

Unlock Value by Closing the Governance Gap

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

Key Message: Only 25% of portfolio company CEOs report top scores for governance efficiency provided by owner representatives—a gap that, in investment terms, translates to lost ROI and value at risk. Our study of 352 CEOs, the largest best-practice research of its kind in private equity, further shows that while another 30% characterize governance as “good,” it remains short of excellent. That means three out of four PE-backed companies have considerable 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. Effective governance serves as the operating system for this collaboration—structuring how boards function, how decisions flow, and how performance is monitored. Yet when governance 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 third dimension: governance efficiency.

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 Governance That Enables, Not Burdens: What do portfolio company CEOs need from governance—and where do owner representatives fall short? The answer reveals a critical tension: CEOs value structure and discipline but resist governance that becomes bureaucratic overhead. “Sometimes PE insert heavy duty reporting too fast,” one leader warned. “This kills the soul of the company.” Another observed: “There’s a risk of over-bureaucratizing and over-governing.” Yet when governance works, the impact is transformative. As a CEO described: “We became far more professional in our reporting and financial management—completely different governance, focused on value maximization.” The challenge lies in calibrating governance to enable execution rather than impede it.

Seven Dimensions of Effective Governance: By identifying seven key dimensions of governance efficiency, we provide a framework for closing that gap and unlocking the full potential of owner-management collaboration.

SEVEN DIMENSIONS OF EFFECTIVE GOVERNANCE

1 

**STRUCTURED
REPORTING & KPI
DISCIPLINE**

2 

**BOARD WORK &
MEETING STRUCTURE**

3 

THE TROIKA MODEL

4 

**BUSINESS PLAN
GOVERNANCE**

5 

**GOVERNANCE
CUSTOMIZATION**

6 

**MANDATE &
AUTHORITY CLARITY**

7 

**ESG & POLICY
FRAMEWORKS**

EXECUTIVE SUMMARY

Our research with 352 portfolio company CEOs reveals a governance paradox: while 42% rank structured reporting and KPIs among PE's top contributions, 22% identify over-reporting, governance burden, and KPI misalignment as a primary gap—making the balance between rigor and overhead the central governance challenge. Only 25% of CEOs report top scores for governance efficiency from owner representatives. 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 identifies seven key governance dimensions, quantifies where PE delivers versus falls short, and provides actionable recommendations for closing the gap.

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 contributed to effective governance and the “top-two” improvement areas. All percentages reflect unique CEO responses to these specific questions. The full research and methodology are presented in *The Private Equity CEO Playbook*.

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.

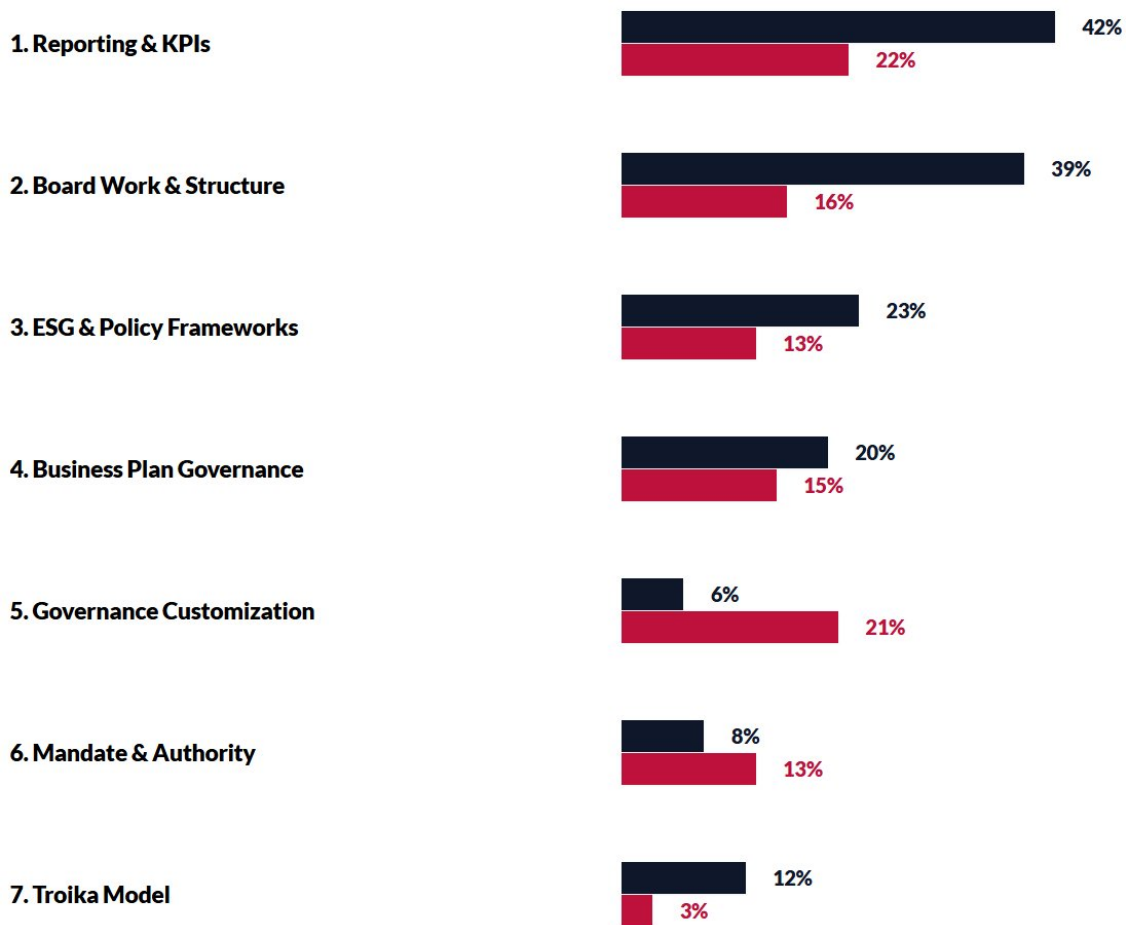
Quantified Cause-and-Effect—A Repeatable Formula: The experiences of 352 CEOs distill the systematic behaviors that drive success. The root-causes of underperformance are systematic, and the gaps can be closed by actionable behavioral shifts. Our data reveals a repeatable formula: quantifiable cause-and-effect 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*.

The Governance Challenge

■ TOP 2 CONTRIBUTION % ■ TOP 2 GAPS %



1. Structured Reporting and KPI Discipline

The first driver—and PE’s defining governance contribution—centers on structured reporting, KPI frameworks, and performance monitoring. 42% of CEOs cited this category among their top-two governance contributions, while 22% identified it as a top-two gap—making it both PE’s greatest governance strength and its most significant risk area. This represents private equity’s core operating discipline, the mechanism through which firms track value creation progress.

1.1. KPI Frameworks and Financial Monitoring

What works: For 22% of CEOs, structured KPI frameworks ranked among their top-two governance contributions. “They have a very clear and structured methodology to work out key figures and follow up on them,” one executive shared. “Everyone gets a sense of constantly checking where we lie relative to the key figures, which sets a high tempo.” Another appreciated: “Fact-based follow-up—board work. Shows clear KPIs, objective performance follow-up. Fair, factual, and professional.”

The discipline extends to operational improvements. “We started measuring profitability in a different way—per product, which we didn’t do before,” one leader noted. Another described the transformation: “We work far more efficiently financially today. We work more with KPIs. We’ve achieved more effective financial management.” The professionalization creates lasting capability. As one CEO put it: “The overall economic steering has become better with more complete reports and better analyses.” A veteran executive noted: “We steered the company with few but critical KPIs—there were extensive analyses behind them, but it isn’t the details that change a company’s direction. What matters is that people understand when things are going well and when they aren’t.”

What’s missing: However, 11% identified over-reporting and excessive detail among their top-two concerns. “Sometimes PE insert heavy duty reporting too fast,” one warned. “This kills the soul of the company.” Others noted: “System with so detailed reporting reminds of micromanagement.” One CEO was direct: “A tendency to focus too much on reporting that doesn’t really matter.” The balance is delicate: “Less focus on economic reporting and more focus on the business.”

A portfolio company leader articulated the core issue: “It’s important to constantly consider the value of the information being produced, so you don’t end up generating information for information’s sake.” Another CEO observed that PE governance models tend to be “very focused on financials and the balance sheet, and not always on the leading KPIs that actually drive the development you want. They should work with leading KPIs instead of lagging ones.” The most colorful critique came from a CEO who wanted “people acting as sounding boards rather than Excel ninjas.”

1.2. Monthly Reporting and Business Intelligence

What works: For 28% of CEOs, professionalized monthly reporting ranked among their top-two contributions. “In general, reporting, prediction, business intelligence, and cash flow optimizing increased under the ownership,” one leader noted. Another described: “Framework on how we report and control the business. There’s a very firm P&L, monthly results, cash flow. Made a very tight governance program around it.” One CEO described the acceleration: “Monthly results went from being delivered two weeks late to three days. That’s the kind of financial discipline that changes how you steer a company.” The reporting investment creates visibility: “You can always see where things have gone well and where there are things to do.”

What’s missing: However, 12% noted reporting burden as an improvement area. “Much of this just became a lot of work for us,” one observed. Another CEO described the cost: “Reporting has been a double-edged sword. On one hand, it takes a tremendous amount of time from operations. On the other, it forces the management team to go back to their KPIs and reflect on how we’re performing.” The prescription: reporting should serve management insight, not just owner oversight. One executive warned against “reporting for reporting’s sake” rather than business value.

KEY FINDING: Structured reporting and KPI discipline is PE’s core governance contribution—but also its most significant risk area. The difference between value-adding and value-destroying reporting comes down to selectivity: CEOs value “few but critical KPIs” that drive behavior, not comprehensive dashboards that consume management bandwidth.

2. Board Work and Meeting Structure

The second driver addresses how boards function—the structure, cadence, and quality of board meetings. 39% of CEOs ranked board work among their top-two governance contributions, while 16% identified it as an improvement area. This favorable ratio reflects PE’s general competence in board governance, though meaningful optimization opportunities remain.

2.1. Structured Board Meetings

What works: For 28% of CEOs, structured and professional board meetings ranked among their top-two contributions. “Board work, very structured with an annual agenda,” one executive noted. Another valued: “Structured board meetings with a clear agenda. We also had pre-meetings to bring better order to board meetings.” The professionalization extends to preparation: “Good structure on annual calendar for board meetings. I know what questions are addressed when.”

CEOs appreciated boards that elevate strategic dialogue. “They contributed to effective board work that focuses on the right things,” one noted. “The reporting is adequate for the company’s situation and feels relevant.” Another observed: “Quality of board work has increased substantially. More strategy-oriented rather than operational.” A seasoned CEO reflected on the evolution: “Board work is extremely important—earlier when we were a smaller company, board processes could have slowed us down. Now they serve a developmental role for the company.” The structure creates accountability: “The formalization of reporting and board meetings drives a certain discipline throughout the organization.”

What’s missing: However, 9% identified board focus as an improvement priority. “Boards that are too reporting-focused rather than strategic,” one observed. Another wanted boards “less occupied with control and more with strategy.” One CEO was pointed: “Can sometimes be too many PowerPoint slides filled with text. I want simple slides focused on what matters most, so we don’t get lost in a sea of information.” The critique: some boards become monitoring functions rather than advisory bodies. “Challenge and advise rather than just monitor,” one CEO prescribed.

2.2. Board Composition and Quality

What works: For 14% of CEOs, board composition ranked among the top-two governance contributions. “They appointed industrial, external and independent board members which lifted our company,” one shared. Another appreciated having “a good external chairman—industry-savvy and straightforward. He also shows himself to the rest of the organization, which creates engagement among the employees.” One CEO acknowledged: “We would not have had such high-caliber representatives on the board without the PE owners.”

A portfolio company leader was candid about the distinction that matters: “PE people are skilled, but they don’t know what it means to run a company operationally. In this case, they recognized that and brought in a chairman with executive experience from many different companies.” The collaborative approach signals trust: “They chose a competent board with good expertise—perhaps not exactly our business, but strong in many general areas. The dialogue is open; everyone gets space. It’s not the PE firm that controls everything.”

What’s missing: However, 9% identified board composition gaps among their top-two concerns. “One PE appointed no external board competence—only owner representatives who were skilled investment bankers but had never managed a company,” one noted. Another CEO wanted renewal: “They could have contributed new knowledge. We’ve been running on the same track, and I believe new knowledge and new methods could have made our governance model more effective.” The prescription: boards need operational experience alongside financial expertise. “Appoint board members who have run their own companies and have experience in the industry.”

KEY FINDING: Board work represents one of PE’s strongest governance contributions, yet a clear opportunity remains: shifting boards from monitoring functions to strategic advisory bodies. The most effective boards combine financial expertise with operational experience—“less occupied with control and more with strategy.”

3. The Troika Model

The third driver represents a distinctive PE governance innovation: the Troika model of weekly or bi-weekly dialogue between CEO, Chairman, and lead investor. 12% of CEOs ranked this structure among their top-two governance contributions, while only 3% identified it as an improvement area—making it one of the most positively rated governance mechanisms.

What works: The Troika creates structured informality that enables issues to surface before they escalate. “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.” One executive described the format precisely: “The Troika is a ‘committee’ where the chairman, CEO, and partner-in-charge speak at a fixed time once a week. The meeting is semi-informal—no long minutes—which makes the organization more agile.” Another valued: “Weekly meetings with the owner—not lots of long minutes but a close dialogue.” The format matters: “Very short decision paths with PE firms. Decisions are a phone meeting away.”

The model’s power lies in its agility. “The Troika model works fantastically well,” a CEO shared. “You can have a miniature board where you’re very nimble and make big decisions flexibly.” Another described the decisive character: “Troika meetings are highly effective. I’d say it’s where the crucial decisions are made—the ones that aren’t taken in the boardroom.” A third CEO valued the alignment it creates: “Troika meetings work brilliantly. The frequent, close contact creates alignment and makes it much easier to make fast decisions.”

CEOs emphasized the relationship benefits. “Building personal relationships is extremely important. You need to be working with people that you want to spend time with,” one noted. Another appreciated: “Availability is very important and creates trust.” A portfolio company leader captured the model’s practical power: “Being able to make big decisions on a weekly basis, removing the bureaucracy around it and being fast—that’s the Troika’s strength. It’s a 30-minute phone call at a fixed time each week between chairman, owner representative, and CEO. Not a formal agenda, but quite informal—you bounce problems off each other without having to have thought everything through.”

What’s missing: However, 3% identified Troika-related concerns. One issue: scope creep. “More and more people were added to the call, and sometimes there were 7–8 people instead of 3,” one CEO noted. Others experienced calls that became reporting sessions rather than strategic dialogue. One CEO reflected with frustration: “Every year for seven years, we said ‘we should have monthly Troika meetings’—and in seven years we’ve only had five in total. They were always deprioritized.” The prescription: maintain the Troika’s intimate, trust-based character. “The most important thing is the competence they add as a sparring partner.”

KEY FINDING: The Troika model—structured weekly or bi-weekly dialogue between CEO, Chairman, and lead investor—is one of PE’s most positively rated governance innovations. When implemented well, it creates “very short decision paths” and “prevents surprises” through consistent, informal engagement. The model’s value lies in its intimacy; it breaks down when too many participants are added.

4. Business Plan Governance

The fourth driver examines how value creation plans are governed throughout the investment period—the processes for setting, tracking, and adjusting strategic plans. 20% of CEOs ranked this among their top-two governance contributions, while 15% identified it as a top-two improvement area.

4.1. Value Creation Plans

What works: For 15% of CEOs, structured value creation planning ranked among their top-two contributions. “The structured value creation plan—rigid and fact-based—becomes the map to work from during the journey,” one executive shared. Another appreciated: “The level of detail in the business plan was absolutely an important thing they added.” The investment in planning creates alignment: “If one has alignment about the strategy, all tactical decisions are solely a consequence.”

CEOs valued plans that translate vision into action. “We jointly developed a business and strategy plan where there was a strong commitment from management to deliver,” one recalled. Another described the impact: “The business plan was excellent and contributed enormously. They helped us determine how to follow up and provide feedback.” One CEO appreciated the pace: “We were quite quick during the first six months to build a clear value creation plan, which has helped us along the way.” The development of the business plan itself was valued: “It creates a more concrete plan to reach the goal—much easier to follow up and determine which actions and activities are needed.”

What's missing: However, 11% identified business plan rigidity among their top-two concerns. “Certain decisions that were right a year ago are not so now, and we could have been faster at making necessary changes,” one observed. Another wanted: “From a strategic perspective, look further ahead than only three years.” A CEO captured the tension with precision: “Reality moves faster than the boardroom, plain and simple.” Plans must remain living documents. As one CEO noted: “PE talks about 3 years, but 5 years is more realistic for long-term thinking in a PE context.”

4.2. Strategic Follow-up

What works: For 7% of CEOs, systematic strategic follow-up ranked among their top-two contributions. “Setting the principles regarding long/short-termism early in a relationship” matters, as does the ability to “define the strategic direction and make priorities rather than trying to do everything at the same time.” One leader described the systematic approach: “The owner presented a strategy that was evaluated and followed up against strategic objectives. You need to be clear about how much risk you’re willing to take to achieve leverage further down the line.” Another appreciated: “Helping the CEO and management to lift their gaze—that is important from an owner perspective.”

What's missing: However, 4% identified insufficient strategic agility as a concern. “No direction at all given from the main owner. Are we expected to grow? Be profitable? What?” one noted. The core request: CEOs need ongoing strategic clarity, not just an initial plan. “There was no understanding that the company needed a long-term plan.” One CEO wanted more dynamic engagement: “When developing the business plan, spend more time in workshop format with the board—don’t treat it as a reporting checkpoint but go deeper into the work. After all, it should last 2-3 years.”

KEY FINDING: The central tension in business plan governance is balancing plan discipline with strategic agility. Value creation plans must remain “living documents” that adapt to changing circumstances rather than rigid frameworks that prevent necessary course corrections. As one CEO put it: “Reality moves faster than the boardroom.”

5. Governance Customization

The fifth driver addresses a critical governance challenge: adapting governance frameworks to company-specific contexts. Only 6% of CEOs ranked customization among their top-two contributions, while 21% identified it as a primary gap—making it the dimension with the most unfavorable ratio in our study.

What works: When governance adapts to context, CEOs notice. One CEO valued the thoughtful approach: “They didn’t use a one-size-fits-all governance model but adapted the model to our company.” Another emphasized the principle: “It must be situation-adapted. It mustn’t be too prescriptive; there must be room for the CEO to have some freedom. If the company already has a functioning management team, they don’t need a toolbox sent to them—it’s already in place.”

The best partnerships feature flexible frameworks. “They adjusted the governance model to the financial situation the company was in,” one CEO shared. “The model was not too strict and had room for changes and adjustments.” Another noted the practical balance: “The model is the same, but the content becomes very company-specific.” The result: effective governance without unnecessary burden.

What’s missing: However, 21% identified one-size-fits-all governance as a primary concern—making this the largest gap relative to contribution in our study. “There’s a risk of over-bureaucratizing and over-governing,” one CEO warned. Another was more pointed: “The governance model isn’t adapted to our business but to the other portfolio companies—you’re just applying control to the wrong things.”

The critique was specific and recurring. “Governance appropriate for a billion-dollar company was imposed on our smaller operation,” observed one leader. Another noted: “A well-proven model, but it could have been shaped more to our specific company. Not much time was spent receiving our thoughts and wishes.” One CEO described the mismatch vividly: “They tried to make an ABB out of a small company—it became far too much administration.” Another asked for realism: “The governance model needs to be adapted to reality—you can’t assume you can do things the same way in other countries as in Sweden.”

The prescription is clear: governance must scale to context. “Understand that different companies need different approaches,” one CEO advised. Another noted: “What works for a portfolio company doing an IPO prep is very different from what a turnaround needs.” As a CEO put it: “Adapt governance to the respective company instead of trying to adapt the companies to your governance.”

KEY FINDING: Governance customization emerges as PE’s clearest governance blind spot. One-size-fits-all governance—imposing standardized templates regardless of company maturity, size, or industry context—is the most frequently cited concern relative to its perceived contribution. As one CEO advised: “Adapt governance to the respective company instead of trying to adapt the companies to your governance.”

6. Mandate and Authority Clarity

The sixth driver addresses a fundamental governance question: where does board oversight end and management authority begin? 8% of CEOs ranked mandate clarity among the top-two contributions, while 13% identified it as a top-two improvement area.

6.1. Clear Mandates

What works: For 5% of CEOs, clear mandate definition ranked among the top-two contributions. “They let us manage the business and did not enter into the operational domain,” one observed. Another valued: “I have been given the freedom to manage my assignment... they handed over clear responsibility and let me work in peace.” The best partnerships establish boundaries upfront: “It means that we as management can continue managing operations on our own with professional support.”

One CEO described the clarity with appreciation: “They were extremely clear that the CEO has a heavy mandate. I was completely autonomous, no overseer, but had a Troika that was always available.” Another captured the enabling philosophy: “Set clear boundaries and then let management run the business within those boundaries. Management must also have the mandate to make their own decisions.” A third reflected on the quality of separation: “They’re good at distinguishing between board and management, which otherwise easily gets blurred.”

What’s missing: However, 7% identified mandate confusion as a priority concern. “The owners had difficulty separating ownership and management. They tried to poke into the operational without having any knowledge,” one noted. Another observed: “Very important that the CEO should be able to be transparent but at the same time preserve his operative mandate.” A CEO articulated the challenge: “You need a clearer division—a clear separation of who does what, and then you have to stick to that separation without others interfering in areas they’re not responsible for.”

6.2. Delegation Boundaries

What works: For 4% of CEOs, clear delegation boundaries ranked among the top-two contributions. “They are engaging strategically, but have a deep understanding about not becoming part of the day-to-day management,” one noted. Another appreciated: “Freedom to operate within the owner directive” and “unconditional support.” A particularly insightful CEO valued: “The owner representatives recognized their limitations regarding the organization and didn’t meddle in the wrong things—they left it to the CEO and the chairman.”

What's missing: However, 6% identified boundary violations as concerns. “The worst is when PE micro-manages and tries to use management as a pure implementing resource,” one warned. Another noted: “They have a tendency to interfere too much in the operational—let us CEOs manage that.” One CEO articulated the level issue: “PE must stay at the right strategic level and not become overly detailed. Management should handle the details.” The prescription: “Focus on what they are best at and let management focus on operations.”

KEY FINDING: The central tension in mandate clarity is balancing board engagement with operational autonomy. Effective owners function as a “toolbox” rather than a taskmaster—providing strategic resources and support without crossing into day-to-day management. When boards blur these boundaries, both governance and operations suffer.

7. ESG, Structural Capital and Frameworks

The seventh driver addresses ESG, structural capital, and policy frameworks. 23% of CEOs ranked this among the top-two governance contributions, while 13% identified this theme as a prioritized improvement area.

7.1. ESG Implementation

What works: For 10% of CEOs, ESG governance support ranked among the top-two contributions. “Great competence within ESG which we in the company did not have—they lifted sustainability work to a new level,” one shared. Another valued: “Our owner is very good at sustainability, and they have a person working full time with their portfolio companies.” One CEO noted how ESG fills gaps that entrepreneurial founders overlook: “Things one easily forgets as an entrepreneur—equality issues, for example. We had always just hired the best person but hadn’t put in the effort for diversity until the PE owner came in with structures and methods.”

The most important contribution was often foundational. “The single most important thing was that they helped us implement an ESG plan,” one CEO stated. Another described the comprehensive approach: “Focus on ESG—sustainability, ethics, anti-corruption, environment. We received good models from the PE firm.” The contribution extends to practical implementation: “The compliance part—they’re very good at structuring all the things you need to comply with. The owners have a kind of package they implement across their portfolio companies.”

What’s missing: However, 2% identified ESG implementation burden as a concern. “ESG requirements came fast and required significant internal resources,” one noted. The prescription: ESG governance should enable, not overwhelm. “Support implementation, don’t just mandate it.”

7.2. Structural Capital & Policy Frameworks

What works: For 15% of CEOs, professionalized structural capital and policy frameworks ranked among the top-two contributions. One CEO described: “They contributed with work around something we call the value creation toolbox—structured approach to how one realizes the company’s potential.” Another valued: “Ready-made good templates—simple structure” and “PE has a fine model that they use on all their portfolio companies.” A leader noted the comprehensive package: “Standardized processes—ethical code of conduct, other types of regulations, whistleblower systems. Simple templates for how to do certain things that improved the company.”

The governance professionalization created a lasting legacy. “Their program for creating a professional company has been very positive,” one CEO reflected. “Getting a professional organization with reporting and order—things the three founders perhaps didn’t care about but that are critical in PE because it will be sold one day.”

What's missing: However, 10% identified lack of structural capital as a concern. "Absence of processes—would be simple to fix," one noted. Others wanted more systematic knowledge transfer: "Even larger exchange between the portfolio companies." The opportunity lies in more deliberate deployment of institutional knowledge across the portfolio.

KEY FINDING: PE firms generally deliver well on ESG and structural capital—providing frameworks, expertise, and professionalization that many portfolio companies lack internally. The primary opportunity lies in supporting implementation rather than just mandating requirements, and in sharing best practices more systematically across portfolio companies.

Closing the Governance Gap: A Leadership Checklist

Our interview data reveals where PE delivers distinct governance value and where there are improvement potentials. While 42% ranked structured reporting and KPIs among their top-two contributions, 21% identified governance customization as a primary gap—revealing that one-size-fits-all governance remains PE’s clearest governance blind spot.

We have identified seven key dimensions of governance where PE can add value to enhance the owner-management collaboration. Based on the interviews, here are actionable recommendations for closing the gaps in each.

1. Right-Size Reporting and KPI Frameworks

- **Deploy structured methodology selectively:** Implement KPI frameworks that drive behavior, not just measure outcomes—“leading KPIs rather than lagging.”
- **Avoid over-engineering:** Balance rigor with pragmatism—excessive reporting burdens management without adding value.
- **Focus on what matters:** CEOs value “few but important KPIs” over comprehensive but overwhelming dashboards.

2. Optimize Board Work and Meeting Structure

- **Establish clear annual agendas:** Structure the board year with themes for each meeting—“what questions are addressed when.”
- **Prioritize strategy over reporting:** Boards should challenge and advise, not just monitor—“less occupied with control and more with strategy.”
- **Professionalize board composition:** Balance financial expertise with operational experience—“board members who have run their own companies.”

3. Implement the Troika Model

- **Establish the Troika dialogue:** Regular 30-minute calls between CEO, Chairman, and lead investor prevent surprises and enable rapid decisions.
- **Maintain intimacy:** Resist scope creep—the Troika’s value lies in its small, trusted format.
- **Use for strategic dialogue:** The Troika is for issues and ideas, not formal reporting —“not lots of long minutes.”

4. Create Living Business Plans

- **Co-create value creation plans:** Joint owner-management strategic development builds consensus and shared ownership.
- **Build in strategic agility:** Plans must adapt to changing circumstances—avoid rigidity that prevents necessary course corrections.
- **Provide clear owner directive:** CEOs need to know the owner’s vision, not wonder about fundamental objectives.

5. Customize Governance to Context

- **Adapt to company maturity:** Governance appropriate for an IPO prep differs from turnaround requirements.
- **Scale to company size:** Avoid imposing enterprise governance on smaller operations.
- **Recognize industry context:** Different sectors require different governance approaches—“adapt governance to the respective company instead of trying to adapt the companies to your governance.”

6. Clarify Mandates and Boundaries

- **Define roles early:** Establish clear boundaries between ownership, board, and management from day one.
- **Respect operational autonomy:** Engage strategically while understanding “not becoming part of the day-to-day management.”
- **Function as toolbox, not taskmaster:** Provide support without micro-managing—give CEOs the mandate to execute.

7. Enable ESG, Structural Capital and Frameworks

- **Support implementation:** Don't just mandate ESG requirements—provide resources and expertise to deliver.
- **Share best practices:** Deploy institutional knowledge systematically across the portfolio.
- **Balance rigor with pragmatism:** Policy frameworks should enable execution, not create bureaucratic burden.

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. Governance efficiency enables progress across multiple themes simultaneously. When governance works—structured yet adaptive, rigorous yet pragmatic—it becomes invisible infrastructure that enables execution. When governance becomes overhead rather than enablement, substantial value is at risk.

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 ways owner representatives contributed to effective governance” and “top-two improvement needs.”

Theme	Subtheme	Top 2 Contributions	Top 2 Gaps
1. Reporting & KPIs	(Combined)	42%	22%
	KPI Frameworks	22%	11%
	Monthly Reporting	28%	12%
2. Board Work & Structure	(Combined)	39%	16%
	Board Meetings	28%	9%
	Board Composition	14%	9%
3. Troika Model	(No subthemes)	12%	3%
4. Business Plan Governance	(Combined)	20%	15%
	Value Creation Plans	15%	11%
	Strategic Follow-up	7%	4%
5. Governance Customization	(No subthemes)	6%	21%
6. Mandate & Authority	(Combined)	8%	13%
	Clear Mandates	5%	7%
	Delegation Boundaries	4%	6%
7. ESG, Structural Capital and Frameworks	(Combined)	23%	13%
	ESG Implementation	10%	2%
	Structural Capital	15%	10%

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.