

# How to build effective leadership teams in private equity

## Zooming in on the CFO this time



Now, more than ever, an optimal fit between leaders and their environment forms a key to success.

A competency forecast can be leveraged to transform teams effectively.

Curious how optimal alignment can cement your leadership foundation? Read on to find the newest insights on building leadership teams that perform.

Following the publication 'Profiling Leadership in [Private Equity](#) (2022) [aimed at CEOs](#), the current report zooms in on CFOs and their unique competences.

# Introduction

**In private equity (PE) decisions have to be made fast, demanding a predictable value adding business approach. Due to current financial challenges and lacking growth results, the current focus of investment directors shifts towards portfolio and (team) performance.**

Earlier research revealed that 71% of respondents marked the leadership team as most important factor for a successful exit. CEO and CFO form a dynamic duo, often regarded as the most important link in the chain. Insight in the strengths and weaknesses of the CFO improves CEO-CFO alignment and increases individual and overall leadership team success.

Odgers Berndtson Netherlands conducted a quantitative competency-based survey to provide insights on CFO, CEO and team

dynamics in a private equity context. Pieter Ebeling, senior partner, and Sebijin Bunt, leadership practice consultant, share results of this survey conducted amongst 22 CFOs working at private equity owned portfolio companies, 34 CEOs working at portfolio companies and 55 CFOs without experience in private equity context. Due to their valuable role, it is essential to understand CFOs strengths and weaknesses.



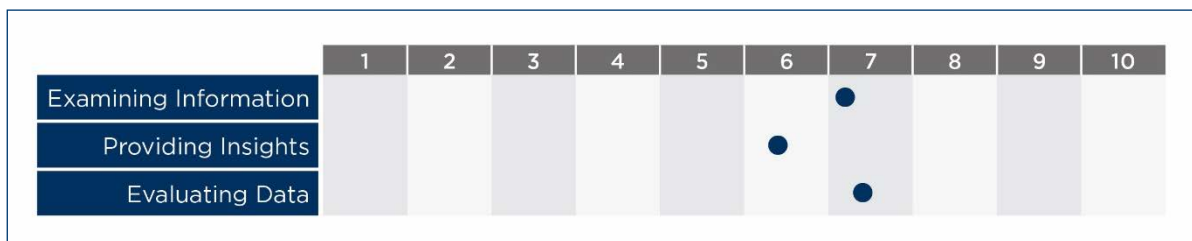


**When looking at the results of CFOs in general, we discovered the following.**

Our experience leads to believe that companies stress less importance on the people development skills of CFOs. Other competencies have priority. This could even be more the case in a PE setting. If so, is the potential negative impact for the wider company development considered? And how will this limitation be addressed?

Data savvy, decisive and stress resilient CFOs claim their distinct position within the leadership team. CFOs use their data analysis skills, to translate the CEOs vision into numbers. They complement their data-driven attitude with strong intuition. Talent development, however, is not their strong suit.

- **Talent development is a CFO's blind spot.** Being an attentive listener, finding importance in other people's views and showing empathy are growth areas of a typical CFO. Within private equity 64% holds a challenge on this competence. 'How does this impact business?' is a key question every leader should ask themselves. Personal development can be part of a company's goals or an instrument to meet their business goals. An optimised selection process can bridge the gap in skillset and therewith reduce the need for talent development.
- **Intuitive CFOs are the benchmark.** We found this surprising outcome in regard to the data-driven attitude of a CFO. Not only do they excel in leveraging data, they also seem to have a powerful sense of intuition. One of our hypotheses is that the CFO operates as the (financial) consciousness of the organisation and the right hand of the CEO. With years of experience in risk management and ad hoc challenges, the CFO has developed a *feel* for gaps. They understand intuitively what is right. Relying on their gut, they can use this information to map the data to make informed decisions.



**In addition to our focus on CFOs in general, we compared CFOs without PE experience and with PE experience.**

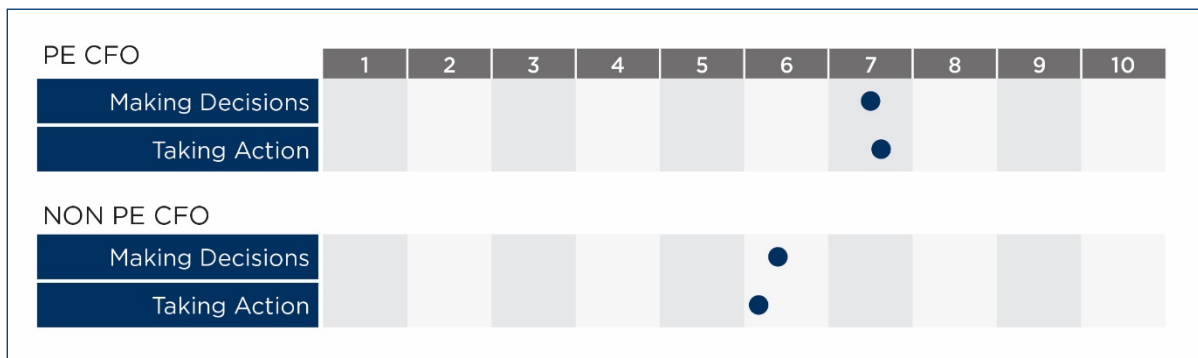
Unparalleled in taking action and decision making, except in team building. CFOs in private equity are a different breed.

When attracting financial leaders for a portfolio company, assessing the specific required competencies of the portfolio companies are unique and of significance. In our benchmark, private equity CFOs outshine their non-private equity counterparts in their energy and decisiveness. They must excel in this, considering their autonomous

position and having to operate in an environment that is fast, high risk and marked by extreme growth.

More than in other business industries, CFOs in private equity are on their own, often bearing the full responsibility for the financial performance of the company. Remarkably enough, teambuilding is not their strong suit. Hence, on the road to high performance leadership, they leave a gap.

- CFOs in private equity show stronger decision making and action taking skills, compared to their corporate counterparts.** Once these CFOs have chosen a direction, they are steady on their course, not afraid to take responsibility. They exhibit enthusiasm and are energetic, also when they are in the lead to make important decisions. These qualities set the private equity CFO apart from others within the CFO profession.

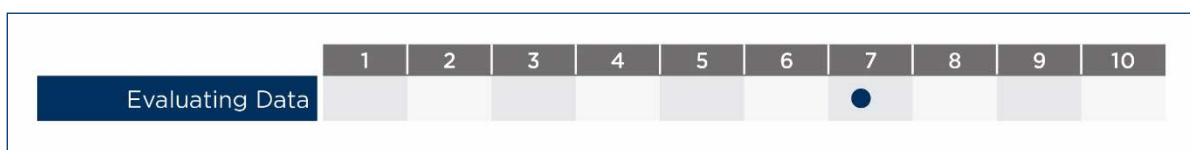


- Teambuilding is of great importance, specifically for PE owned portfolio companies.** High performance teams need to be built and maintained. CFOs, however, are not known for being great teambuilders. Within private equity 50% holds a challenge on this competence.

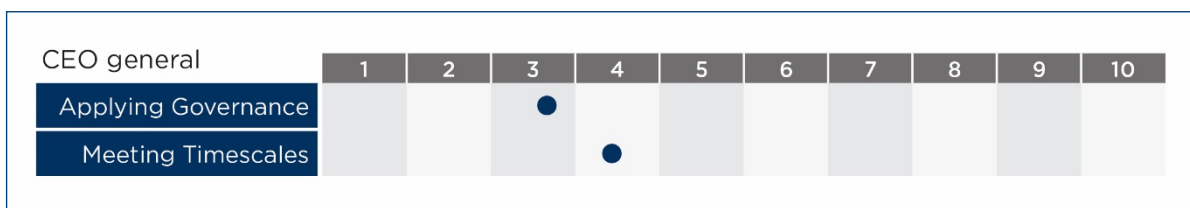
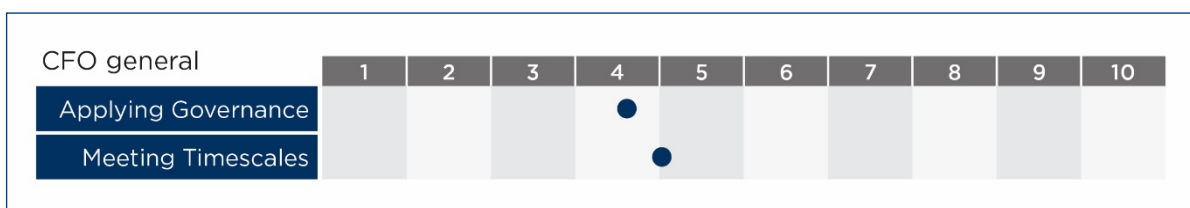


**Comparing the results from our previous CEO study with this CFO in private equity study, this is what we found.**

- CFOs are strong in handling data, whilst CEOs are the visionaries.** They score remarkably well in what we call thinking dexterity: the capacity to absorb and process data, draw conclusions and develop sustainable solutions despite multiple dimensions of complexity. CEOs have the vision and manage the long-term strategy. These skills are highly compatible with the qualities of the data driven CFOs. However, this advantage will only come to fruition when both parties engage and align.



- CFOs and CEOs do not excel in process and time management, which are essential skills in private equity.** What does this mean for the leadership team and for the management team? Who will take care of processes and time management, especially regarding complex projects with subsequent times lines? One of the outcomes of the previous research was the need of future oriented COOs or PMOs (Project Management Officer) to fill the gap of the CEO. Now that it has become clear that the CFO does not always have the necessary competencies to drive complex projects in time, this advice has been reinforced.



- Both CEOs and CFOs do not excel in the realm of interpersonal skills.** This can affect the performance of their teams and the business. When hiring management there is a need for interpersonal skills to support a smooth transition from non-PE to PE environment. Leaders who understand personal profiles to guarantee alignment between the individual and the culture, are highly desired.



# Odgers Berndtson Amsterdam

Odgers Berndtson's executive search and leadership approach is aimed to translate the organisational strategy into the ideal leadership profile and team structure. This serves to execute that strategy successfully. We aim to provide insight in leadership team functions and compositions that can contribute to increased performance. We developed a model to evaluate candidates on three pillars of success: experience, competency\*, and motivation.

With our LeaderBlueprint model, one of the most comprehensive assessment tools on the market, we select teams that are built to perform. The model distinguishes three elements on which we can evaluate candidates: LeaderPrimed (Experiences), LeaderFit (Competencies) and LeaderDrive (Motivations). The questionnaires allow us to paint an ideal picture for leadership roles based on experiences, competencies and motivation.

*\*Current report focuses solely on the competency axis. To learn more about full functionalities, click: <https://leaderblueprint.tools/model/>*



# Conclusions

The most important conclusion we can draw based on the results of this survey is that the focus area of competency development within leadership teams, when looking at the CEO-CFO tandem, consists of people management, process and time management skills.

How to deal with limited talent development capabilities, whilst leveraging the data savvy, decisive and stress resilient capabilities of a CFO? CFOs have the data driven mindset to convert strategic vision of the CEO into numbers. Who takes care of processes and timelines?

Talent development is a blind spot for CFOs in general and private equity CFOs have an additional challenge, they are underdeveloped in the teambuilding competency. CFOs are able to translate the vision of the CEO in data, but both CFOs and CEOs are less focused on embedding this vision in the organisation.

The good news is, we think this can be solved. Depending on the situation, you might focus on team development or personal development. You can even add skills and competencies to the team by adding someone. This survey focussed on CEO and CFO roles within private equity. However, what would the desired profiles of tomorrow's CEOs and CFOs look like for PE portfolio companies? This is what we will be discussing with private equity professionals later this year.

For more information about any of the above, or for a more personal discussion please contact:

[sebijn.bunt@odgersberndtson.com](mailto:sebijn.bunt@odgersberndtson.com)

[pieter.ebeling@odgersberndtson.com](mailto:pieter.ebeling@odgersberndtson.com)



# About the Authors



**Sebijn Bunt**  
*Consultant*  
**Leadership Practice**

Sebijn is a Leadership Practice Consultant, working across all practices within Odgers Berndtson

Netherlands. On a broad range of leadership challenges. From carrying out in-depth executive assessments to development and coaching – for both individuals, teams and organisations. Focusing on individual talent, skills and interests within the context of a business. This way she contributes to optimising a business – through thorough, impactful analyses and interventions.

E: [sebijn.bunt@odgersberndtson.com](mailto:sebijn.bunt@odgersberndtson.com)



**Pieter Ebeling**  
*Senior Partner*  
**Private Equity Practice**

Pieter leads the Private Equity practice at Odgers Berndtson in the Netherlands. He helps clients

realise their strategic goals by connecting them with the best leaders and supporting them to shape effective leadership teams. Leaders that will add value to the overall strategy and mission of a business. He is also an experienced leadership consultant who analyses profiles of current and future leaders – individually and as a leadership team – providing valuable leadership insights.

E: [pieter.ebeling@odgersberndtson.com](mailto:pieter.ebeling@odgersberndtson.com)

Sebijn Bunt and Pieter Ebeling work at the Dutch office of Odgers Berndtson:

**Odgers Berndtson Netherlands**  
**Valley, Tower West, 6th floor**  
**Beethovenstraat 531**  
**1083 HK Amsterdam**  
**Netherlands**

**+31 20 7130 670**



[odgersberndtson.com](http://odgersberndtson.com)