

# Linking Talent to Value Creation

*November 2021*



**BainCapital**  
PRIVATE EQUITY

# Our Beliefs about Human Capital

The best foundation for the greatest transformational impact comes from:



Clearly Defined  
Strategic  
Capabilities



Strong and Highly  
Capable Leaders in  
Right Seats



Leadership  
Development  
Culture



Focused,  
Aligned & Diverse  
Teams



Accelerating Org  
with Performance &  
Inclusive Culture



Define critical  
org capabilities and  
map to Talent Strategy



Recruitment of top  
team / ensuring  
leaders in right seats



Accelerate  
leaders to full  
potential impact



Accelerate and track  
team performance to  
full potential impact



Org health annual  
review /cascade  
performance culture

# Linking Talent to Value Creation

---

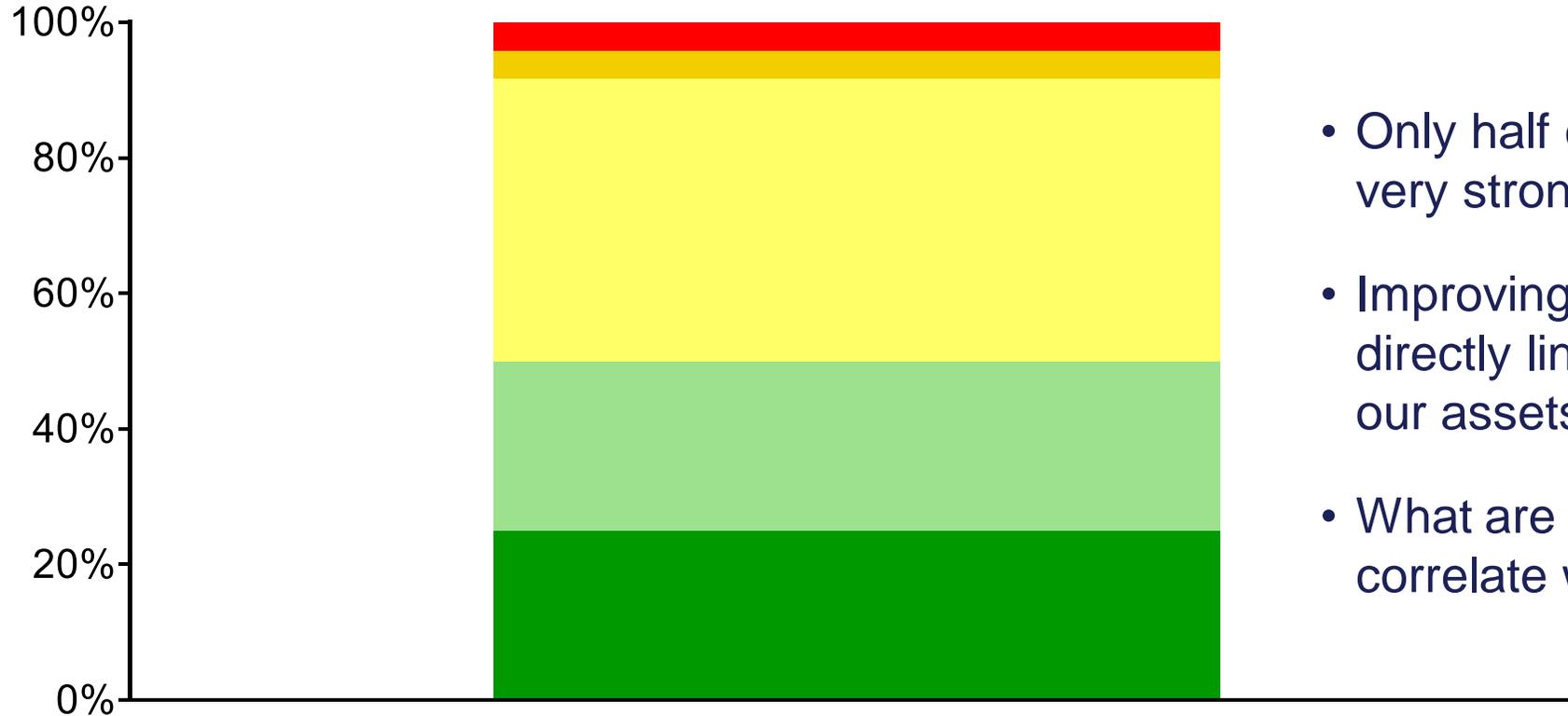
A formula for success ...



- What **drives success** for our CEOs?
- How can we **accelerate team performance**?

# CEO Performance Circa 2015....

---



- Only half of CEOs were seen as very strong
- Improving our CEO success rate directly linked to creating value in our assets
- What are the qualities that correlate with success?



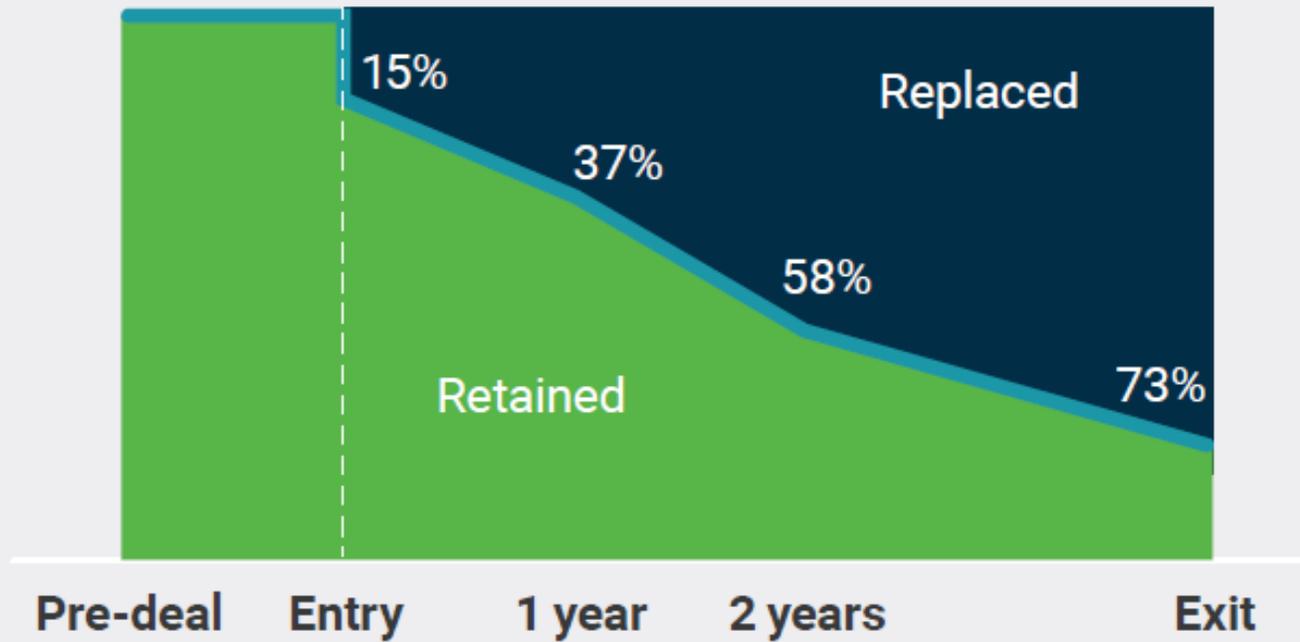
**27%**  
of CEOs will not  
be replaced



**73%**  
of CEOs will  
be replaced

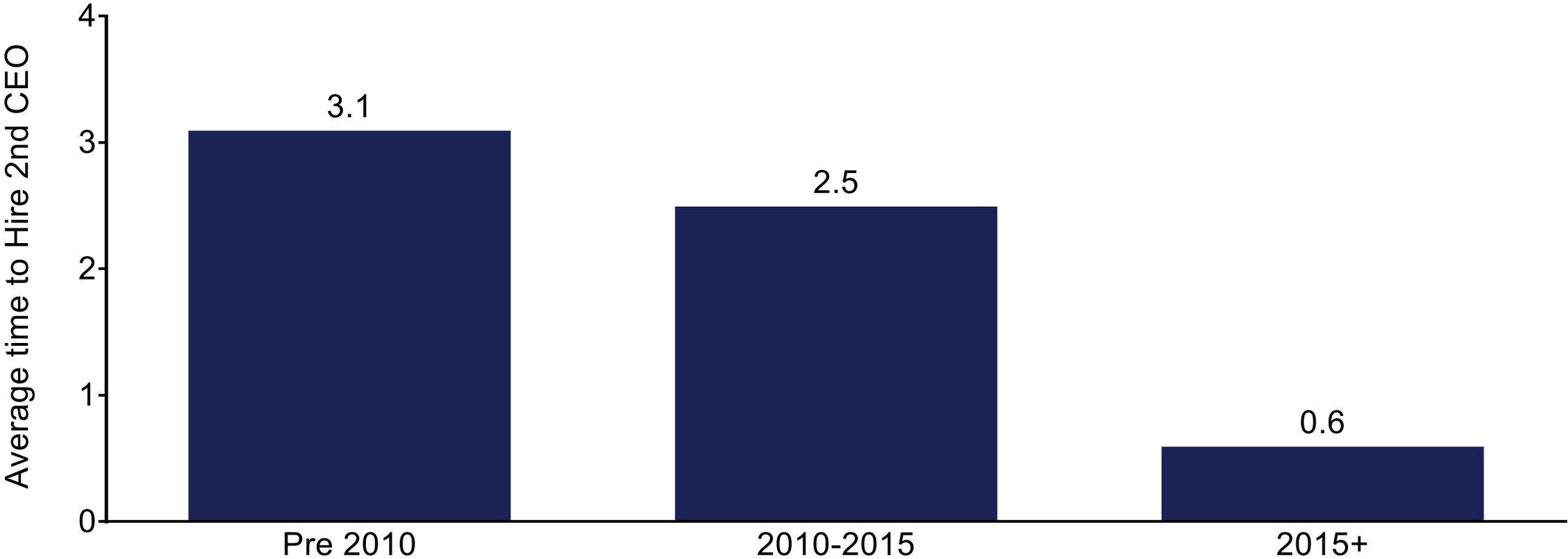


### THE CEO TURNOVER TIMELINE



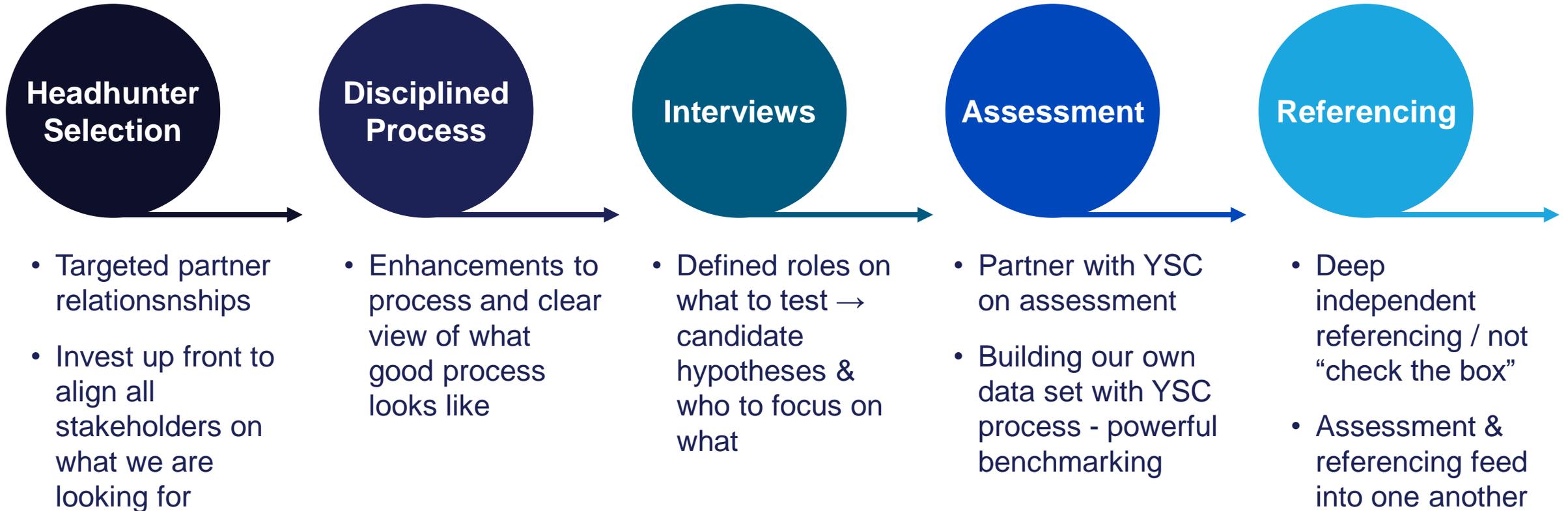
# Speed of Change matters....

Over the past ~fifteen years our speed of change has been increasing by ~2-3x



# Also Focus on Driving a Disciplined Talent Acquisition Process

---



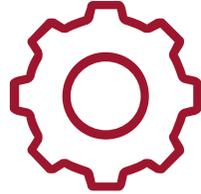
## But beware of common pitfalls and biases in selection process...

---



---

Over-index on  
**intellect / smarts**



---

Over-index on  
**analytical skills**



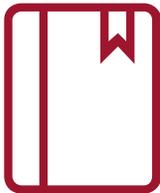
---

Over-value  
**past experience**



---

Over-weight  
**industry expertise**



---

Under-index on **methodology**  
and “**executive playbook**”  
 (“HOW” they have done the job)



---

Operate on the notion that a  
great investor **knows good**  
**talent when they see it**



---

Over-rely on  
**interviewing data** to  
support decision-making

# What Drives Success?

# Understanding the CEO Talent Pool

---

**WHO WE ARE  
ATTRACTING**



**WHO WE  
ARE HIRING**



**WHO WE ARE  
RATING AS  
HIGH  
PERFORMING**

# CEO Analysis

---

Key differences between candidates that were appointed and those that weren't



Higher scores  
across both potential  
and performance



Greater future  
focus and openness  
to change



Higher emotional  
intelligence



Strong preference  
for action and  
commercial solutions

# Characteristics of a Successful CEO

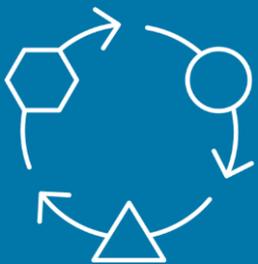
Skills and behaviors that help increase the likelihood of success



**Grit**



**Confidence  
and ambition**



**Self-awareness**



**Pace at scale**

# Characteristics of a Successful CEO

---



## Grit

- Grit is defined as a combination of delivering results and resilience
- Successful CEOs have significantly higher resilience than their less successful colleagues.
- They tend to score higher on delivering results, which suggests they can assert enterprise wide priorities, capturing what success means for customers and stakeholders while combining aspiration with appreciation of risk.

# Characteristics of a Successful CEO

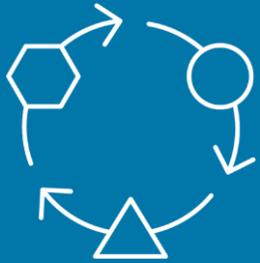
---



- Our more successful CEOs score much higher in the potential model on Achievement Focus, Ownership and Confidence

# Characteristics of a Successful CEO

---



## Self-Awareness

- Our more successful CEOs demonstrate much higher self-awareness
- They are open to feedback and are coachable
- They exhibit more empathy

# Characteristics of a Successful CEO

---



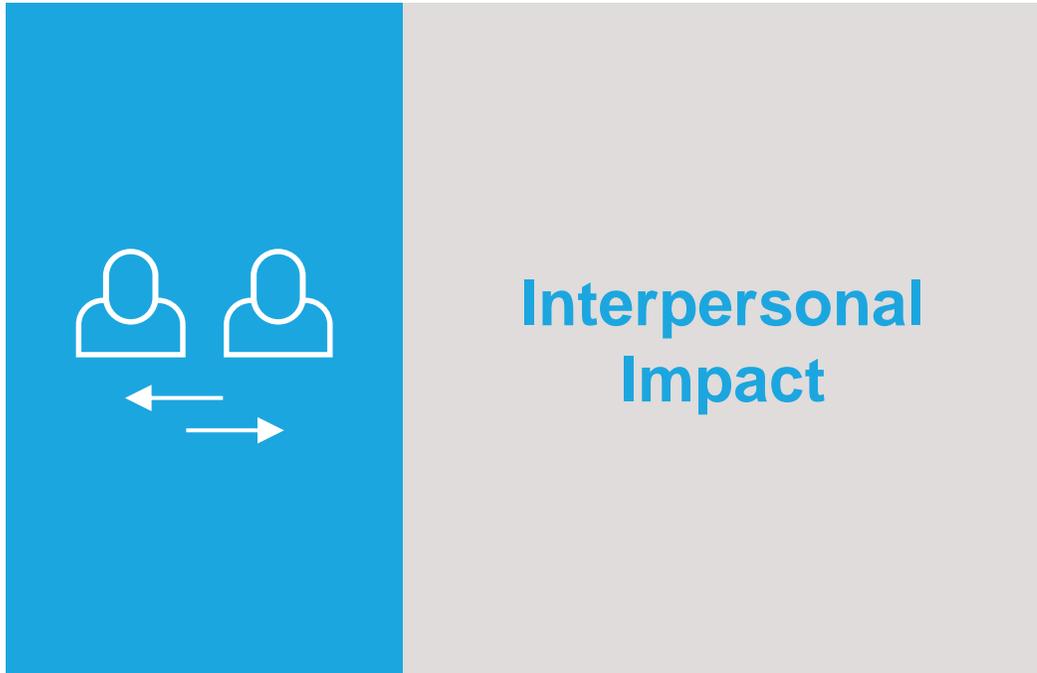
## Pace at scale

- Our more successful CEOs have the ability to move at scale and at pace
- We don't need individuals who have been in PE before, but we do look for a behavioral profile of someone who will be able to operate at pace

# Characteristics of a Successful CEO

---

Our most successful CEOs have one differentiating characteristic....



- Our most successful CEOs are more influential, they effectively manage relationships, both internally and externally, and appear to be more confident than others

# ...And ongoing learning loops on what is working

---

## WHO WE ARE ATTRACTING

---

- The bar has been raised on CEO candidates based on our learning loop analysis



## WHO WE ARE HIRING

---

- Appointed CEOs show greater future focus, openness to change and EQ.
- Resilience and the ability to think strategically have been given more focus in selection process



## WHO WE ARE RATING AS HIGH PERFORMING

---

- The most differentiating qualities relate to intrinsic, psychological factors rather than experiential
- Grit, confidence and ambition distinguish high performers from others
- Interpersonal Impact continues to remain the most predictive capability of success



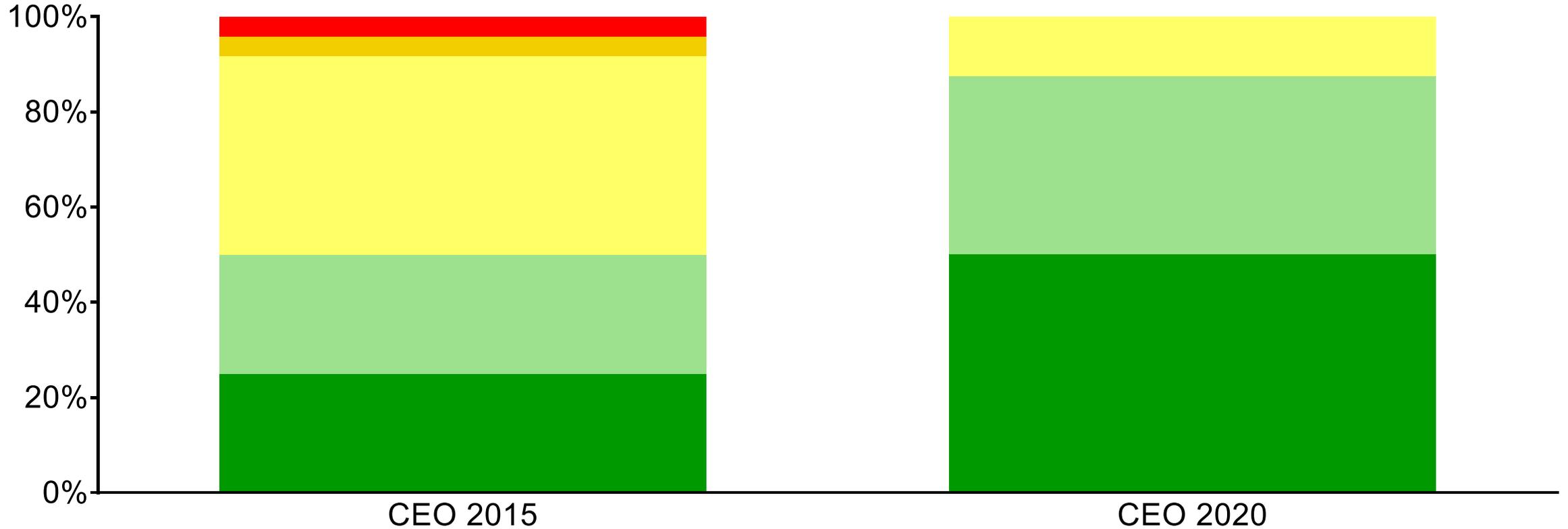
# Ongoing leader development critical....

---



# CEO Performance Over Time

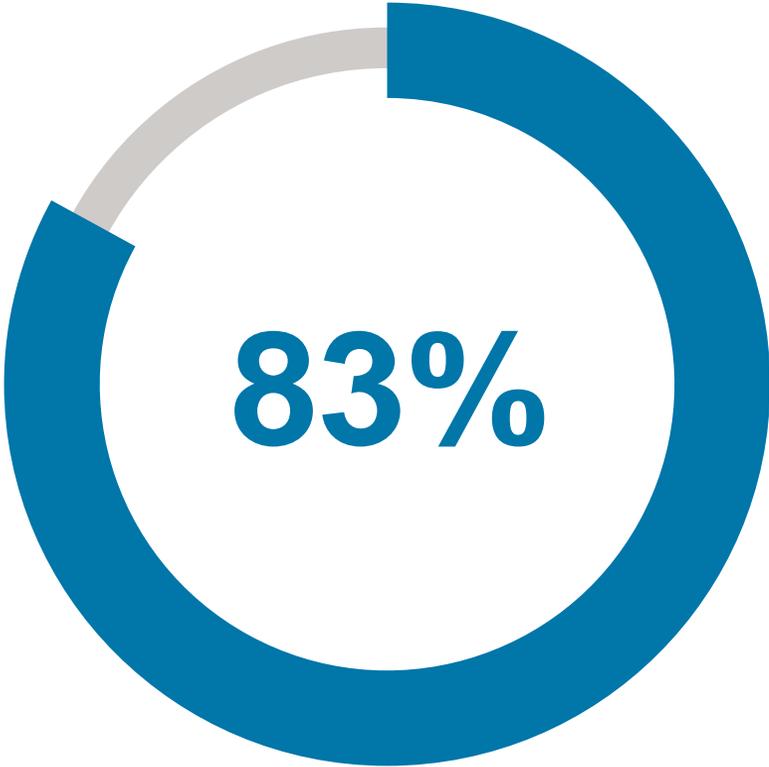
We have upgraded our CEO pipeline over time – learning loops and ongoing development has been a key part of this change



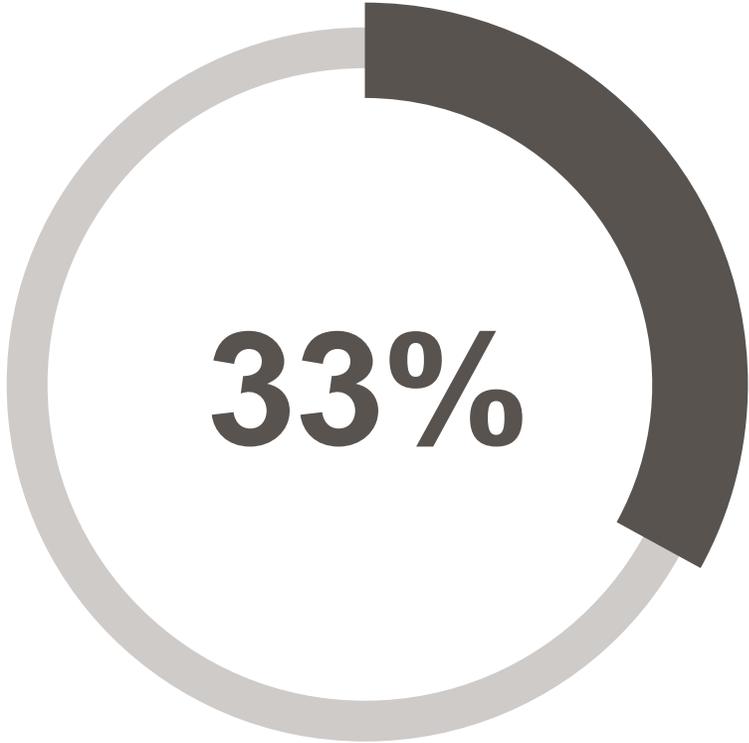
# Top Team Acceleration

# 83% of the Best Deals Focus on Strengthening the Management Team

---



**BEST Deals**



**WORST Deals**

# Top Team Development

---

*Accelerate value creation by creating high performing teams*



# Accelerating Impact of Individuals and Teams

---

Three-part approach to developing highly effective leadership teams:



# Team Acceleration Playbook

---

Three components really matter as part of the Team Acceleration Playbook

1

## Performance Context

The broader system in which the team operates.

2

## Diagnostic

The specific dynamics, root causes, and accelerators for each company and team.

3

## Multifaceted Team Approach

The ***behavioral and operational interventions*** underpinning team performance.

## Some Examples on Diagnosis/Starting Point....

---

Pressing need to **bring together three different business units** to operate as an enterprise

**Defining the team's shared purpose**

**Misalignment between Founder CEO and management team**, requiring the team to get back to basics

**Living the company values as an ELT and establishing team norms**

Skilled management team aiming to **accelerate individual and team performance** through well-defined collaboration

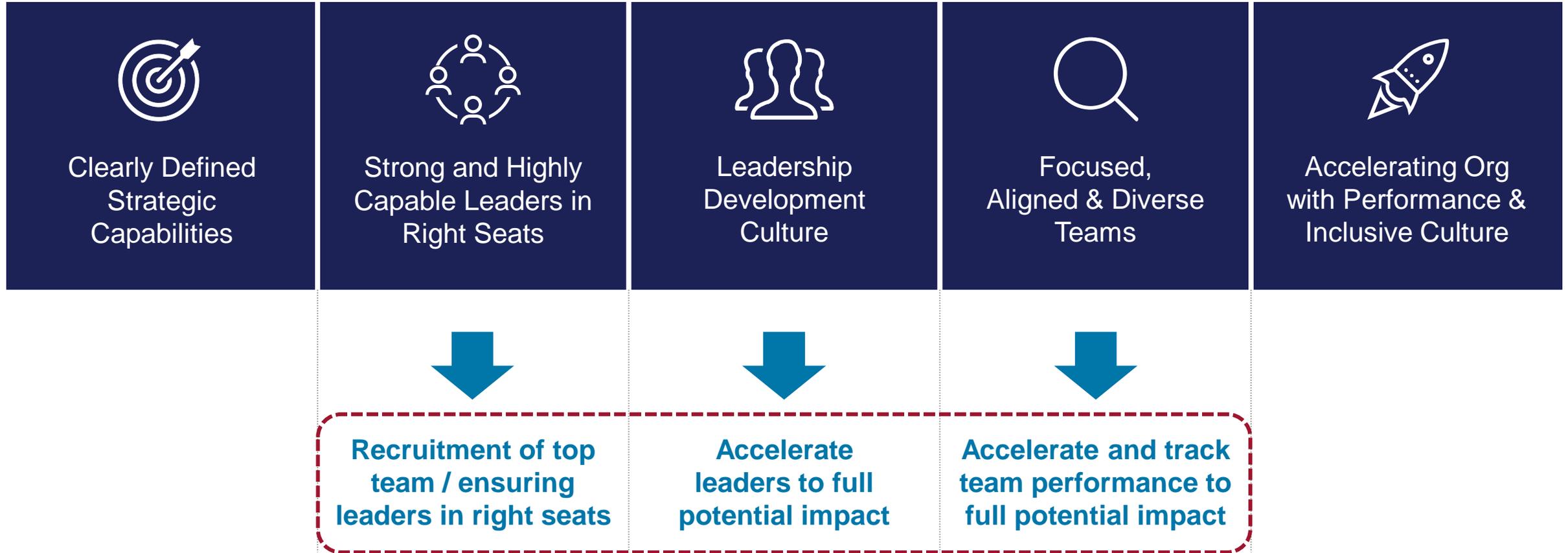
**Clarifying role accountability and governance**

Newly formed management team focused on executing an **aggressive growth** (inorganic & organic) and **innovation-centered agenda** at accelerated pace

**Navigating conflict in a healthy way**

# Linking Talent to Value Creation Strategy

The best foundation for the greatest transformational impact comes from:





**BainCapital**