

# Private Equity Portfolio Company CEO Candidate Matrix (decision-support)

## Skills Matrix of 3 Portco CEO Candidates Post-Acquisition

### Perspectives in CEO Selection

Rated 1 to 10	Cash Generation	Receivables/Payables	Inventory	CapEx	Unproductive Facilities	Under-performing Units	Converting Fixed Assets for refinancing	Monetize Distressed Assets	Motivate the Team	Reward Boldness	Make Equity Sweat	Track Results	Balance Sheet Expertise	Score
<b>Boris</b> (1 <sup>st</sup> time CEO)	9	8	2	10	8	4	9	10	10	10	4	2	8	94
<b>Justin</b> (incumbent)	10	10	6	8	8	9	7	5	7	7	8	8	8	101
<b>Joseph</b> (internal candidate)	7	2	10	9	8	10	9	8	2	7	9	9	9	99

**Sources:** Interviews, Performance Testing, DISC Assessments, 360 Interviews, Customer Reviews, External Reviews

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#### The Decision

The board decided that despite Boris' relatively low score, he would be appointed to lead the integration as the CEO. It was felt the heavy weighting on leadership, people management, and E.Q., warranted serious consideration. **With the help of an external resource, the CEO's performance was quickly optimized.**

"We see a sharper increase in revenue growth in the early years with operational efficiency slightly lagging. Most important, as first-time CEOs progress in their tenure, they manage to increase growth and operational effectiveness in tandem, while we see such convergence less often for experienced CEOs. First-time CEOs also have longer tenures, less volatility in performance, and greater shareholder return in the later years of their tenure compared with experienced CEOs." (Spencer Stuart, p.4).

#### References:

*Memo to the CEO Harvard Business Review Press, Lessons from Private Equity Any Company Can Use, Orit Gadiesh, Hugh MacArthur, Bain & Company, Inc., 2008*

*Predicting CEO Success: When Potential Outperforms Experience | In the science of CEO selection, past experience is not a reliable predictor of future success | <https://www.spencerstuart.com/research-and-insight/predicting-ceo-success-when-potential-outperforms-experience>, December 2020*

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+1.902.471.8415 • maureen@westgatecareercoaching.com • <https://westgatecareercoaching.com/>