

Achieving High-Performance  
Portfolio Company

# LEADERSHIP

PRIVATE EQUITY SERVICES

# Achieve **QUALITY** Portfolio Company Leadership

For private equity (PE) firms, portfolio company leadership performance matters now more than ever, due to accelerated return interests of PE investors.

Great leadership in a portfolio company can quickly put it on a path for growth and lead to years of success and positive returns for PE investors. Conversely, poor leadership in a portfolio company can not only shortchange PE investors, but take years to overcome.

You cannot afford to have the wrong portfolio company leaders in place, yet many PE firms too often find themselves in this position. In a Spencer Stuart analysis of more than 150 CEO changes within portfolio companies, 50% were unplanned at acquisition, and nearly all of these happened two to four years into the deal.<sup>1</sup>

No wonder more PE firms are partnering with external experts to ensure that their portfolio companies have the right talent, culture, and leadership to thrive and deliver the highest returns on investment.

With nearly 40 years of assessment and development experience—including a specific focus on the interests of PE firms—MDA Leadership has the business, leadership, and talent acumen that PE firms need to get their portfolio company leadership right.

You provided us with additional tools and process to evaluate and select the best CEO candidate and help reduce the risk of making the wrong choice.

—**Roger Fix**, Board Director, Flowserve Corporation and Commercial Vehicle Group, Inc. and Former Chief Executive Officer, President and Chairman of the Board, Standex International Corporation





**25-30%**  
Market  
Valuation Impact

How critical is leadership excellence in portfolio companies? According to *Harvard Business Review*, leadership has a 10-15% impact on financial performance and a 25-30% impact on market valuation.<sup>2</sup>

## The **POWER** of Leadership Assessment

A bad hire is costly in any company, but never more so than in a PE firm's portfolio company, considering its sunk investment costs.

Once a portfolio company is acquired, you need the right leaders in place starting on day one to immediately execute on that company's goals and growth strategy. Anything less compromises that company's future performance—and your investment return potential.

While one-on-one leadership interviews and team meetings have always been a standard part of pre-acquisition due diligence, they're insufficient for revealing the true capacity and capabilities of a potential target's leadership team.

That's why so many PE firms are forced at some point to replace their portfolio company leadership.

Rather than relying on interviews and simplistic assessment tools to vet a target company's leaders, PE firms need a sophisticated, analytics-driven means of evaluating leadership. Not just to ensure that these leaders are capable of delivering on the growth goals of their companies, but also to determine if these leaders can meet the business expectations of their PE owners.

# The MDA Leadership DIFFERENCE

Gain peace of mind and business optimism knowing you made better leadership decisions.

Forward-thinking PE firms rely on MDA Leadership to provide the experienced, objective assessment and analysis they need to make well-informed pre-deal and post-deal leadership decisions. With our firm, you are not on your own doing talent due diligence or post-acquisition leadership interventions. Instead, get the peace of mind and business optimism that comes in partnering with an organization with proven expertise in executive talent identification and development.

Many firms claim to have leadership assessment experience. What sets MDA Leadership apart is the depth, breadth, and quality of our leadership insights gained through our well-validated approach, supported by decades of research. Our clients also appreciate our willingness and ability to tailor our assessments and analysis directly to the needs of their investment plans.

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For example, wondering whether a target company's founder and CEO is the appropriate leader to take the company to its next stage under your ownership? Not only can we help you answer that question, but also provide invaluable insights into the strengths and weaknesses of the CEO's entire leadership team.

Interested in a rapid turnaround? We'll let you know if your company's leaders are capable of achieving that goal. Want to build and develop your company over the long term? We'll evaluate its leadership bench strength and provide you with a candid assessment of the company's future talent—and any significant gaps or concerns—related to leadership succession and retention.

With input from MDA Leadership, you'll better understand your portfolio company's leadership capabilities, pertinent to your investment interests. And do so quickly in a consistently professional way that leaves all participants—including those assessed—impressed by the thorough and positive experience.





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## Relevant to PE Investor Interests

**Just as no two PE firms are alike, neither are two leadership development firms the same.**

MDA Leadership stands apart for our scrupulous adherence to best practices in leadership assessment and development. Our approach leaves clients consistently impressed with the rigor of our efforts—and the quality of our talent insights. When you work with MDA Leadership, be assured that our firm will always consider your interests foremost, as well as be sensitive to the culture and needs of your portfolio companies.

We believe you'll be impressed with our firm's business knowledge. In nearly four decades in business, we've worked with every type of industry and gained considerable insights in the process. You may be surprised by how much our consultants already know about your particular type of business. Just don't be surprised about the results we help achieve on your behalf.

MDA Leadership is also acutely sensitive to the specific needs and interests of PE firms and their principals. From scope of work to client management, we rely on your preferences to help guide the depth and breadth of our partnership.

# Why Clients **COUNT** on MDA

For nearly 40 years, leading organizations have turned to us for leadership assessment and development services. Here's what sets MDA Leadership apart and why clients keep coming back:

- ✓ **We understand leadership at the top**—Having worked with boards and C-suite leaders since our inception, we have unique insights into how that world is different from all others. Few can claim our depth of experience.
- ✓ **The MDA Leadership Blueprinting™ process drives alignment on expectations**—Our unique approach develops the desired leadership profile for your C-suite executives and ensures alignment for the future. PE firms find great value in having early alignment around CEO and C-suite role expectations (the what) before any candidates are discussed (the who).
- ✓ **Compelling insights lead to better talent decisions**—MDA Leadership is known for its excellence in executive leadership assessment. Our clients make superior judgments about leadership readiness and potential based on our insights.
- ✓ **Our high-quality, professional experience consistently impresses assessment participants**—We handle the entire engagement with respect and integrity, which is essential given the often sensitive nature of talent decisions, and candidates appreciate their positive experience.
- ✓ **Accelerated development delivers business results faster**—If you require leadership development services, our unique Awaken, Align, Accelerate® framework awakens leaders, aligns them with your business strategy, and accelerates development.
- ✓ **Executive coaching leads to lasting impact**—As businesses navigate change and place a premium on agility, we know how to accelerate learning, change, and growth. We help leaders build deep insight about themselves and facilitate a growth mindset perspective in them that becomes embedded into their leadership approach.





MDA Leadership provides tailored solutions based on your portfolio company's unique strategy and culture, which leads to better outcomes.

## Let's Connect

To learn more about MDA Leadership's Private Equity Services, contact us at +1 (612) 332-8182 or by email at [info@mdaleadership.com](mailto:info@mdaleadership.com).

## Your COMPLETE Talent Partner

During your pre- and post-acquisition process, you can consider MDA Leadership your full-service talent partner.

Even with the right leaders in place, organizational growth requires leaders to develop and hone new skills. Thus, depending on your interests, we can supplement our assessment insights with several complementary services, including:

**Executive Coaching**—Provide key executives with leadership insights to accelerate their growth and achieve your goals.

**C-suite and Executive Team Development**—Help executive teams navigate their changing environments and evolve to achieve your investment thesis.

**Emerging/High-Potential Leader Development**—Provide individualized insights for emerging and high-potential leaders to help prepare the organization for a bright future.

**Experiential Leader Development**—Deliver targeted, action-based development that is practical, sustainable, and generates ROI.

<sup>1</sup>Catherine Bright and Helen Roberts, *Is the Management Team Right?*, Spencer Stuart, 2011, [https://www.spencerstuart.com/-/media/pdf%20files/research%20and%20insight%20pdfs/is-the-management-team-right\\_21nov2011.pdf](https://www.spencerstuart.com/-/media/pdf%20files/research%20and%20insight%20pdfs/is-the-management-team-right_21nov2011.pdf)

<sup>2</sup>Dave Ulrich and Justin Allen, "PE Firms Are Creating a New Role: Leadership Capital Partner," *Harvard Business Review*, August 2017, <https://hbr.org/2017/08/pe-firms-are-creating-a-new-role-leadership-capital-partner>

# Better LEADERS Create Better Results™

From the boardroom to the community to the playing field, leaders make the difference between mediocrity and excellence. MDA Leadership partners with organizations to strengthen individual, team, and organizational talent.

Our areas of expertise include:

- Integrating your business and talent strategy to drive growth
- Identifying the right talent to achieve your goals
- Developing leaders at all levels to create a high-performance culture

To achieve better business results by elevating your Talent Acumen™, contact us to create your TALENT STRATEGY FOR THE LONG RUN®.

Continuity Trust Partnership  
Results Sustainability Achievement  
Collaboration Alignment Impact  
Accord



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