

# SIXTH ANNUAL PE LEADERSHIP SURVEY

## Highlights

### TOP PRIORITY FOR GENERATING VALUE DURING PERIODS OF DISRUPTION?

**HUMAN CAPITAL** was rated **#1** at 69% by both PE and portco respondents

**#2** rated was **organizational efficiency**  
**44% PE | 49% PORTCO**

**#3** rated was **operational efficiency**  
**33% PE | 21% PORTCO**



Human capital was rated as the **#2 most pressing near-term issue** for both PE and portco respondents second only to 'growth', following the trend from our survey two years ago

**53%**

**OF PE RESPONDENTS** reported an increase in Human Capital DD during this time of disruption in addition to Commercial DD (47%) and Operational DD (40%).

### MANAGEMENT TOO SLOW TO REACT during this time of disruption?

**44%**

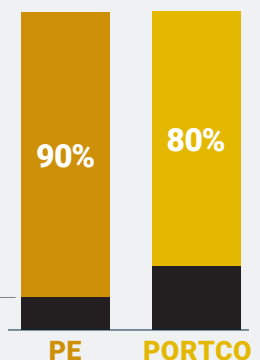
PE execs believe portco CXOs are too slow to 'react to changes in market dynamics'

**33%**

Portco CXOs believe PE execs are not effectively 'prioritizing culture'

Both PE execs and portco CXOs **agreed that relationships between the management team and boards have primarily remained the same or improved**

■ Respondents reported a strained relationship



### ESG (ENVIRONMENTAL, SOCIAL AND GOVERNANCE)

When asked how PE investors can impact social justice issues during the remainder of 2020 and throughout 2021, the **majority of PE investors and portco CXOs respondents declined to answer**

**67% PE | 50% PORTCO**

**36.5%**

on a weighted average of respondent groups reported that **ESG factors are 'not at all' or only 'slightly' important** in selecting and crafting investment theses

Aside from 'providing employment', PE respondents reported '**providing opportunity for under-represented groups**' as the **second most important things firms do for society**.

**33%**

PE respondents answered

**13%**

Portco CXOs responded

**56%**

**OF PE INVESTORS** report an increased interest in companies that embrace ESG standards, with 35% of portco execs in agreement.

## LEADERSHIP IN TIMES OF DISRUPTION

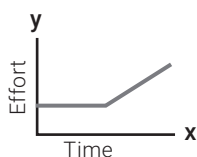
Results show both PE execs and portco CXOs agree that **transformative leaders need to focus on the following** to balance short-term and long-term objectives

### #1 Strategic prioritization

**77% PE | 71% PORTCO**

### #2 Increased communication and transparency

**66% PE | 62% PORTCO**



The majority of both respondent groups reported the additional **amount of time and effort** required for leaders during this period of disruption is

**SUSTAINABLE**

**63% PE | 66% PORTCO**

## MOST IMPACTED AREAS OF PORTFOLIO COMPANIES?



### Leadership

**36% PE | 46% PORTCO**



### Health and safety

**47% PE | 40% PORTCO**

## How have management styles changed during this period of disruption?

Increased focus of communications

**29% PE | 57% PORTCO**

No change in management style

**33% PE | 14% PORTCO**

## Top two most important competencies for CEOs?

Both respondent groups agreed:

### #1 Motivating and inspiring others

### #2 Developing a strategic perspective

## INVESTMENT THESIS



**51% OF PE INVESTORS** reported little to no change in their investment theses in response to this period of disruption

**APPROXIMATELY 26%** reported significant changes to their investment theses

**56% PE | 59% PORTCO**

respondents reported a change in exit timing post-COVID, followed by PE firms reporting an expected change in target growth (36%)

Of the 66% of respondents that reported changing their projected hold times,

**85%** reported amending hold times by two years or less

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