**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
  - 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

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

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

**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

- **90%** Respondents reported a strained relationship

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<th>PE</th>
<th>PORTCO</th>
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<td>80%</td>
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**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**

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

**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

**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

Top two most important competencies for CEOs?

Both respondent groups agreed:

#1 Motivating and inspiring others
#2 Developing a strategic perspective

INITNVESTMENT 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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