

# So You Just Completed a Transaction. Now Build the Leadership Team That Maximizes Exit Value.

If you're reading this, value creation has already begun. From day one, leadership decisions shape performance trajectory, execution risk, and the credibility of the equity story throughout the hold period. This guide outlines what exit-ready leadership looks like, how to identify critical gaps early, and how to make informed calls that protect the value case you're underwriting and support a premium outcome at exit.\*

## The Top Leadership Traits That Drive Exit Value and Support Premium Outcomes

Through our partnerships with leading PE funds, we've identified the critical leadership traits that drive exit value in Finance, GTM, Engineering/Tech, and HR/People teams.

### FINANCE

#### Transparency & Adaptability

Can shift gears between environments (founder-led, PE-backed, public-style rigor) without clinging to "how we've always done it," installing the right level of process, reporting discipline, and financial visibility.

*Operating Advisor & finance leader of 25+ years told us they have to "show their work!"*

#### "More Than Finance"

Acts as COO-lite, connecting P&L insight with operational execution, technology leverage, talent development, ESG, and strategic initiatives to unlock growth and margin expansion.

*A non-negotiable for a leading software investor we spoke to!*

#### M&A Experience With Integration Focus

Not just proximity to deals, but proven buy-side M&A leadership with a focus on integration. Hands-on experience across the transaction lifecycle with ability to build and defend the data room, support negotiations, and navigate buyer scrutiny.

### GO-TO-MARKET

#### Cross-Functional Alignment

Aligns sales, marketing, and customer success plans with finance, product, and operations so GTM decisions have predictable EBITDA impact.

#### Value Driver Alignment

Translates data into predictable revenue growth, clearly linking pipeline, conversion, pricing, and customer acquisition metrics to valuation drivers.

#### Hits Their Mark, Repeatedly

Has a proven track record of consistently meeting revenue goals across cycles (not just in favorable conditions) with a repeatable approach to forecasting accuracy.

*Sponsors tie predictability to a proven track record & the two are often evenly evaluated.*

### ENGINEERING & TECH

#### Business-Aligned Tech Storytelling

Frames technical initiatives through a business lens, driving alignment across the org to drive revenue growth and value creation.

*The story (not the features) behind the tech is often what sells.*

#### AI-Forward, Not AI-Complacent

Moves beyond surface-level acceptance of AI. Brings a deliberate, informed perspective on where AI drives value creation and uses it to influence direction, priorities, and outcomes... even when AI is not the core product.

*We're hearing a clear shift: AI competency is now heavily weighed in all hires (even those not in tech).*

#### Diligence-Ready

Runs engineering, security, data governance, and infrastructure with documentation, process discipline, and visibility that can withstand technical diligence.

### HR & PEOPLE

#### Performance Driver, With Teeth

Implements clear standards and differentiation, not just engagement surveys. Shows buyers that underperformance is addressed, high performers are retained, and compensation aligns with outcomes.

#### Integration & Transformation Agility

A sponge for change. Expertise in rapidly integrating teams post-acquisition or during restructuring and leads fast, low-disruption integration of talent, culture, and systems.

*Across many convos, sponsors kept coming back to one word: agility.*

#### Succession-Minded

Never leaves leadership up to chance. Anticipates leadership risk early and acts decisively to develop successors, creating continuity that inspires confidence through growth and transition.

**"The quicker that somebody's in seat actually guiding a team towards whatever that new direction or new vision is, the better. Early on, the priority is putting the right people in the right seats — cost control comes later; the right team drives value creation from day one."**

PRINCIPAL, GROWTH-FOCUSED GLOBAL INVESTMENT FIRM

\*Every company is unique, and there's no one-size-fits-all playbook. This guide is meant as a framework to help think critically about institutional leadership and value creation, but specifics will vary based on size, stage, exit strategy, and strategic priorities.



#### Your Turn: Leadership Considerations by Exit Path

"If our next exit path is a [Sponsor-to-Sponsor / Strategic] outcome, leadership must demonstrate/evidence [repeatable EBITDA growth / institutional rigor / insert other key differentiators]."

Today, [Leader Name or Role] brings strong capability in [current strength], but we need to see continued development in [critical capability or leadership gap] to fully support the outcome."

# Let's Zoom Out: The PE Executive Leadership Scorecard to Evaluate Exit Readiness

Based on our executive placements in PE-backed companies, cultural assessments, and conversations with PE sponsors and their portcos, certain competencies and personality traits consistently separate leaders who are truly exit-ready, regardless of role.

## Competencies Vs. Personality Traits

We've separated the scorecard into two sections—competencies and personality traits—because what leaders *can do* and *how they show up* both matter.

COMPETENCIES	DESCRIPTION (NORTH STAR)	PRIORITY (Select)
<b>Execution-First Leadership</b>	Rolls up their sleeves and operationalizes investor theses into action that future buyers can see, track, and value. Execution-first leaders "get it done themselves," even when data is messy, constraints are tight, and circumstances aren't perfect.	HIGH MED LOW
<b>A Master Storyteller</b>	Translates functional metrics into buyer-relevant narratives and explains why performance is durable, not just what the numbers are. Internalizes and executes based on how buyers think: EBITDA drivers, quality of earnings, deal multiples, segment growth forecasts, and more.	HIGH MED LOW
<b>Culture Setter</b>	Builds high-performing teams by developing people, identifying future leaders, and embedding accountability. Operationalizes strategic priorities into actionable behaviors while ensuring the organization can sustain performance under growth, integration, or exit pressures.	HIGH MED LOW
<b>Dual Mindset</b>	Captures the dual demands of PE leadership, rapidly experimenting and innovating with a founder mindset, as well as possessing deep domain expertise and experience scaling an organization for sustained performance through the hold period and toward exit.	HIGH MED LOW

*"Can they sell the story?" - Nearly all the funds we spoke to!*

*One tech investment firm described this as the ultimate "unicorn" competency.*

### On Having Strategic Bias

**"Not all leaders have strategic bias, but they all need to. These are strategic leaders who are more excited about the holistic picture of the organization and how to position it most favorably for the next buyer, and can step outside the everyday nuts and bolts."**

CHIEF OPERATING OFFICER, SUPPLY CHAIN & LOGISTICS PRIVATE EQUITY FIRM

PERSONALITY TRAIT	DESCRIPTION (NORTH STAR)	PRIORITY (Select)
<b>Extroversion, Charisma &amp; Influence</b>	Translates to investor magnetism. Energizes teams, builds followership, and inspires investor and buyer confidence by turning strategy and performance into a compelling (and authentic) growth story people believe in and want to back.	HIGH MED LOW
<b>Composure &amp; Resilience</b>	Maintains clarity, sound judgment, and execution discipline under pressure, helping teams stay focused on value-driving priorities and signaling leadership stability through volatility.	HIGH MED LOW
<b>Self Awareness &amp; Humility</b>	Understands personal strengths and blind spots, actively seeks input, and surrounds themselves with complementary talent — reducing execution risk and enabling performance to scale beyond the individual.	HIGH MED LOW
<b>Competitive (the Constructive Kind)</b>	Channels a relentless drive to win into ethical, metrics-driven performance gains, fostering a culture of healthy challenge, pushing the envelope, and continuous improvement that elevates enterprise value, not ego.	HIGH MED LOW

*Sound familiar?*

### On Having (No) Ego

*Perhaps the most common theme amongst all convos w/ our fund partners.*

**"If a leader can't adapt is one thing; if they won't adapt is another. Leaders who cling to their own way and ego? Many folks don't survive that."**

OPERATING ADVISOR, LEADING SOFTWARE & TECHNOLOGY PRIVATE EQUITY FIRM

# 4 Leadership Gaps That Can Impact Exit Value & Concern Future Buyers (And How to Catch Them Early)

Strong leadership teams can carry hidden gaps that don't show up in quarterly numbers, but do surface fast in buyer diligence. Here are some of the most common leadership gaps our PE partners have observed.

*"Waiting to act" or "waiting until it was too late" was a consistent worry and watch-out regardless of function or industry.*

## Lack of Leadership Continuity

### What It Is

Buyers don't need guarantees that leaders won't leave. They need confidence they won't have to step in and stabilize the business immediately.

**This gap appears when** leadership continuity hinges on one person instead of having credible "ready-now" or "ready-soon" successors and contingency coverage.

### Example

The VP of Operations plans to retire within a year, but no internal leader has been tested/developed at that scale, and no external bench or advisor plan has been identified to bridge the gap.

### Sample evaluation question to ask leadership

"In your previous roles, how did you identify which roles had no credible successor? What did you do to address that gap?"

*One firm noted that impending retirement or a clear lack of enthusiasm is often closely tied to this gap.*

## Selective Growth

### What It Is

Longevity and internal progression can signal loyalty and institutional knowledge, but buyers also look for breadth — exposure to different environments, business models, and leadership challenges.

**This gap arises when** a leader's growth has been single-threaded within a single company, function, or industry, limiting adaptability or effectiveness in new ownership or strategic contexts.

### Example

A CPO spent 15 years leading a single B2C platform, achieving strong retention, but lacked experience scaling into new verticals or integrating an acquired enterprise product under PE growth targets.

### Sample evaluation question to ask leadership

"Describe a time the plan you inherited or designed failed because the environment was unfamiliar. How did you respond, and what changes did you make to avoid the same outcome again?"

*Exactly that founder mindset + deep domain expertise that keeps popping up.*

## Resistance to Institutional Rigor

### What It Is

Some leaders thrive in entrepreneurial, informal settings but struggle when governance, reporting rigor, and board oversight increase under PE ownership.

**The gap shows up as** resistance to process, inconsistent forecasting, or discomfort with transparency and accountability rhythms.

### Example

A CFO of a public company struggles to "go private," or transition to PE ownership, where expectations include monthly board meetings, weekly metric scrutiny, full transparency into business performance, and rigorous lender-facing reporting.

### Sample evaluation question to ask leadership

"Give an example of a time you had to share a problem with your board or investors that you initially wished you could hide. How did you communicate it, and what was the outcome?"

## Single-Thread & Knowledge Concentration Risks

### What It Is

Deals don't fail on paper...but they *might* when that paper lives in only one person's head.

**This gap occurs when** critical relationships, processes, or institutional knowledge sit with a single leader instead of being embedded, systematized, or distributed.

### Example

The Head of Sales personally owns the top 10 customer relationships, and no one else has full visibility into pricing logic or relationship and renewal dynamics.

### Sample evaluation question to ask leadership

"If you were unexpectedly out of the business for 90 days starting tomorrow, who would run each critical function—and where would things break?"

*✦ We also heard from multiple firms that genuine executive camaraderie plays a bigger role than we might think in preventing this gap.*