

Unlock Value by Closing the Alignment Gap

By **Alexander Asplund**, Founder & CEO of Accance Business Advisory

Key Message: Only 36% of portfolio company CEOs report top-tier alignment and trust with owner representatives—a gap that, in investment terms, translates directly to lost ROI or capital at risk. Our study of 352 CEOs—the largest best-practice research of its kind in private equity—also shows that another 29% describe alignment as “good,” but falling short of excellent. This leaves nearly two-thirds of PE-backed companies with significant room for improvement.

Owner-Management Collaboration Explains One-Third of Success: For private equity firms, value creation and competitive edge depend on building stronger companies through strategic and operational improvement. Success demands alignment between PE owners and portfolio company management. Yet when alignment falls short, substantial value is at risk. Our research demonstrates that three dimensions of owner-management collaboration—alignment and trust, provision of value-adding expertise, and governance efficiency—together explain one-third of the variance in value creation success. This article focuses on the foundational dimension: alignment and trust.

THE PATH FROM 46% TO 94% SUCCESS RATE

Data from our 352 CEO interviews shows that most portfolio companies (74%) achieve a surprisingly low 46% average success rate in realizing their value creation ambitions. Yet companies with consistently strong performance on five foundational drivers achieve 77–94% average success rates. This gap represents substantial lost ROI and capital at risk.

The five success themes are: collaboration with owner representatives, CEO leadership, ambitious and focused value creation plans, the right people in the right roles, and organizational ownership and implementation capabilities. (The full research is detailed in *The Private Equity CEO Playbook*.)

CEOs Expect Strategic Clarity and Value-Adding Expertise: CEOs don't mince words about where improvement is needed. Their critique clusters around four themes: strategic ambiguity, expertise gaps, lack of transparency, and role overreach. On strategy, one CEO put it simply: "We need clarity on the long-term plan for the company and the exit strategy." On expertise, another was blunt: "You need more industry expertise on the board if you want alignment." Transparency drew sharp criticism: "The PE owner needs to be trustworthy and bring the CEO into their plan." Regarding overreach, a leader noted: "PE needs to be humble enough to recognize their limitations instead of stepping into the CEO's territory."

Six Key Drivers for Alignment: According to portfolio company CEOs, six factors emerge as primary drivers of alignment and trust: strategic clarity, value-adding expertise, transparency and engagement, role clarity, financial and M&A support, and aligned incentives. The first four prove most critical, cited by 24-57% of CEOs among their top-two positive factors for successful alignment. These CEO voices point to a larger challenge—and an opportunity. When alignment works, it isn't accidental; it results from deliberate choices that move PE firms beyond oversight toward genuine partnership.

KEY DRIVERS OF ALIGNMENT & TRUST

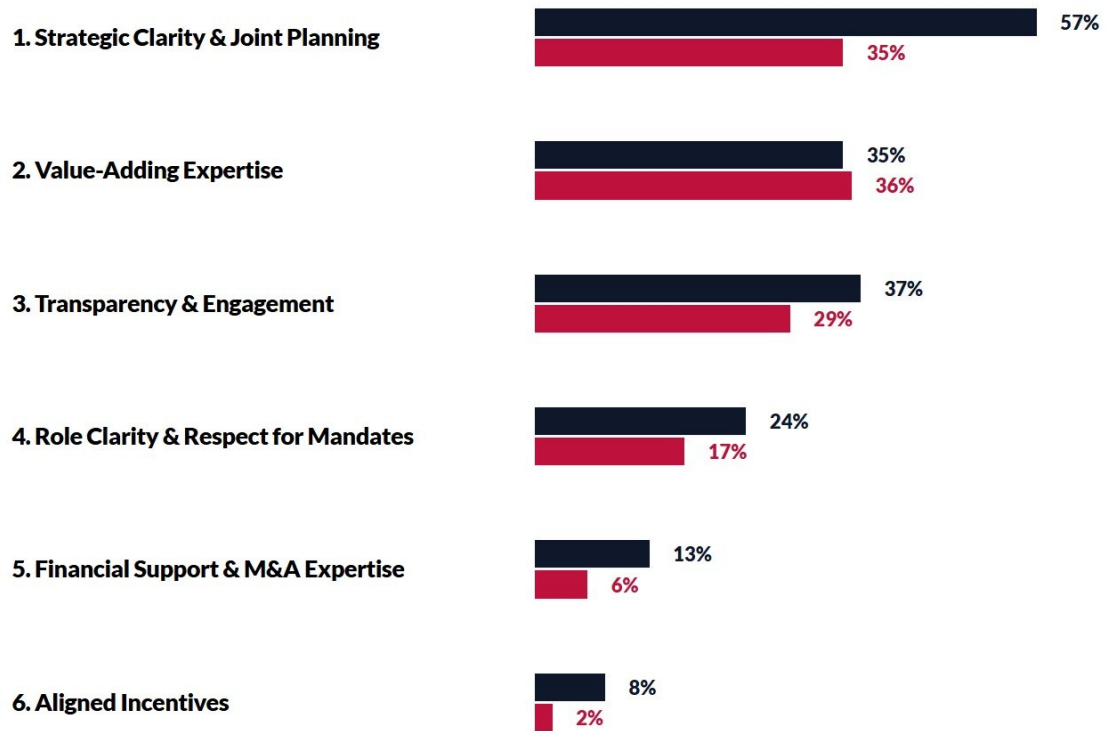


METHODOLOGY

This study draws on structured in-depth interviews with 352 portfolio company CEOs across Nordic markets. CEOs were asked to identify the "top-two" ways owner representatives helped build alignment and trust and the "top-two" improvement needs on this theme. All percentages reflect unique CEO responses to these specific questions. The full research and methodology are presented in *The Private Equity CEO Playbook*.

The Alignment Challenge

■ TOP 2 CONTRIBUTION % ■ TOP 2 GAPS %



A Solvable Performance Gap: The substantial value leakage between 46% and 94% value creation success rates is not explained by opaque or complex factors. The 46% success rate seen across 74% of our studied portfolio companies is surprising; however, the formula for achieving 94% is straightforward: consistently mastering the fundamentals and diligently avoiding common pitfalls. While the logic is apparent, actually executing it remains the defining hurdle for many. The message from CEOs is unambiguous: there is no reason for serial owners and seasoned management teams to frequently underperform. Investors, boards, and management teams committed to closing this performance gap should pay close attention to the collective voice of portfolio company CEOs on “what works” and “what’s missing”—and systematically apply their proven best practices.

Quantified Cause-and-Effect—A Repeatable Formula: The experiences of 352 CEOs distill the systematic behaviors that drive success. The root-causes of underperformance are systematic, and the gaps can be closed by actionable behavioral shifts. Our data reveals a repeatable formula: quantifiable cause-and-effect relationships across the five foundational dimensions that map the path from average to 77-94% success rates.

Capturing the Potential: Translating these findings into practice requires structured intervention. The Accance team—leveraging experience from 50+ portfolio companies and leading 120+ commercial due diligence studies—integrates these research-backed best practices into our value creation work. A practical starting point is our diagnostic tool, which assesses performance against these foundational themes and converts root-cause findings into actionable, gap-closing initiatives.

Study Overview: The full study is documented in *The Private Equity CEO Playbook* (www.privateequityceoplaybook.com). The series includes two introductory papers, *Closing the Value Leakage Gap* and *352 CEOs’ Best Advice & Main Regrets*, followed by eight “*Unlocking Value*” articles that drill down into the specific gaps within the foundational dimensions: *Alignment, Expertise, Governance, Value Creation Planning, People, Ownership, Momentum, and Implementation*.

1. Strategic Clarity and the “Co-Authored” Plan

The first—and most critical—driver is strategic clarity: defining the destination and charting the course together. Strategic alignment generates both the strongest praise and sharpest criticism from CEOs. Strategic clarity dominated: 57% ranked it among their top-two positive factors, while 35% placed gaps on this theme among their top-two improvement needs. The pattern is clear: when the plan works, it creates powerful momentum; when it doesn’t, performance suffers.

A seasoned CEO observed, “By opening the floor to discussion and co-creating, we build strong trust and consensus.” But others experienced the opposite: “There was no clear owner directive; this should have been in place from the start.”

1.1. Clear Owner Directive

What works: The clarity of the underlying “owner directive” is essential—42% placed this among their top-two positive factors. When CEOs know precisely what success looks like, alignment becomes self-reinforcing. As one executive shared, “I knew exactly what they wanted before I even took the job.” Another leader noted, “When it’s clear to everyone what we are here to accomplish, trust follows—and it carries us through the hard times.”

Vague aspirations create friction, while clear targets generate momentum. Good owners ensure “one doesn’t need to wonder what’s top priority, if it’s growth, profit, or internationalization that’s the most important.” Another CEO noted, “They provided a vision for the company that was clear but not too micro-managed.” This balance—strategic clarity without operational interference—emerged as a hallmark of successful partnerships.

What’s missing: However, 30% placed unclear long-term vision, strategy, and exit timelines among their top-two improvement needs. Some CEOs found “there was no clear owner directive,” while others observed, “There could have been a clearer plan of what exactly the PE firm wanted to achieve.” The solution: share your long-term thinking.

The most critical gap emerges when the owner’s time horizon and exit strategy remain a “black box.” “There was no understanding that the company needed a long-term plan,” one CEO observed. Another added, “I didn’t think it was sufficiently clear what time horizon the PE firm had.” CEOs noted pressure to “maximize each year’s EBITDA rather than maximizing value 5–8 years down the line,” when what’s needed is clarity around timetable and strategy.

1.2. Collaborative Development

What works: For 25% of CEOs, collaborative creation of strategic plans ranked among their top-two positive factors. Co-authorship transforms mandates into missions. When management shapes strategy, they own execution.

“We jointly developed a business and strategy plan where there was a strong commitment from management to deliver,” one CEO recalled. That shared ownership created high incentive for success. The payoff: when strategy is co-created, the CEO and board enter the partnership already aligned. “If one has alignment about the strategy,” another explained, “all tactical decisions are solely a consequence.”

Some partnerships even begin this work before the deal closes. One CEO described “creating a value-creation plan with the owners and top-tier advisors prior to closing the deal.” The onboarding phase “where you develop the business plan is where you get to know each other and align on ambitions.” This early investment pays dividends throughout the hold.

What’s missing: However, 11% placed more explicit joint strategic development among their top-two improvement needs. Alignment deteriorates without a clear “target picture” or when financial directives aren’t translated into a cohesive business plan. One interviewee noted that stronger upfront collaboration “could have made the consensus even greater,” while another observed, “If we had instead taken time and worked out a common strategy together, we would have arrived at something better.” The prescription: “make a stronger business plan together” from the outset.

KEY FINDING: Strategic clarity is both the highest-rated success factor and a significant gap area. The difference between high-performing and struggling partnerships often comes down to whether the owner’s vision is clear, specific, and co-created with management from the start.

2. Value-Adding Expertise

Do owner representatives bring meaningful expertise beyond capital? This question defines PE's value proposition. The numbers reveal tension: 35% ranked this among their top-two positive factors, while 36% placed lack of industry expertise and operational skills among their top-two improvement needs—making expertise the sharpest area of dissatisfaction. This tension—CEOs expecting sector-specific challenge while receiving financial fluency—represents PE's greatest differentiation opportunity.

2.1. Industrial Expertise and Sector Knowledge

What works: For 19% of CEOs, partnering with owners who bring strong sector knowledge and industrial experience ranked among their top-two positive factors. These owners act as effective strategic sounding boards, challenging management with industry-specific insights rather than generic financial metrics. As a portfolio company executive noted, "They were very well-versed in the business, they understood what was important in our market." These owners "genuinely familiarize themselves with the business," rather than acting as a "financial owner who only had a financial agenda."

One CEO valued how these owners bring "a different market view—they don't work based on previous customer experience but from studies of the entire market." This systematic approach transforms board discussions from anecdote-sharing into strategic analysis grounded in market realities. Another described owners who "made an incredible deep dive, benchmark for the company, competitors, suppliers, dynamics in the market"—demonstrating the depth of preparation that builds credibility with management teams.

The investment in understanding pays off. One CEO emphasized, "The owners who contributed the most are those who took time to really put themselves into the company." When owner representatives demonstrate genuine curiosity about the business—beyond the numbers—they earn the right to challenge strategic assumptions.

What's missing: However, 28% placed their owners' lack of sector insight among their top-two improvement needs. "It is frustrating to have to explain simple facts about the industry and the business to the people supposedly guiding you," a portfolio company executive shared. The pattern surfaced repeatedly: owners demonstrated "poor understanding of the business and the industry," possessed only "a very top-down and generic knowledge of our business," or in extreme cases, "the board knew nothing about the industry."

Without sector fluency, owners default to viewing the company through financial models rather than operational realities. As a seasoned executive observed, "a little more time to understand beyond spreadsheets would have made the CEO's work

easier.” Another described the cost of a numbers-first mindset: “There’s a tendency to number-crunch excessively, which can cause you to lose touch with reality. You end up living in spreadsheets.” The cost is real: without deep sector knowledge, boards add friction rather than momentum.

Beyond sector knowledge, CEOs also cited hands-on operational experience as a critical gap. One executive was blunt: “You have many finance people in PE who lack relevant experiences from the operational context.” Another reinforced the point: “If you only have a background in business school and consulting, you lack the deeper understanding of what it takes to move an organization.” Others observed that “PE needs better operational understanding of what it’s like to run a business.”

2.2. Professional Board Composition

What works: Board composition signals the owner’s strategic intent. One in five CEOs placed professionalized boards with relevant industry expertise among their top-two positive factors. Boards that balance senior industry professionals with financial expertise deliver more effective strategic guidance. “They came in with a lot of structure in areas where I previously had to stand alone,” one CEO recalled. Others highlighted the value of having a “chairman who understood both the dynamics of the operations as well as the implications of being in a PE fund.”

The right mix delivers real value. “Having a combination of senior industry professionals and investors on the board—they provide critical value and insights,” one CEO emphasized. This blend brings both strategic vision and practical operational knowledge to governance discussions. The result: “I have a board that is extremely seasoned; they are great mentors and sounding boards.”

Collaborative board building also signals trust. Owners who are “very open in terms of board composition” demonstrate respect for the CEO’s judgment, strengthening the partnership foundation. One CEO appreciated that “the PE fund asked me what chairman of the board I would prefer”—a gesture that increased confidence in the relationship.

What’s missing: Board quality and composition was placed among the top-two improvement needs by 13%, who noted lack of relevant industry expertise and operational experience aligned with the company’s specific objectives. Alignment suffers when boards are populated primarily by finance-focused representatives lacking “real-world” management experience. Without professional board members, one CEO warned, owners risk “doing more harm than good.”

CEOs were clear about what’s needed: boards require “more industrial competence if alignment is the goal.” The prescription: “appoint board members who have run their own companies and have experience in the industry”—operators who

understand execution, not just deal professionals who understand finance. Expertise earns the right to advise. But advice only lands when delivered through relationships built on trust.

KEY FINDING: Expertise shows the largest gap between what CEOs need and what they receive. The net negative score makes this PE's greatest differentiation opportunity.

3. Transparency and Engagement

Trust is built through transparency and consistent interaction—or eroded by their absence. Communication and relationship dynamics were ranked by 37% of CEOs among their top-two positive factors (reflecting unique CEO mentions across both subthemes), while 29% placed this among their top-two improvement needs. How owners and CEOs interact matters as much as what they discuss.

3.1. Transparency and Open Communication

What works: Transparency and openness was placed among the top-two positive factors by 16% of CEOs. The requirement: “honesty about the current state of the business and intentions for future direction.” Preventing surprises keeps management and owners aligned. “Communication and transparency are one of the most important parts—that is what lays the foundation for trust,” one CEO emphasized. Another put it more directly: “Open, clear transparency is alpha and omega.”

CEOs valued owners who have been “very responsive, inclusive, and transparent,” particularly those demonstrating “total transparency around their financial models, which is key to governance.” Beyond financial openness, CEOs appreciated “clarity in what creates value,” ensuring alignment on the strategic priorities that drive success. One described the ideal state: “There is no reason to hold back anything for the other parties.”

What’s missing: However, 15% placed deficits regarding openness and transparency among their top-two improvement needs. They emphasized the need for honest feedback and “playing with open cards,” noting that guarded interactions hinder rapid problem-solving. CEOs wanted “a more honest setup from the owner—what is the game plan” and asked owners to “be more predictable and transparent.” The message: “Information exchange and transparency must always be worked on... this is what builds trust.”

3.2. Consistent Engagement and Personal Connection

What works: Consistent communication through weekly meetings or check-ins was placed among the top-two positive factors by 25%. Many high-performing partnerships implement a “Troika” structure—a core weekly or biweekly dialogue between the CEO, Chairman, and lead PE partner, often joined by the CFO. “I have continuous conversations with the chairman at least once a week,” one CEO explained. “It gives rise to a close dialogue that prevents surprises.” This structured informality creates space for issues to surface before they escalate.

Beyond frequency, interaction quality matters. CEOs appreciated straightforward engagement—“no politics, no nonsense”—and emphasized that “availability is very important and creates trust.” This accessibility transforms formal governance into

genuine partnership. One leader noted, “Building personal relationships is extremely important. You need to be working with people that you want to spend time with.”

What’s missing: However, 17% placed insufficient trust-building beyond formal board meetings among their top-two improvement needs, emphasizing the need for site visits, informal dialogue, and genuine personal connection. Owners “could have been closer to the management and been available when needed,” offering “accessibility instead of control.”

CEOs also highlighted the importance of owner visibility beyond the boardroom: “It would have been good if they could be more visible for the whole organization, not just on the board.” Without these broader connections, partnerships remain transactional. Building trust requires time—“you must spend time on building trust to be able to accomplish something when it is about people.”

KEY FINDING: The “Troika” model—weekly dialogue between CEO, Chairman, and lead investor—emerged as a recurring best practice for building trust through consistent engagement. This structured informality enables issues to surface before they escalate.

4. Role Clarity and Respect for Mandates

Where does board oversight end and management execution begin? This boundary question defines effective PE governance. Autonomy and clear role boundaries were placed among the top-two positive factors by 24%, while 17% placed the need for clearer demarcation among their top-two improvement needs—a tension that defines many partnerships.

What works: The best partnerships from an alignment perspective feature owners who function as a “toolbox” rather than a taskmaster—providing resources and support without dictating execution. “They let us manage the business and did not enter into the operational domain,” one CEO observed. Another added, “I have been given the freedom to manage my assignment... they handed over clear responsibility and let me work in peace.” High-performing CEOs appreciate “freedom to operate within the owner directive” and “unconditional support” where owners don’t “meddle in things.”

What’s missing: Friction arises when owners become over-involved. One leader recalled “an army” of consultants “poking into the company” on the owner’s mandate at any given time. “The worst is when PE micro-manages and tries to use management as a pure implementing resource,” a CEO warned. This interference makes execution “damn near impossible”—time spent managing board interventions is time not spent managing the business.

The core issue is misplaced focus. CEOs observed that owners are “occupied with control” when “the board should be less occupied with control and more with strategy.” As another put it, “They have a tendency to interfere too much in the operational—we CEOs manage that.” When boards blur these lines, both governance and operations suffer. The solution: boards must “focus on what they are best at and let management focus on operations,” establishing “a stronger demarcation between operational and board questions.”

KEY FINDING: The best partnerships feature owners who function as a “toolbox” rather than a taskmaster—providing resources and support without dictating execution.

5. Financial Support and M&A Expertise

Capital and deal expertise round out the partnership. Financial support and M&A capabilities were placed among the top-two positive factors by 13%. Notably, financial support generated minimal critique (only 6% placed it among their top-two improvement needs)—when owners provide capital, they typically do so effectively.

What works: The critical resource is access to equity, acquisition capital, and specialized financial expertise. “Capital is the single most important effort,” one CEO noted. “They made it possible for us to use the entire balance sheet.” Their owner “is a support in everything having to do with M&A and financing”—demonstrating the breadth of financial partnership.

This M&A capability allows management to execute inorganic growth strategies with confidence that the board possesses the expertise to navigate complex deal structures. “There is a correlation between access to money and the ambitious business plan,” one leader explained, with owners providing the “economic foundation” necessary for development.

Beyond capital itself, CEOs valued the financial infrastructure PE brings: “Good bank contacts, get good financing on everything.” The acquisition committee model emerged as particularly valuable: “acquisition committee driving acquisition agenda. Committee is extremely valuable for generating our inorganic and structural growth.”

What’s missing: Only 6% placed financial support among their top-two improvement needs—but when capital fails, it can fail critically. One CEO described the cost of constraints: “We had the strategy, the team, and the market opportunity, but couldn’t move fast enough on acquisitions. Our competitors backed by deeper pockets consolidated the market around us.” Capital fuels the plan; incentives align the players. Yet notably, financial alignment ranks last among the drivers CEOs cite.

KEY FINDING: Financial support shows the highest net positive score, functioning as “table stakes” rather than differentiator. PE firms that excel at providing capital meet expectations; the real differentiation opportunity lies elsewhere.

6. Aligned Incentives

Financial structures should align management and investor interests—yet only 8% ranked this among their top-two positive factors, making it the least frequently mentioned driver. Like financial support, incentive alignment generated limited discussion (only 2% placed it among their top-two improvement needs), suggesting most partnerships handle it adequately.

Why does incentive alignment—theoretically PE’s foundation—rank last on the list of 6 drivers for alignment? Three explanations emerge. First, incentive structures are typically negotiated at deal inception, then fade into the background. Second, when incentives work, CEOs attribute success to the relationship, not the structure. Third, misaligned incentives may manifest as symptoms CEOs categorize elsewhere—micromanagement, short-termism, strategic disputes.

What works: When present, financial alignment creates what one CEO called “shared destiny,” ensuring management is compensated for value creation that aligns with investor goals. “Top management including myself had shared ownership with the PE firm. This created a strong incentive to align ourselves,” explained one leader. The result: “I agreed that I would be a significant owner in the company. This made us equal business partners.”

The design of incentive programs matters. One CEO emphasized “the art of designing incentive programs that are properly balanced.” Another highlighted the importance of extending alignment beyond the CEO: “Better financial incentives for staff that create alignment between owner and employee goals.” When both parties share in upside and downside, interests converge naturally. As one leader put it, “as co-owners of the company you are in the same boat and you have the same incentives to succeed.”

KEY FINDING: Aligned incentives rank last among cited drivers—not because they don’t matter, but because they’re typically handled at deal inception and then fade into the background. When incentives work, CEOs attribute success to the relationship, not the structure.

Closing the Alignment Gap: A Leadership Checklist

The data reveals where the gap is widest—but also where the opportunity is greatest. Only 36% of CEOs give top marks for alignment and trust, yet as our research shows, the three dimensions of owner-management collaboration—alignment and trust, provision of value-adding expertise, and governance efficiency—together explain one-third of value creation success.

We have identified six key drivers of alignment and trust based on the interviews with 352 portfolio company CEOs. Here is a summary leadership checklist of all six key drivers for unlocking value by closing the alignment gap.

1. Secure Strategic Clarity and the Co-Authored Plan

- **Co-create the value creation plan:** Joint owner-management strategic development builds consensus and shared ownership—without this co-authored foundation, alignment and execution suffer.
- **Provide clear owner directive:** Articulate a clear strategic agenda from the outset—CEOs need to know what the owner’s vision is, not wonder about fundamental objectives.
- **Maintain exit transparency:** Investors should share the timeline and exit strategy openly to prevent the “black box” problem that risks short-termism.

2. Add Industrial and Operational Expertise

- **Demonstrate sector knowledge:** Invest time to genuinely understand the business beyond Excel models—go beyond financial metrics to grasp market dynamics.
- **Professionalize the board:** Appoint members who have operated companies, not just analyzed them. Include a chairman who understands both operational realities and PE fund dynamics.
- **Balance finance with operations:** Complement deal expertise with real-world management experience—boards need operators, not just finance professionals.

3. Build Trust Through Transparency and Engagement

- **Practice radical transparency:** Be open about your strategy, timeline, and financial models—prevent any perception of hidden agendas. As one CEO put it: “Open, clear transparency is alpha and omega.”
- **Institute weekly “Troika” check-ins:** Establish open channels and frequent calibration through regular dialogue between CEO, Chairman, and lead investor to prevent surprises.
- **Invest beyond board meetings:** Build personal connections through site visits and informal dialogue—trust requires time and chemistry.

4. Respect Role Boundaries and the CEO Mandate

- **Define governance vs. operations:** Establish clear demarcation between board oversight and management execution.
- **Function as toolbox, not taskmaster:** Provide support without micro-managing—give CEOs the mandate to execute within the agreed strategy.

5. Provide Financial Support and M&A Capabilities

- **Ensure capital access for the plan:** Provide the financial foundation necessary to execute the value creation strategy—capital fuels ambitious plans.
- **Build M&A infrastructure:** Create acquisition committees and provide deal expertise so management can pursue inorganic growth with confidence.

6. Align Incentives for Shared Ownership

- **Structure shared ownership:** Ensure management has meaningful co-investment to create “shared destiny”—when both parties share upside and downside, interests converge.
- **Extend alignment beyond the CEO:** Design incentive programs that cascade through the organization, aligning owner and employee goals at all levels.

Reaching the 94% success rate requires excelling across all five central success themes—collaboration with owner representatives, CEO leadership, ambitious value creation plans, right people in right roles, and organizational ownership and implementation capabilities. Alignment comes first—not because it’s the largest driver of returns, but because it’s the most enabling. When the owner-CEO relationship works, the other four themes become achievable. When it fractures, nothing compensates.

About the Author

Alexander Asplund is the founder and CEO of Accance Business Advisory. He brings 30 years of experience in strategic and operational consulting, specializing in accelerating value creation in private equity since 2003. To date, Alexander has supported 50+ portfolio companies with growth, margin improvement, and transformation initiatives, and has led 120+ commercial due diligence engagements for 25+ private equity investors. His specialty is developing and accelerating full-potential value creation programs and securing strong alignment across owner representatives, management, and the organization to achieve ambitious business transformation and value creation objectives.

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Appendix: Summary of CEO Response Data

Percentages reflect unique CEO responses to “top-two positive factors contributing to alignment and trust” and “top-two improvement needs.”

Theme	Subtheme	Top 2 Factors	Top 2 Gaps
1. Strategic Clarity & the “Co-Authored” Plan	(Combined)	57%	35%
	1.1 Clear Owner Directive	42%	30%
	1.2 Collaborative Development	25%	11%
2. Value-Adding Expertise	(Combined)	35%	36%
	2.1 Industrial Expertise/Sector Knowledge	19%	28%
	2.2 Board Composition	19%	13%
3. Transparency & Engagement	(Combined)	37%	29%
	3.1 Transparency/Openness	16%	15%
	3.2 Consistent Engagement	25%	17%
4. Role Clarity & Respect for Mandates	(No subthemes)	24%	17%
5. Financial Support & M&A	(No subthemes)	13%	6%
6. Aligned Incentives	(No subthemes)	8%	2%

Note: Percentages reflect share of 352 CEOs who ranked each factor among their top-two responses. Combined theme percentages represent unique CEO mentions across subthemes. “Top 2 Factors” refers to top-two positive factors contributing to alignment and trust. “Top 2 Gaps” refers to top-two improvement needs.