

# Private Equity Insights: 2023 Shines a Spotlight on Talent: How Private Equity Firms Are Staying Ahead of the Curve



## Are Your Private Equity Portfolio Companies Exposed to Risk This Year?



### How does your PE firm help your portfolio companies with strategic human resources initiatives that drive growth, such as recruiting and retaining top talent?

From an organizational design structure, does your private equity firm approach human resources from one of the two perspectives below?

- You leave HR functions and people strategy to portfolio companies to manage with their own talent. Many private equity companies follow this "holding company" model, focusing on managing finance, performance and operations while under this model, their individual portfolio companies handle HR in-house. However, the strategic capabilities and sophistication of such HR can vary substantially.
- Your private equity firm leverages strategic HR expertise with proven senior leadership on staff at your corporate office. Private equity firms with this "operating company" model may have an accomplished strategic Chief Human Resources Officer (CHRO) or Talent Partner to help guide HR for both the corporate function and portfolio companies.

## A Secret Weapon in 2023 for Private Equity Firms



### Strategic HR Leadership

Having strong HR leadership in-house will help your portfolio companies create more value for shareholders and improve execution. An experienced leader can introduce best practices and proven methodologies for recruiting and retaining top talent, sustaining a healthy culture, introducing new technology, and staying current in a rapidly changing and dynamic environment. Certain parts of the PE ownership lifecycle create times of uncertainty and massive change for any given portfolio company. Having a strategic HR leader on hand during these times can help to mitigate negative aspects of these changes, while supporting the overall value creation plan.

Operating model-based private equity firms with strategic HR leadership in-house can better manage risk and ensure value creation at scale.

**The increasing talent shortage will be the number one factor impeding business growth in 2023.**

[The IBM Institute for Business Value, 2023\\*](#)

### Big Workplace Challenges in 2023: Talent Turnover, Hiring and Salary Pressure

With [talent shortage being the #1 issue hindering company growth in 2023](#), businesses need senior-level HR leadership more than ever. Companies must navigate the challenges of attracting top talent in a tough hiring market and retaining people in a time of historically high turnover. Delivering well on sophisticated recruitment, compensation, development and leadership coaching are critical success factors for portfolio companies.

### The Case for Strong CHRO Leadership Expertise

To achieve your growth objectives, your PE firm needs to keep the top talent at your portfolio companies engaged, motivated and committed. With your major investments at greater risk of talent turnover, and ongoing challenges in recruiting top talent, strong strategic HR expertise in-house can make the critical difference.

At Frederickson Partners, we draw on nearly 30 years of expertise helping private equity firms and growth companies find top people and HR executive talent. We'll help you address questions like:

- What happens when key leaders leave a portfolio company?
- Is there a strategic HR leader at the operating company to help or step in if it is required?
- How can we assess the key talent at a company we are considering acquiring?
- What's the right time to hire a strategic CHRO?

\* IBM Institute for Business Value, Research Brief: 5 Trends for 2023 (2023)

To learn more, set up a call with Frederickson Partners, a Gallagher company, and we can share our expertise within strategic HR, including total rewards consulting, coaching and leadership development.

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