



# Privately Speaking

Insights on private company growth  
from private company insiders

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## The private equity portfolio company lead director

*Today's private equity portfolio companies are under massive pressure to deliver. Do you have the right board leadership in place to drive success? In this edition of Privately Speaking, we discuss the benefits and value of having a lead director and provide a few tips on how to select, develop, and support lead directors as they help drive your company's strategy.*

### What is a lead director?

There is a wide range of views and interpretations of the lead director role. Some see it as similar to (or nearly interchangeable with) the independent chair, except that the lead director does not preside at board meetings. Others take a lighter approach, with the lead director chairing executive sessions, helping the CEO to “read the board,” and stepping up in the event of a crisis.

While the role may be somewhat less formal than that at a listed company, the portfolio company lead director can be the key to building board agendas, serving as a mentor to the CEO, and leading the oversight of strategy development and execution.

### Why would you need a lead director?

Investor timeframes are collapsing; most portfolio companies have less than five years to prove whether the investment will be fruitful. In this environment, having the right management team—executing effectively and transparently—is key. And that means having the right board leadership structure.

The need for a lead director is particularly keen when a family-owned or founder-led business is transitioning to new ownership following a private equity investment. In these cases, a lead director can often serve as a buffer between the founder and the new investors while, at the same time, advancing the board agenda and corporate strategy.



Great lead directors are focused on helping to encourage and facilitate quality boardroom discussions. Whether it's helping to set expectations with investors, setting the overall strategic direction, or planning for the future, the lead director should be there to help provide advice, experience, and insights—not only from the PE investor perspective but also from the view of what's best for the company and its future.

—**Brian Hughes**, National Private Markets Group Leader and Venture Capital Coleader, KPMG LLP



## Lead directors help drive PE portfolio companies forward by:



- 1 Setting expectations with the CEO and directors for the board's engagement in strategy
- 2 Planning the setup and staging of board strategy discussions and providing the backdrop to drive the right focus and dynamics
- 3 Building consensus on the proposed direction of the corporate strategy (the 50,000-foot view)
- 4 Encouraging the board, CEO, and management to develop a vivid picture of the future and assess its impact on strategy
- 5 Insisting on diverse—and dissenting—points of view, including third-party input
- 6 Assessing whether the company strategy process enables the company to pivot when needed while still maintaining critical alignments.

## Want to learn more?

Want to learn more about what makes a great lead director? Find out in our recent report, **Facilitating the board's engagement in strategy**, developed by the KPMG Board Leadership Center.



[Read more >>](#)

## Choosing the right lead director for your portfolio company

What does a great lead director look like? Clearly, there is no one-size-fits-all model. But, according to our interviews with lead directors, the position requires people with:

### Leadership qualities

- “A symphony conductor; someone who doesn't play an instrument, but brings out the best in each director and the board as a whole”
- “A person that is trusted, discrete, and viewed as independent and objective—not allied with the CEO or board, but always working towards consensus”

### Communication skills

- “A good listener with the ability to interpret and synthesize various points of view”
- “A master of group dynamics, including body language in the boardroom”

### A relationship with the CEO

- “The role requires a delicate balance of being trusted by the CEO but not becoming so close that they lose objectivity”
- “It's about being the alter-ego to the CEO rather than just a mentor or adviser”

## Find out how your portfolio company board compares!



As part of our ongoing effort to help private company owners and boards create maximum value, we're conducting **a survey** on portfolio company board effectiveness.

Participate in **our survey** and find out how your board compares.



Portfolio company lead directors really need to understand how to lead from behind. This isn't about parachuting in as a new director to run the show. This is about providing the board and management team with a coach, confidant, mentor, and adviser—someone who can really help bring the current team's capabilities to the next level.

—**Conor Moore**,  
National Venture Capital Coleader, KPMG LLP



## How can KPMG help?

Our Private Markets Group professionals understand what it takes to help PE firms and their portfolio companies achieve their objectives. And, our KPMG Board Leadership Center (BLC) was created to champion outstanding governance to help drive long-term value and enhance investor confidence. Through a range of programs and perspectives—including the KPMG Audit Committee Institute, our support of the WomenCorporateDirectors Foundation, and more—the BLC engages with directors and business leaders to help articulate their challenges and promote continuous improvement in private and public company governance.



## We can help!

Regardless of where you are in your journey, KPMG professionals can assist you in responding to the associated challenges and help you realize significant value from your investments. **Click here** to contact your local KPMG member firm.



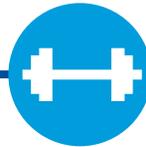
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business



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your business



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**Privately Speaking** focuses on the issues that matter most to privately held entities, including PE- and VC-backed companies.

KPMG's Private Markets Group understands what it takes to drive private company growth. In each edition of **Privately Speaking**, we share our insights—along with practical and actionable tips—to help boards, executives, and management grow, strengthen, and transition their privately held businesses.

For more information, click here to visit our **Privately Speaking** web page.



## Don't miss a thing

The environment for private companies is changing rapidly, and new opportunities are emerging every day.

Do not let an opportunity pass you by. Sign up to receive KPMG's **Privately Speaking** series and make sure you are making the best decisions possible for your private company.

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## Contacts

**Brian Hughes**  
Partner  
National Private Markets Group (PMG) Leader  
National Venture Capital Coleader  
T: 267-256-1820  
E: bfhughes@kpmg.com

**Conor Moore**  
Partner  
National Venture Capital Coleader  
T: 415-963-7559  
E: conormoore@kpmg.com

**Sal Melilli**  
Partner  
National PMG Audit Leader  
T: 212-872-6030  
E: smelilli@kpmg.com

**Brad Sprong**  
Partner  
National PMG Tax Leader  
T: 816-802-5270  
E: bsprong@kpmg.com

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