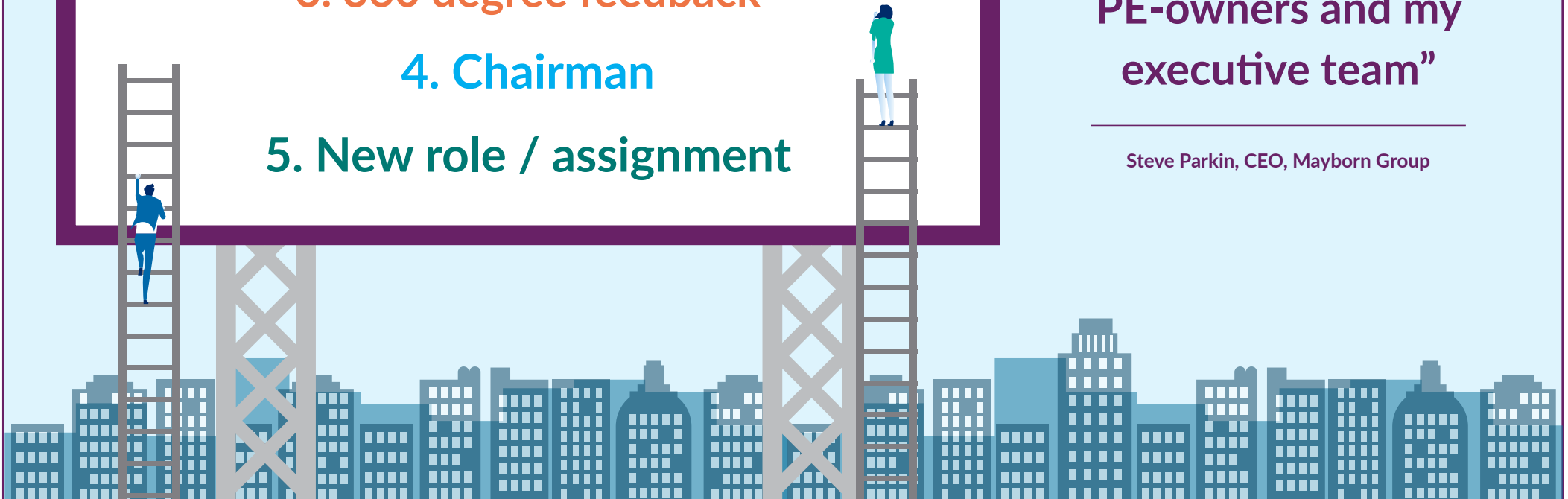
3. 360 degree feedback

4. Chairman

5. New role / assignment

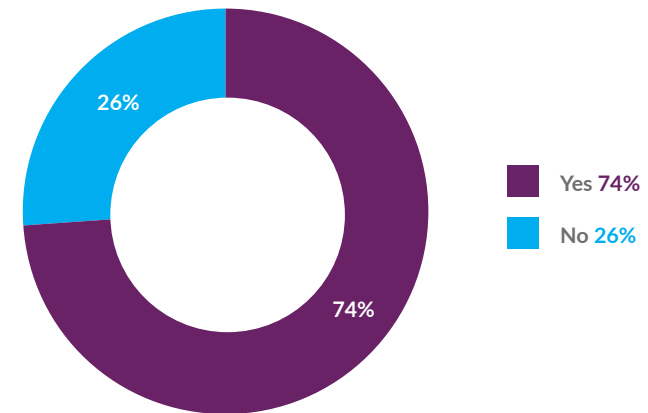
“Mentoring has given me a safe and neutral bouncing board, away from my own Chairman, the PE-owners and my executive team”

Steve Parkin, CEO, Mayborn Group

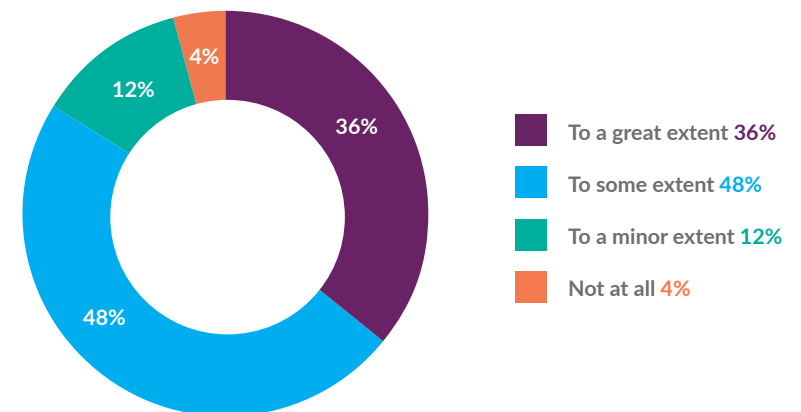


**Leadership behaviours  
have a direct impact on  
the way the business  
operates and can stifle  
collaboration and cross-  
functional working**

Do silos within your organisation have a negative impact on business performance?



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



# Is leadership development enough of a priority for senior teams?

**92%** of PE executives think access to external reference points enhances business performance

**48%** say management teams become focused on short-term goals because they are tactical rather than strategic

**96%** of PE-backed leaders say more should be spent on leadership development than headhunters

**Mentoring** is cited as the most effective leadership development tool, closely followed by **peer to peer learning**

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# Top 5 Priorities for PE in 2018

☒ Retaining key talent and developing skills

☒ Innovation

☒ Employee engagement and productivity

☒ Digital disruption

☒ Improved performance management

“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.”



**Charlie Wagstaff**

Managing Director, 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 leaders into a trusted environment, where executives and their teams get access to the insight they need to enhance their performance.

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



Achieve  
**Better**  
Performance



## Inspiring Leaders to Succeed

### Our Values

**Respect:** an appreciation for diverse and varied views and experiences is crucial to high-performance leadership

**Collaboration:** working together to share knowledge and expertise is a defining characteristic of effective executive teams

**Challenge:** strategies and ideas need to be constructively challenged to reach the best outcome

**Trust:** leaders need to trust their colleagues and peers in order to work effectively and drive results

**Integrity:** we inspire leaders to succeed by providing a closed and confidential environment where Members can share openly

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