



Unleashing talent as a results accelerator

Hugh MacArthur, Global Head of Private Equity
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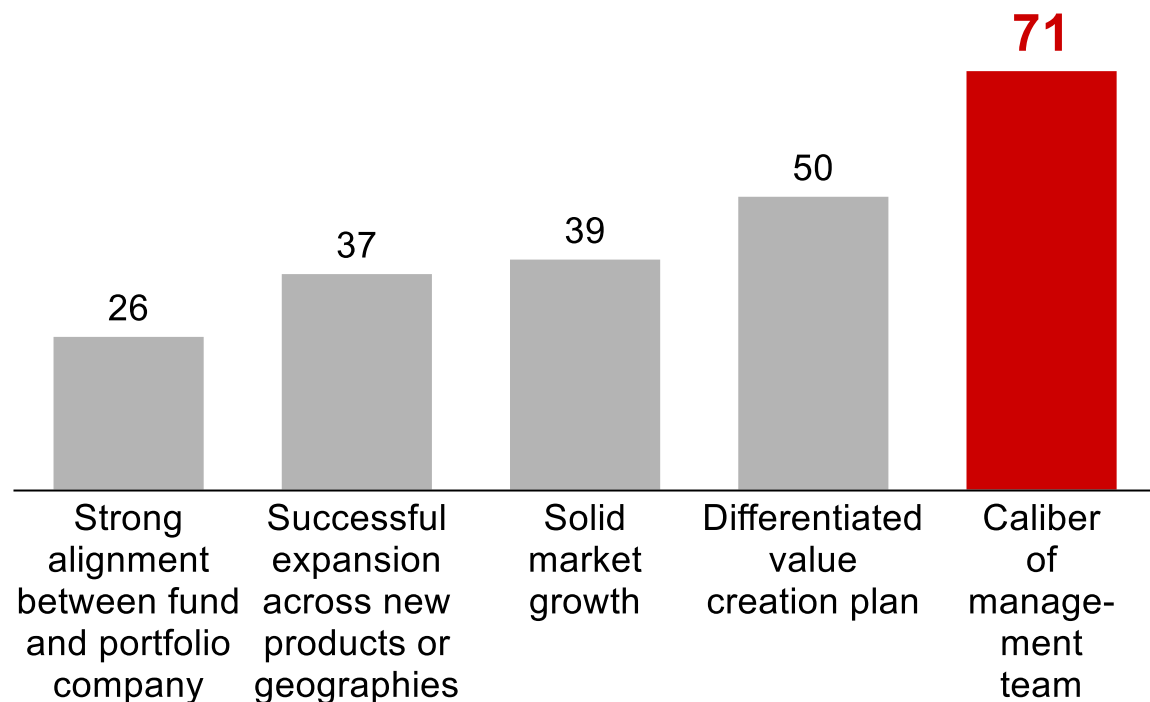
BAIN & COMPANY 

PE leaders agree that "fit-for-purpose" portfolio company management teams are **critical to delivering deal success**



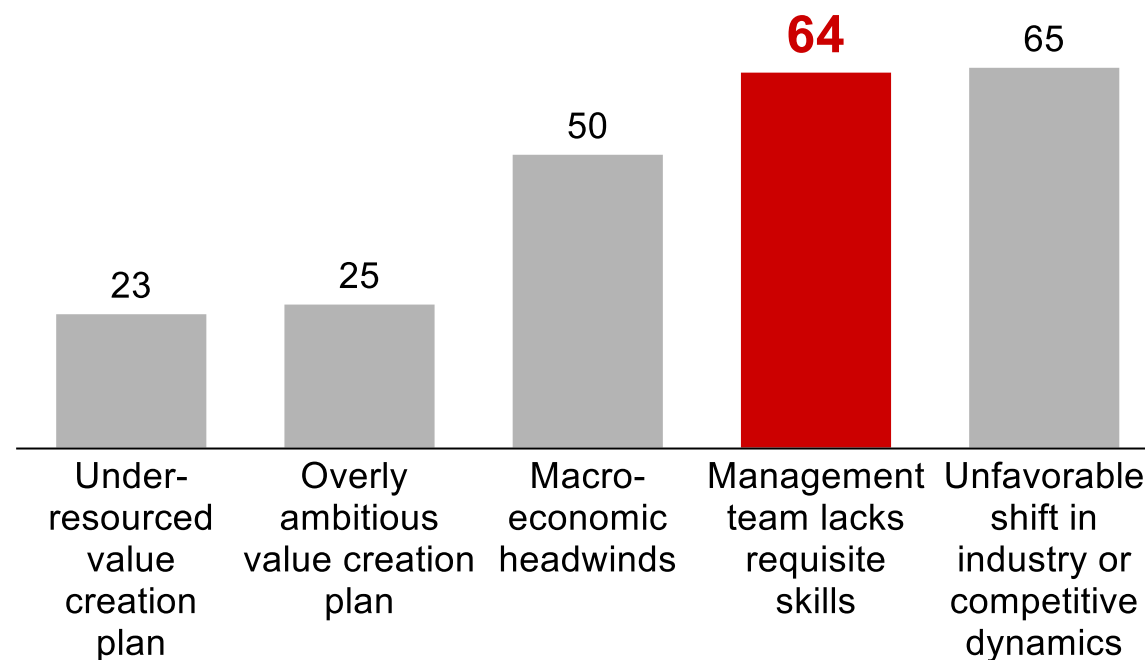
What are the main sources of deal success for recent exits you have had?

Percent of PE professional survey respondents (%)



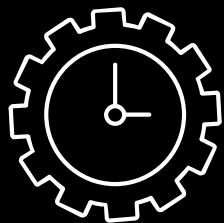
In situations where exits were not as successful, which of the following reasons apply?

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

CEO that had grown the company through a series of acquisitions. His skills centered around identifying potential targets and integrating them with the business

Takeaways from the VCP


However, as the industry was becoming increasingly consolidated, the **VCP mandated organic growth**

Implications for executive team

The **incumbent CEO did not have the skills or the passion** to implement the chosen strategy

Result

PE firm tried to support the incumbent CEO, but eventually had to change the executive. Both money and time were lost



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

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

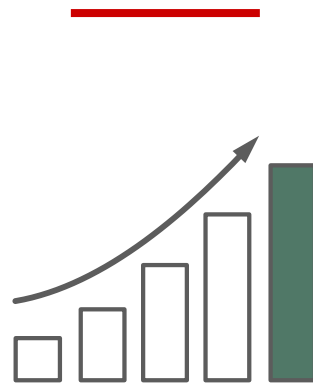
1 A clear view on where the business stands

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



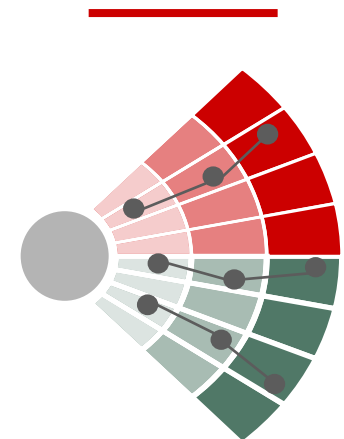
2 A prioritized plan for equity value creation

- **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**

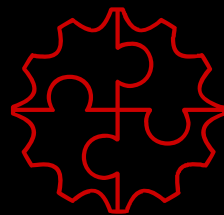


Measure executive performance against the role profiles regularly to keep the VCP on track

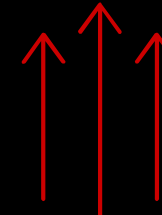
Using the VCP to set the executive talent strategy **enables early alignment** between portfolio company leadership and the PE sponsor



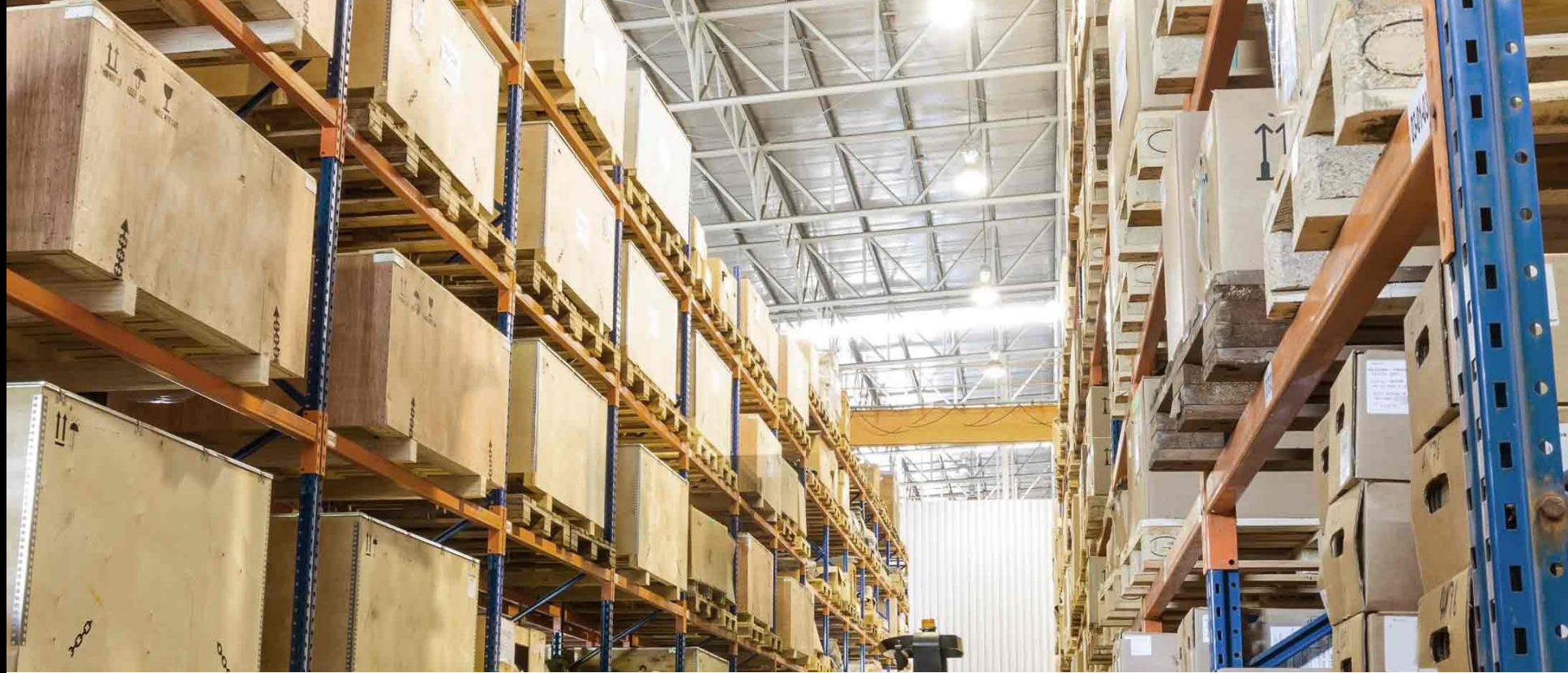
Providing existing leadership with a roadmap



Identifying new executive role(s) necessary to support VCP



Upgrading mission critical executive role(s)



Example: Packaging Company

CASE STUDY

Point of departure

Packaging company
carve-out acquired by
PE firm

Takeaways from the VCP

Substantial
procurement savings
from raw materials
identified as a key value
lever

Implications for executive team

The need for a **Global
Procurement Officer
(GPO)**, a new position
for the company, with the
capabilities to
successfully negotiate
with raw materials
suppliers

Result

**The new GPO helped
the Packaging
company find
significantly more
savings than the
investment
thesis anticipated**



Example: Retail Healthcare Company

CASE STUDY

Point of departure

Retail Healthcare company was looking to **accelerate growth**; however, CEO was reluctant to discuss operating model and leadership implications

Takeaways from the VCP

VCP identified need for **digital marketing, new patient referral program** and overall transformation of the patient experience

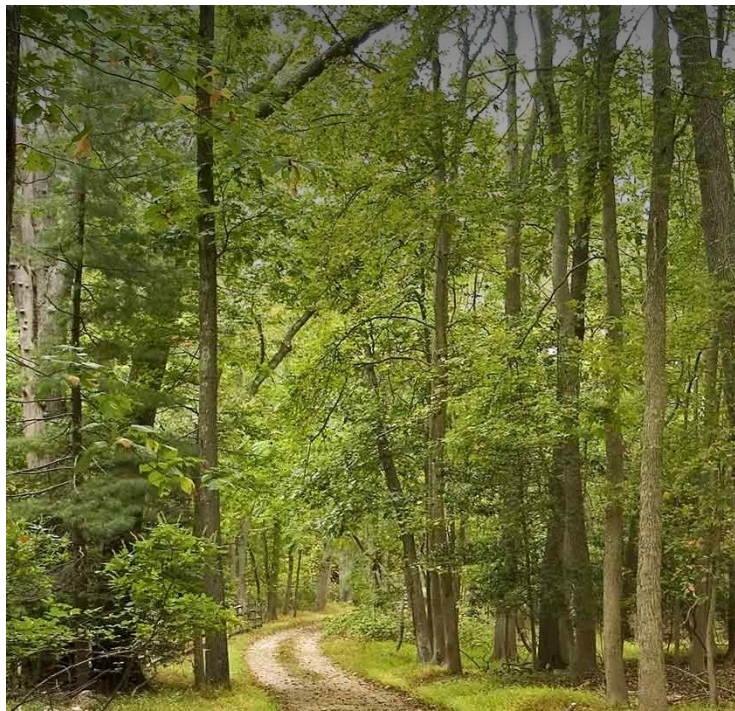
Implications for executive team

9 new or elevated executive positions were identified to support the VCP

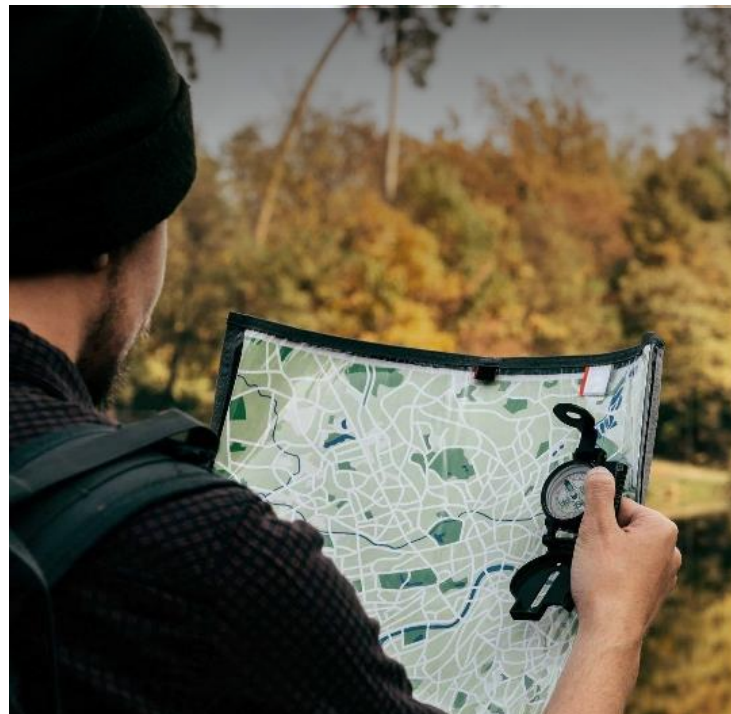
Result

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**



Finding your way through this...



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



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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