



**EXECUTIVES UNLIMITED, INC.**  
*Connecting Companies with Leaders*

## **Leadership Strategies for Today's Private Equity Firms**

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Looming debt defaults, severely depressed valuations, over leveraged acquisitions, and a global credit crunch are the major challenges facing private equity firms in the most uncertain economic climate since the 1930s. To weather the storm of this volatile economy, successful investors require a steady hand supported by seasoned executives who can maintain or create value within a private equity fund's portfolio. Never has the need for successful leadership been greater.

Over the past several years, private equity truly defined itself as an asset class deploying an unprecedented amount of capital. The lending environment allowed the acquisition frenzy to continue. Interest, for the most part, didn't wane despite skyrocketing valuations that, historically, would have been a deal breaker. Today, many of these investors have to apply the same rigor, energy and focus to avoid default within their portfolio. Though disciplined investors began pulling back on capital deployment in the midst of lofty valuations, the violent collision of economic factors has shaken even the smartest investors.

The upside is that private equity groups with fund raising ability are at the forefront of a tremendous opportunity to create wealth. The number of solid target companies with sustainable margins, but broken balance sheets will continue to grow. Investors who tend to be more "business builders" versus just financial engineers are staring at the cusp of an unbelievable opportunity. In terms of reducing risk in these situations, there has never been a higher premium placed on seasoned CEOs with deep industry expertise and the ability to communicate not just with equity investors, but with lenders as well. These are chaotic times, but they're also

times with the opportunity to create tremendous amounts of wealth. The ability to turn a business around in these types of economies is critical.

Successful stewardship of portfolio companies requires strong leaders who have consistently outperformed within their industry. While management cannot predict or control the markets, they must exercise discipline and control of their businesses.

There is such low margin for error, which has always been true, but today more than ever you must have executives who have done it before and who can do it again. It is simply the best way to de-risk your investment. The Interim Executive has the expertise and knowledge to help distressed companies understand how to value businesses and understand what levers to pull. This is an understanding that only comes from 20 plus years of being in the industry. Finding leaders with this type of breadth and depth in their respective industries is critical to turning around businesses in private equity portfolios.

Executives Unlimited's solution to minimize risk on your investments is to find leaders for your portfolio companies that have experience managing during recessions. They are swift and effective decision makers that fit with both the portfolio company and private equity firm's respective culture. Executives with these characteristics should not only insure the company's survival during this economic storm, but they also will create strong businesses able to seize new opportunities and poised to take advantage of a calmer, perhaps sunnier economy in the near future.