

Re-group and re-build – how to navigate the private equity market during volatile times

If your business is struggling to exit, or to raise capital, you are not alone. Rising interest rates have led to a considerable slowdown in deal-making for private equity-backed businesses over the last two years; testing the nerves of many leaders.

Temps de lecture : minute

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As uncertainty continues, CEOs can use their time to review their business strategy, work on investor relations and analyse the skill set of their internal leadership team. Rebuilding from within means going beyond traditional management practices - so there's never been a more important time to keep your Chief People Officer close.

Re-think your strategy

If you're beginning to worry that your organisation might not meet its investor goals, then start an open and honest conversation with your peers on the board about the state of the business and the changes that might help you move forward.

For the best outcome, try to think creatively and commercially; focusing on what areas of the business actually drive revenue is the best place to start. From there you can assess if there are any bolt-on areas which aren't offering enough business value. You'll need to be brutal when it comes to your decision-making process as the success of your business will rely on making difficult choices.

This may mean you need to restructure the business, hire *interim talent* to give your business an extra knowledge boost or potentially sell off parts of the business that aren't driving enough revenue.

The most important part to keep in mind is that your new strategy is completely aligned with your investor goals. Understanding the needs of your investor and their wider portfolio is critical in keeping your business goals aligned with investor goals.

Strengthen investor relationships

Building a stronger relationship with existing investors will take time but is critical. You should make the effort to reach out more than usual, keep them in the loop wherever possible and get to know them on a personal level. This way you can understand what drives them and build trusting foundations to fall back on.

Also, make use of networking events with companies that have the same investors. This way you can tap into knowledge about what has worked for different businesses, and how you can align with your investor's long-term goals. These encounters can be helpful opportunities to learn, share ideas and gain insights to help shape your own strategy.

Equip your team for success

Share any new strategies with your board and your employees as soon as you can, openly and honestly. An unsuccessful exit isn't just unsettling for senior leadership, it will also impact your wider workforce so making sure they are up to date on company changes will give some peace of mind.

You should also consider whether there are any skills gaps within your C-suite team. There should be at least two people on the board with experience in disruptive PE markets and ideally the CEO will be one of

these. This experience will offer you and your business an edge; you'll be able to anticipate challenges before they arise and have a better idea of how to overcome them. You'll want to balance this with executives newer to the PE world as they'll offer fresh perspectives and new ideas.

Make full use of your CPO

CPOs play an important role in any organisation but for a PE-backed business, the role of CPO is even more unique.

Your CPO should be highly resilient and able to anticipate any challenges ahead. They should be able to coach the exec team on navigating difficult conversations; highlight any capability gaps in the board or wider workforce; and have the expertise to introduce new frameworks across the business for restructuring, upskilling and performance tracking.

Despite bringing huge value, the HR function and CPO can often be first in line for cuts and redundancies in times of trouble. But in reality, the most successful organisations are those that keep their CPO and make full use of them. Don't put yourself in the position of hunting for a CPO along with everyone else when the PE market picks up. If you can create a strong, structured HR function now, then you'll be positioned for success when opportunities come knocking.

Build for the future

While this may be a stressful period for your organisation, having an experienced, resilient leadership team in place with strong communication skills will allow you to see the light at the end of the tunnel.

By re-thinking your strategy, utilising your CPO's expertise, and enhancing your relationship with your investor, you'll soon be able to

steer your business back on track for a successful exit.

Emma-Claire Kavanagh is Managing Director - HR Practice at BIE, an executive leadership firm based in the City of London.



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Article écrit par Emma-Claire Kavanagh