

# Unleashing talent as a results accelerator

Hugh MacArthur, Global Head of Private Equity  
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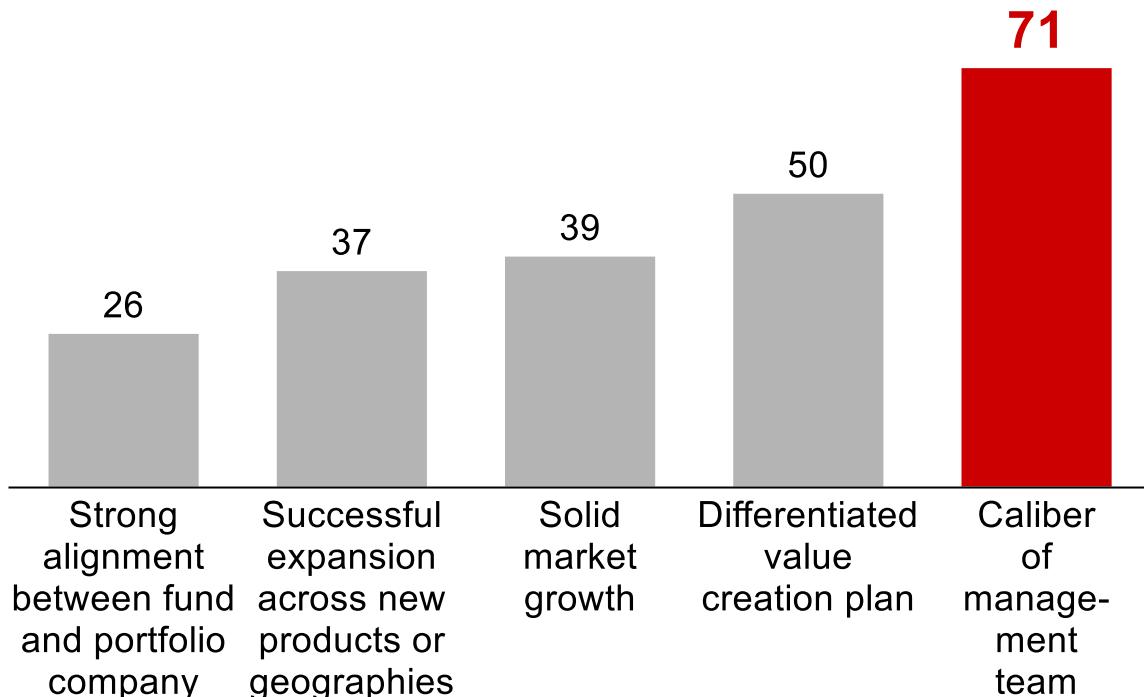
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# PE leaders agree that "fit-for-purpose" portfolio company management teams are **critical to delivering deal success**



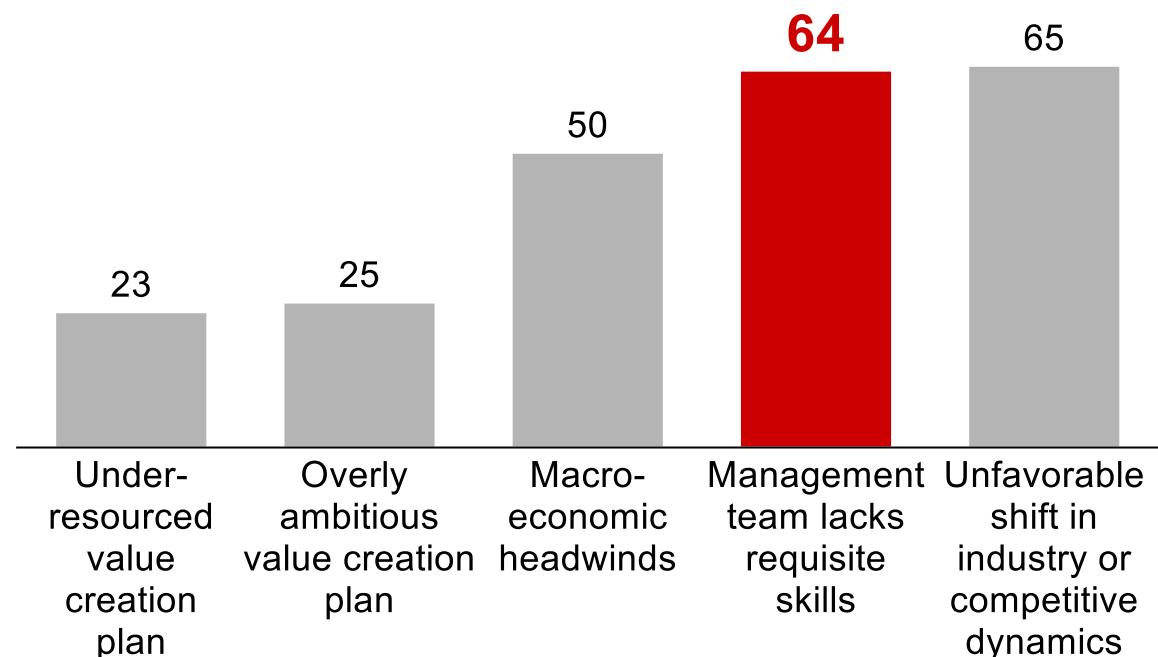
What are the main sources of deal success for recent exits you have had?

Percent of PE professional survey respondents (%)



In situations where exits were not as successful, which of the following reasons apply?

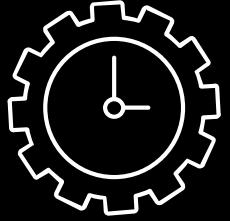
Percent of PE professional survey respondents (%)



Note: Respondents could select up to 3 answers

Source: Bain/Hunt Scanlon survey of PE professionals; Oct/Nov 2020, N=122

While PE firms have made significant progress on their talent agendas,  
**three key problems persist**



### Honeymoon syndrome

PE firms often wait too long  
to make management  
changes

1



### Translation error

PE firms **do not regularly**  
**use the VCP to set**  
**objectives for executives**  
**or create job descriptions**

2



### Experience trap

PE firms have a tendency to  
**over-index on past**  
**experience**

3

# What happens when it goes wrong

## Healthcare IT Company

CASE STUDY



Point of departure	Takeaways from the VCP	Implications for executive team	Result
<b>CEO that had grown the company through a series of acquisitions.</b> His skills centered around identifying potential targets and integrating them with the business	However, as the industry was becoming increasingly consolidated, the <b>VCP mandated organic growth</b>	The <b>incumbent CEO did not have the skills or the passion</b> to implement the chosen strategy	<b>PE firm tried to support the incumbent CEO, but eventually had to change the executive. Both money and time were lost</b>



Managing talent requires  
the same **analytical rigor**  
as anything else a PE firm  
is underwriting

There is a **left brain,**  
**logical way** of doing  
what has largely been  
considered an art

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# It starts with the Value Creation Plan; VCP is a collaborative process leading to **alignment on three key elements**

**1**

A clear view on where the business stands

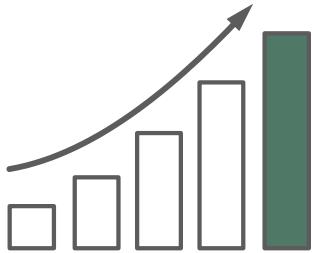
- Drives **alignment** on the company's starting point and creates a shared vision for the future



**2**

A prioritized plan for equity value creation

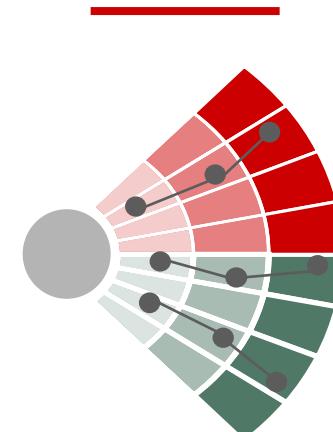
- Prioritizes the few activities that drive value creation, including thinking prospectively about disruption and positioning the company for exit



**3**

An actionable and achievable path to realize results

- Integrates priorities into management routines—not another 'side of plate' initiative
- Creates **executable roadmap** to value creation



# A VCP provides a **foundation for talent strategy**



**Link key initiatives and mission critical leadership roles**—"the right people in the right roles"—to deliver the VCP and mitigate risks



**Define desired outcomes and success criteria** (a mix of experiences, capabilities and motivations required for high performance) in detailed role profiles, and integrated interview guides/ scorecards



Engage in-house talent professionals or **third-party assessment and/or executive search consultants** to assess and/or hire against the role profiles; develop customized **onboarding plans**



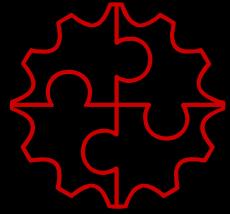
**Measure executive performance** against the role profiles regularly to keep the VCP on track

Using the VCP to set the executive talent strategy **enables early alignment** between portfolio company leadership and the PE sponsor



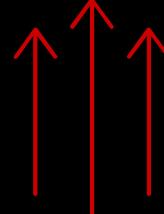
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Providing existing leadership with a roadmap



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Identifying new executive role(s) necessary to support VCP



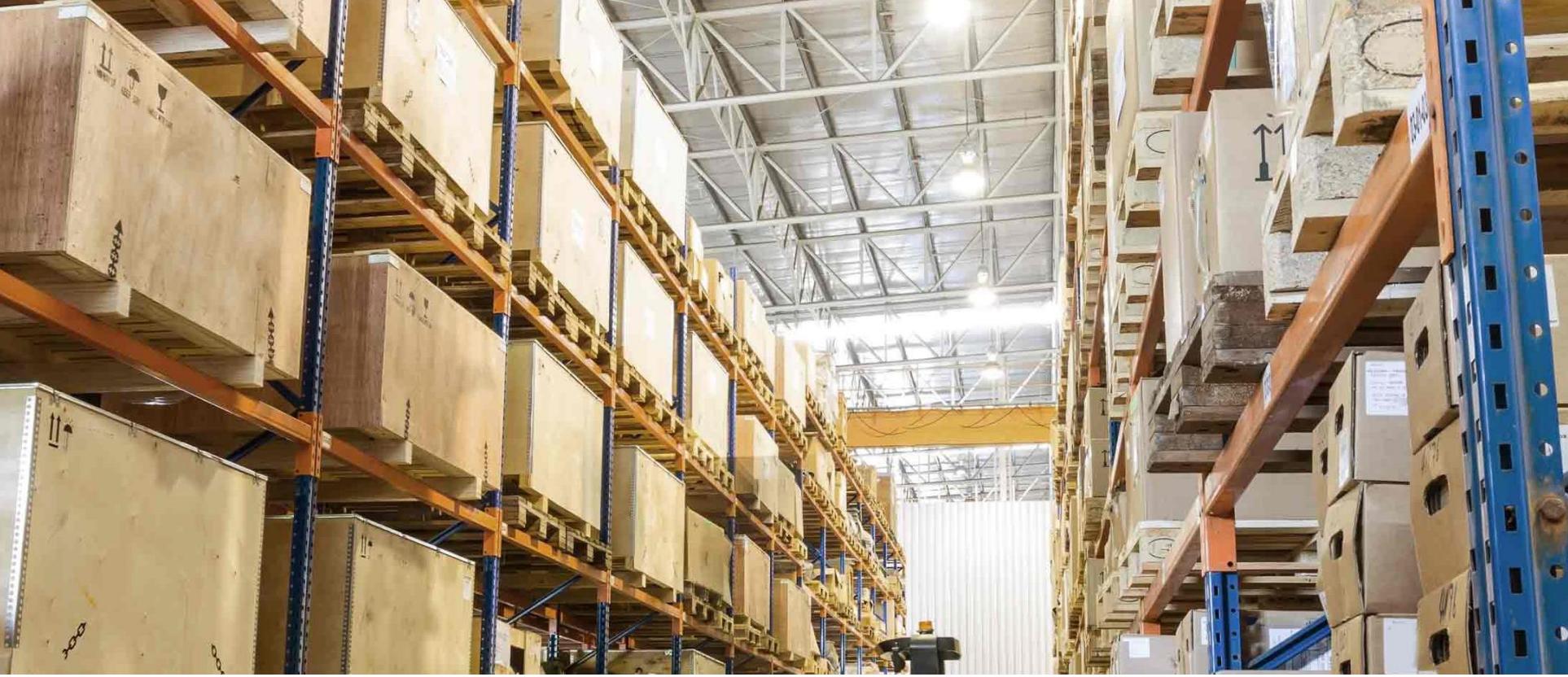
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Upgrading mission critical executive role(s)

## Example: Packaging Company

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CASE STUDY



Point of departure	Takeaways from the VCP	Implications for executive team	Result
Packaging company carve-out acquired by PE firm	Substantial procurement savings from raw materials identified as a key value lever	The need for a <b>Global Procurement Officer (GPO)</b> , a new position for the company, with the capabilities to successfully negotiate with raw materials suppliers	<b>The new GPO helped the Packaging company find significantly more savings than the investment thesis anticipated</b>

## Example: Retail Healthcare Company

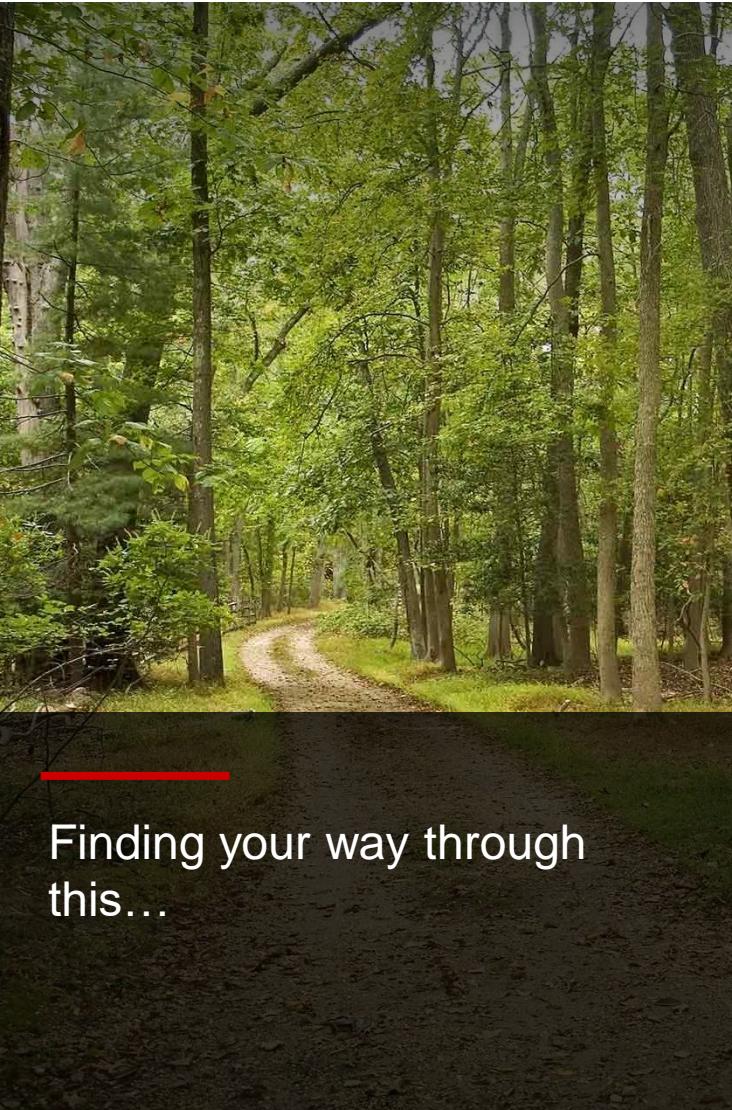
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CASE STUDY



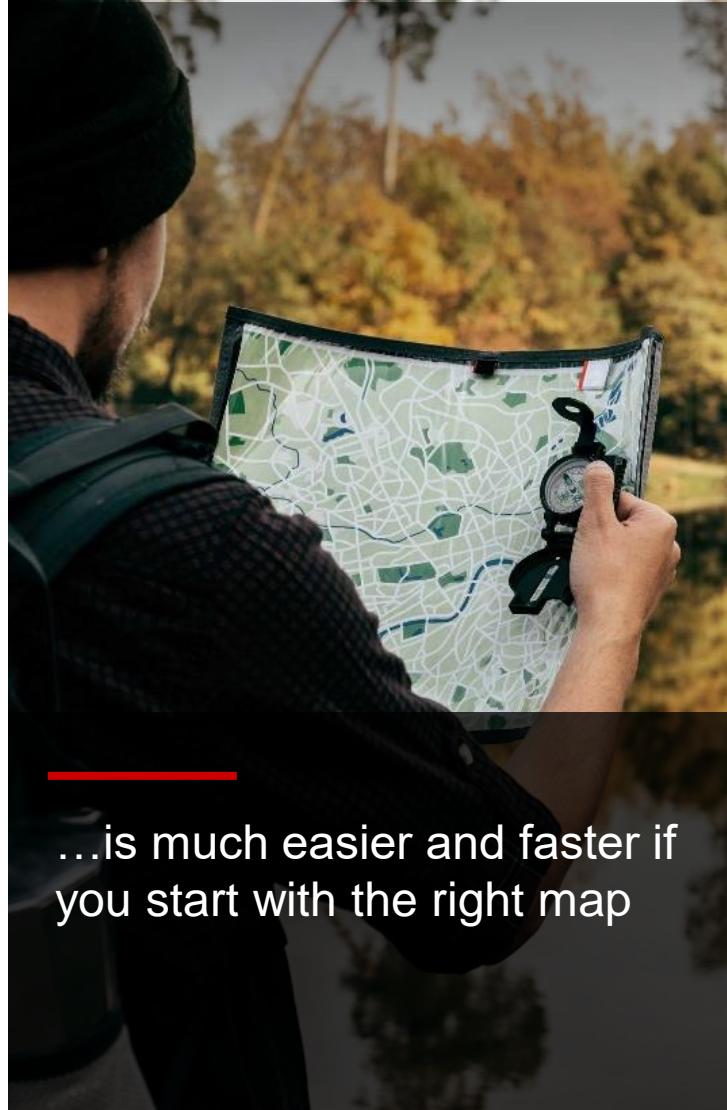
Point of departure	Takeaways from the VCP	Implications for executive team	Result
Retail Healthcare company was looking to accelerate growth; however, CEO was reluctant to discuss operating model and leadership implications	VCP identified need for digital marketing, new patient referral program and overall transformation of the patient experience	9 new or elevated executive positions were identified to support the VCP	Mapping the key initiatives of the VCP directly to individual executive roles enabled the PE firm to align with the CEO on the critical hires to make in a fact-based way, transforming the relationship between CEO and sponsor

# Successfully navigating through a PE investment **requires a roadmap for talent**



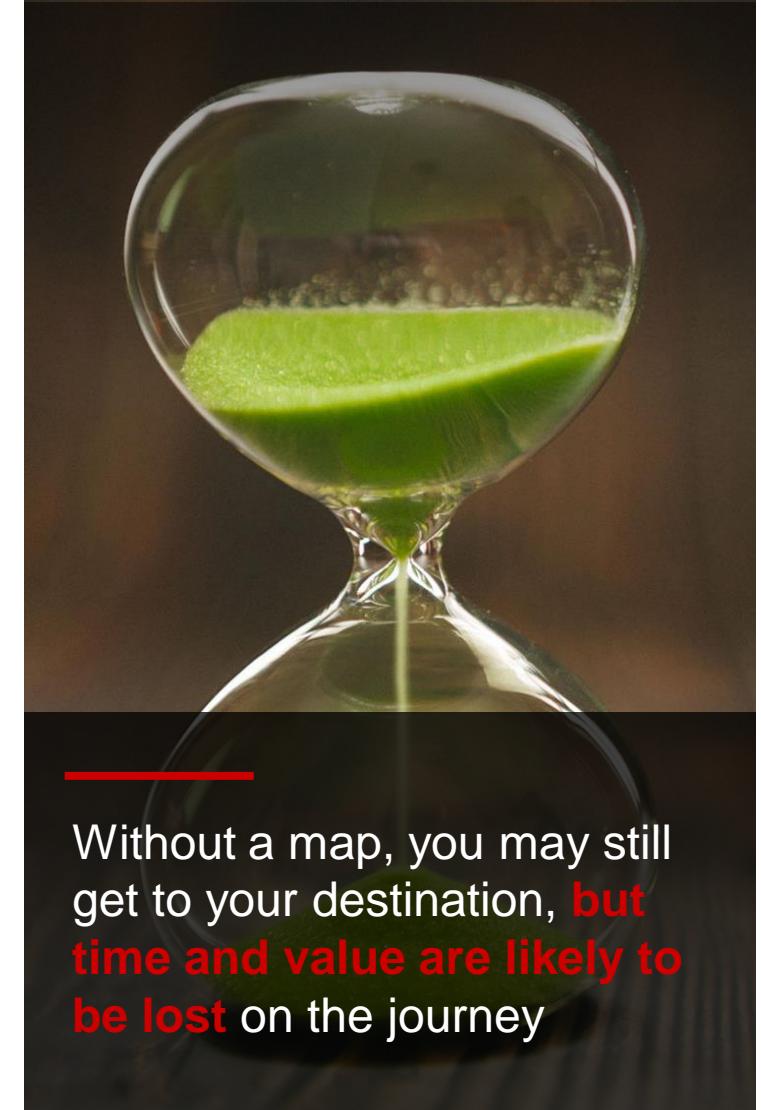
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Finding your way through  
this...



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...is much easier and faster if  
you start with the right map



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Without a map, you may still  
get to your destination, **but**  
**time and value are likely to**  
**be lost** on the journey

It's no secret that your business strategy is only as good as the people who execute it. **LeadershipLink** helps *private equity-backed and public companies connect business strategy to talent strategy*, ensuring organizations have the right top talent in the right roles so they create maximum value.

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