Deloitte.

Catching the wave
The role of PE portfolio CFOs in maximising value on exit

Deloitte Private Equity

Winter 2025

Foreword

I love to surf. As a beginner, I'm not elegant. Catching the waves is tricky and standing up and staying up for more than twenty seconds has so far eluded me. My family and the creatures of the deep blue sea would agree – I need more practice.

Recently, I've been considering an altogether different kind of wave – an anticipated surge in PE exits which has shaped this, our fifth PE portfolio CFO report. This research looks at the important role that CFOs can play in maximising exit value at a time when PE investors and portfolio management teams adapt to the end of an era of cheap credit, a challenging market context, and increasing pressure to distribute returns to investors.

In the face of this we see a perfect storm, as the impending wave of exits comes after a prolonged lull in the market, meaning many CFOs lack the first-hand experience that is so critical to their ability to lead their businesses through an exit process.

What role does the CFO play in delivering a successful exit? What skills and experience do you need to be able to deliver this? Here we address these questions so that you can prepare and be ready to catch, and make the most of, your exit wave when it arrives.

Emma Cox
Global Private Equity Leader

OK, I'm no surfer but I share Emma's excitement about the opportunity for portfolio CFOs – both in terms of the value that can be created for investors and professionally, for those individuals to build exit experience.

In the course of developing this report together with my global colleagues, we have spoken with more than 200 CFOs, CEOs, Operating Partners and PE investors from 18 countries and what they've told us will be valuable reading for any PE portfolio CFO regardless of experience. What I loved about these conversations is the openness of seasoned exiters in speaking of the multitude of challenges involved. Much like the big surf, it's not for the faint hearted but for those that get it right, the experience is highly rewarding, and certainly adrenaline charged!

Today's market context means that deal processes have never been so complex and protracted, nor the valuation gaps so wide. If we're sticking with surfing metaphors, conditions are altogether more gnarly.

CFOs with exit experience will be highly sought after. Those without will have a brilliant opportunity to build valuable credentials. Whichever you are, I hope you find this report useful.

Finally, thank you to all the leaders who have shared their valuable insights in this research.

Chris Donovan
UK Head of Private Equity Portfolio and PE Exits Leader

Contents

Executive summary

What should portfolio CFOs be doing to ensure that they are in a position to maximise exit value? In this report, we highlight and expand on the following four themes and the implications and opportunities for investors and portfolio company management teams.

1. A lack of exit experience among CFOs following from the low volume of deal activity over recent years. This is creating a potential skills gap at a time of increasing demand for exit expertise in anticipation of a surge in deal activity.
2. While the Finance function is critical to value creation, it is often immature in the businesses that PE investors inherit, with significant gaps in the specific capabilities needed to drive value.
3. CFOs have a critical role to play in exits. Their ability to do so is underpinned by early preparation, and the systems and processes put in place ahead of time.
4. PE investors and portfolio management teams need to seek out opportunities to support their CFOs and Finance teams. This includes helping to nurture and develop the relevant skills and expertise within their Finance function, as well as implementing the systems and processes to help maximise value within the business.

"As a CFO, you have a leading role in an exit, so you have to know your business inside out. Furthermore, you should have a good relationship with your stakeholders.

You are not only selling the business but also the management team, so you need to show accountability to the potential buyer – joint interest of the team members is essential for success!"

CFO

Executive summary

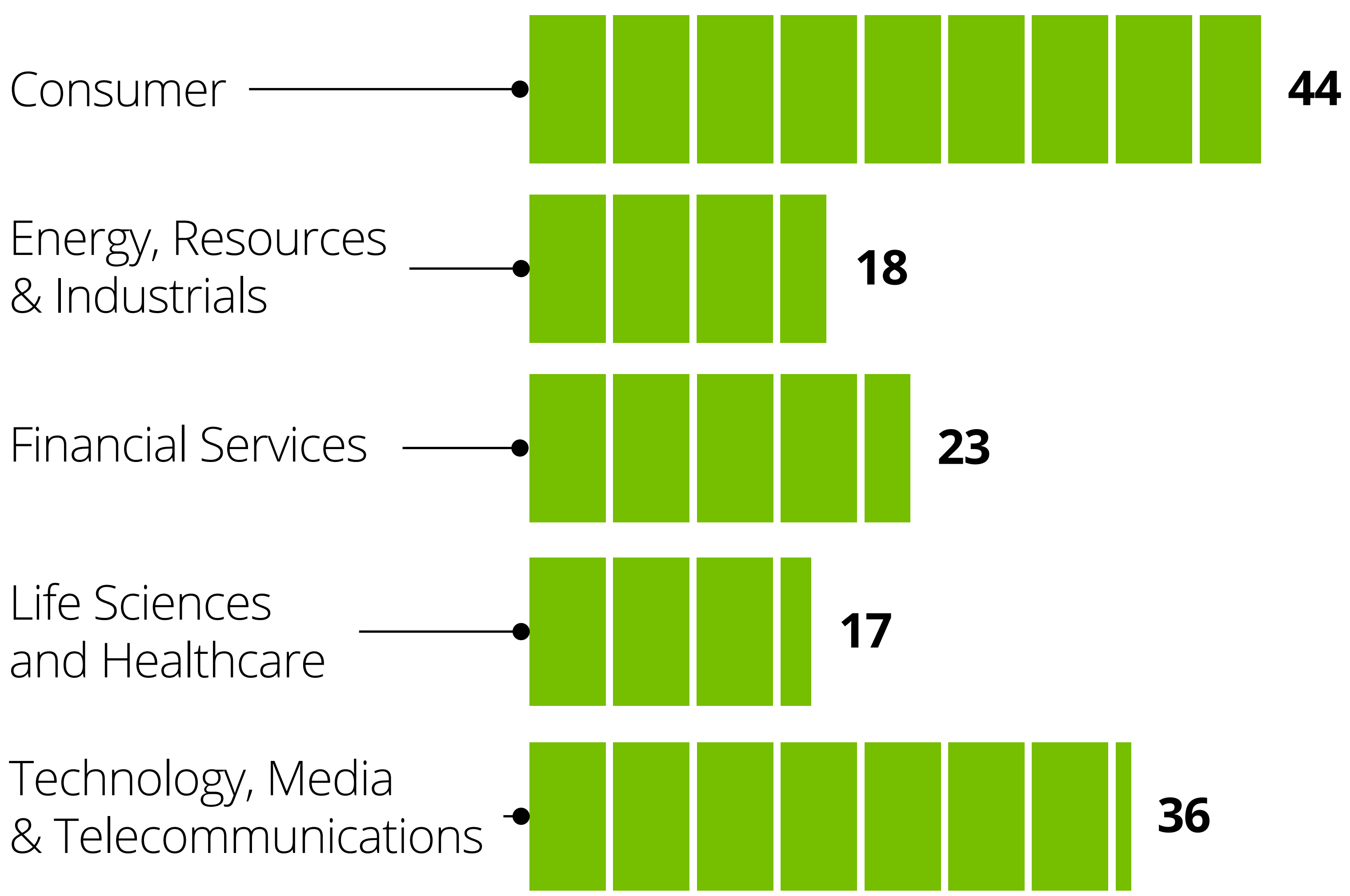
Throughout 2024, we have conducted over 200 one-to-one interviews with CFOs and CEOs of PE portfolio companies, as well Operating Partners and Deal Team members from both large cap houses and mid cap regional investors around the globe.

213
Interviews

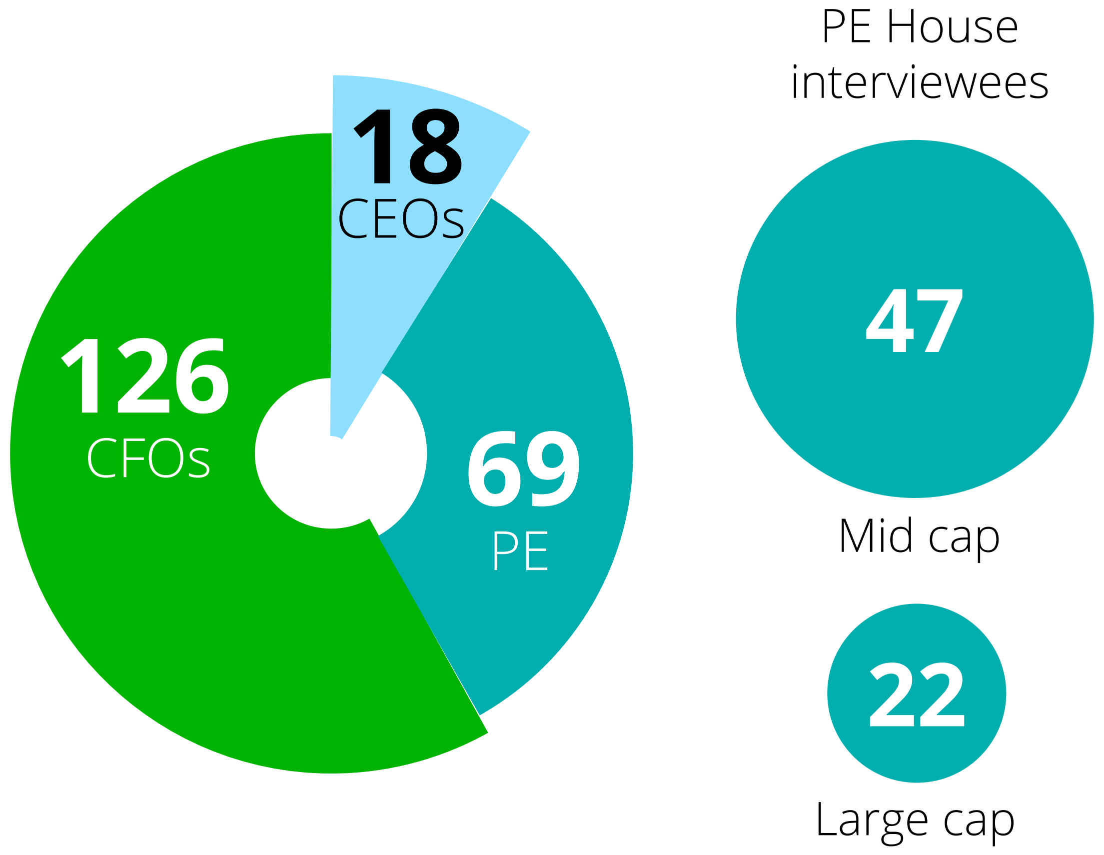
18
Countries

138
Portfolio companies

Portfolio companies by Industry



Interviewees



4 years 3 months
Average PE investment

Unless otherwise specified, all references to the findings from this survey are based on the 213 responses completed as of 15 January 2025..

In writing this report, selected analysis of survey responses was done in collaboration with PairD (pronounced “Paired”) – the in-house Generative AI platform created by our colleagues in the Deloitte AI Institute™ UK.

Riding the crest of the wave

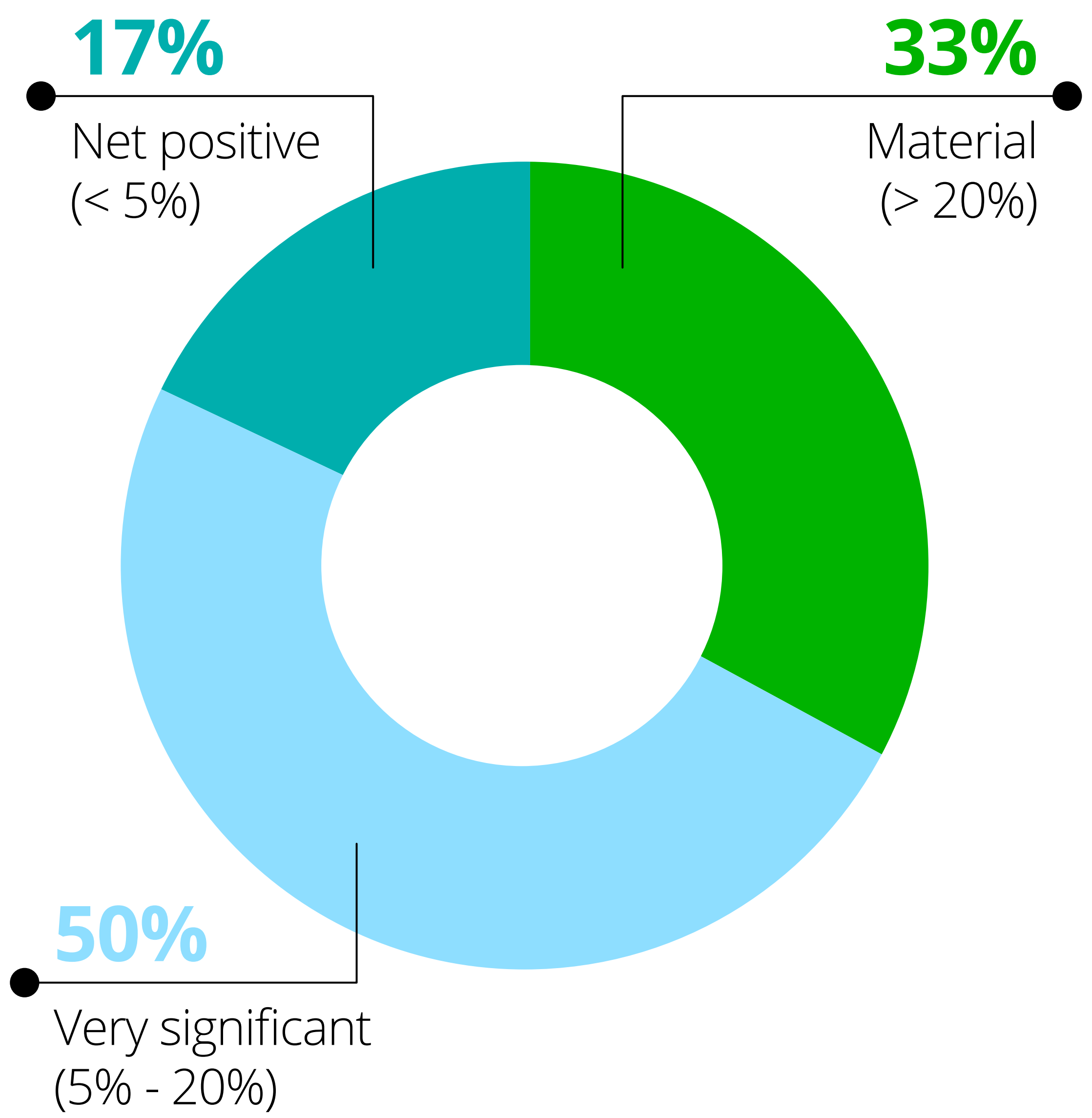
Good CFOs boost enterprise value

Riding the crest of the wave

Good CFOs boost enterprise value

Stakeholders recognise the importance of a skilled CFO to ride the crest and make a positive impact on enterprise value through the choppy waters of today's markets. One third of respondents believe that the positive impact of the CFO could be as high as 20% or more of the value realised on exit. A further half suggest an uplift between 5% and 20%. CEOs tend to take the most bullish view – nearly half believe the uplift could be 20% or more.

How much can a good CFO positively impact the value realised on exit?



Source: Deloitte survey as of 15 Jan 2025 (n=213)

PE perspectives

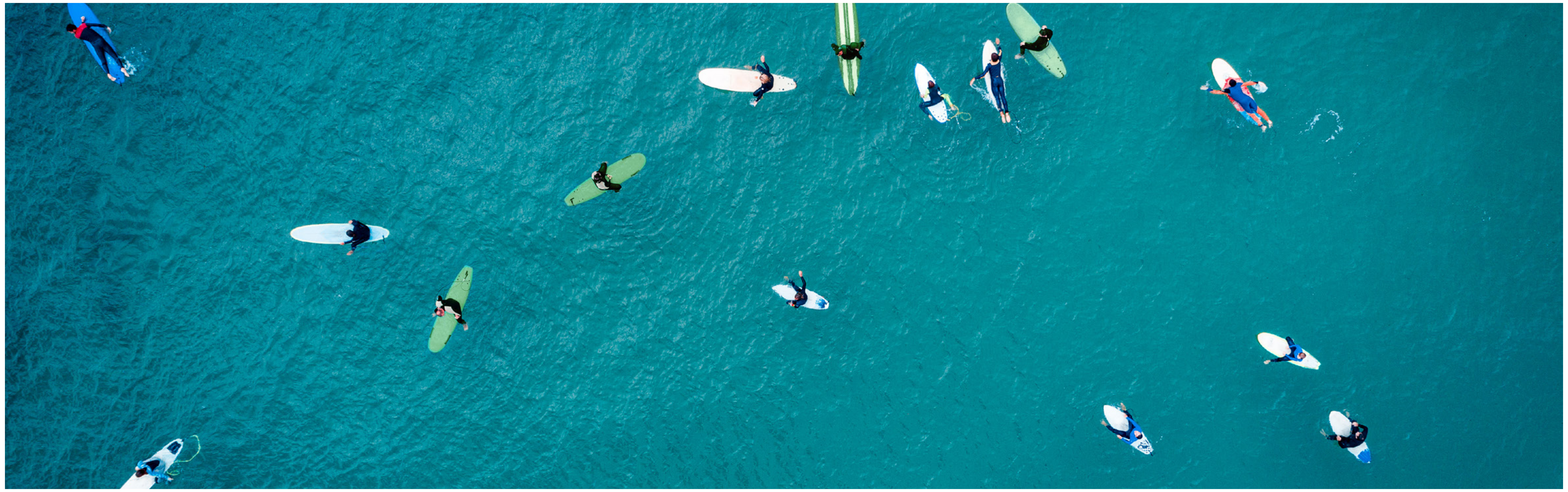
PE investors highlight the importance of a CFO in protecting against value erosion – ensuring a strong control environment, compliance, and mitigating risks within the financial and reporting processes, as well as across the business more broadly. However, they also recognise the critical role of the CFO in driving value creation, particularly in relation to partnering with the business and providing data-driven insight to drive better, faster decision-making and performance.

Many acknowledge the higher premium for CFOs with experience of exit processes, and the ability to provide robust financials and articulate a compelling equity story.

CEO perspectives

Nearly three quarters of the CEOs surveyed believe their CFO has a good understanding of their role in maximising enterprise value and CEOs value CFOs with these particular attributes:

- A deep understanding of the business and the ability to effectively communicate or "translate" it to investors and stakeholders
- Prior experience with exits and M&A
- Resilience, particularly during the deal process
- Strategic vision and commercial acumen



Riding the crest of the wave

Good CFOs boost enterprise value

Replacing portfolio CFOs

It is common for incoming PE investors to replace their portfolio company CFOs. In fact, three quarters of PE investors typically replace the CFO in over half of their portfolio companies.

A 'lack of experience' – specifically of working with PE is a key reason for replacements. But there are other reasons at play.

Respondents recognise the risk posed by a poor CFO – particularly the value erosion which can result if credibility is undermined by inaccurate or unreliable financials.

Other areas of concern:

- Focusing solely on the technical aspects of their role, with limited business insight
- Lacking the commercial acumen or experience to effectively communicate the drivers of the business with investors
- Failing to integrate with the management team and broader culture of the business
- Taking instructions without demonstrating individual and proactive leadership

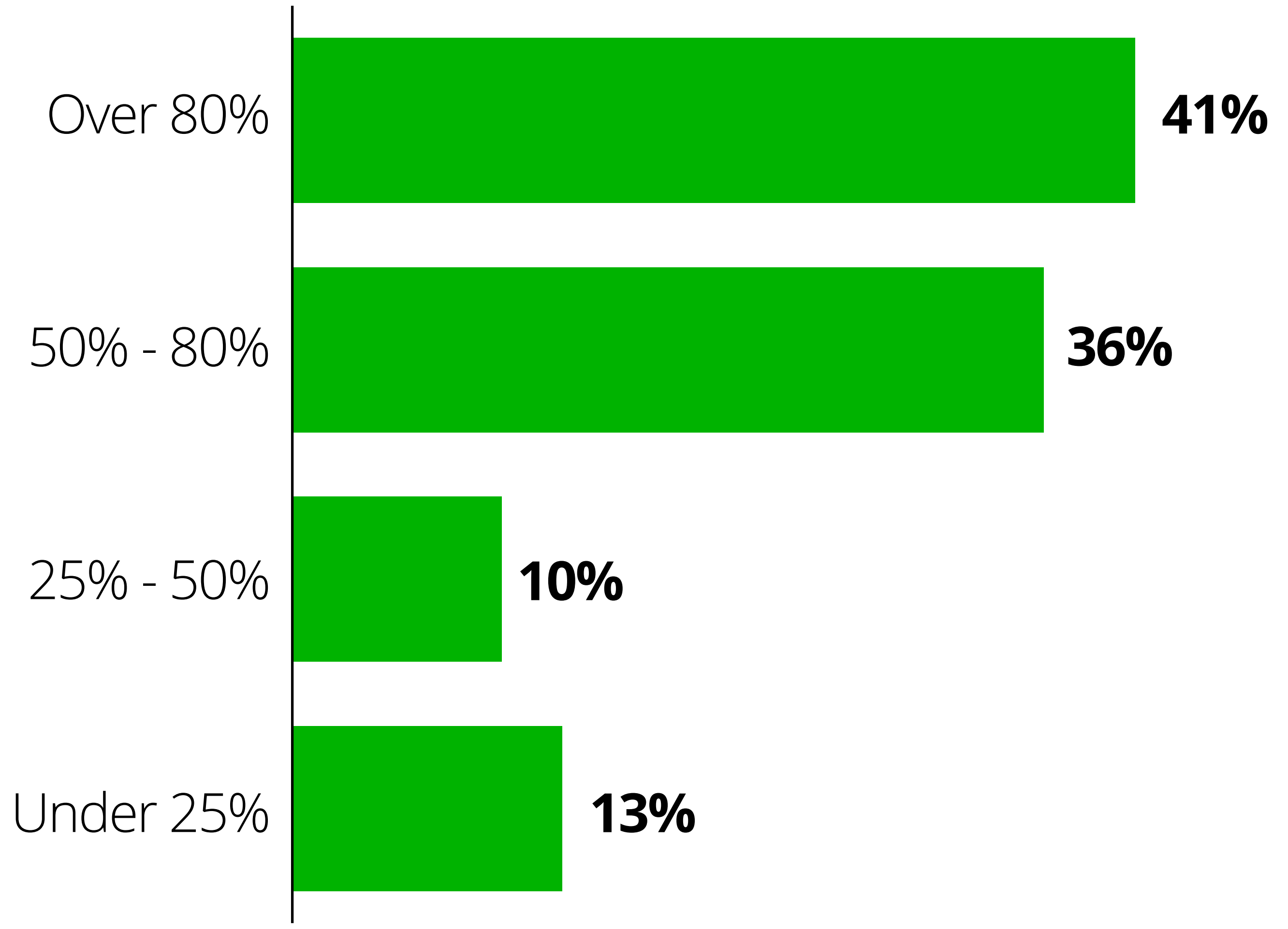
"A strong CFO allows the business to be presented in a way that can drive more competition at exit."

PE investor

"A great CFO can make a business and a bad CFO can break a business."

PE investor

How common is it to replace a CFO in your portfolio companies?



Source: Deloitte survey as of 15 Jan 2025 (n=213)

Choppy waters

A lack of exit experience in a market anticipating a wave of PE exits

Choppy waters

A lack of exit experience in a market anticipating a wave of PE exits

With an anticipated wave of exits on the horizon, we find that many portfolio CFOs are lacking in exits experience. And the Finance functions they lead are often in need of development to realise their value protecting and value enhancing potential, particularly in newly-acquired businesses.

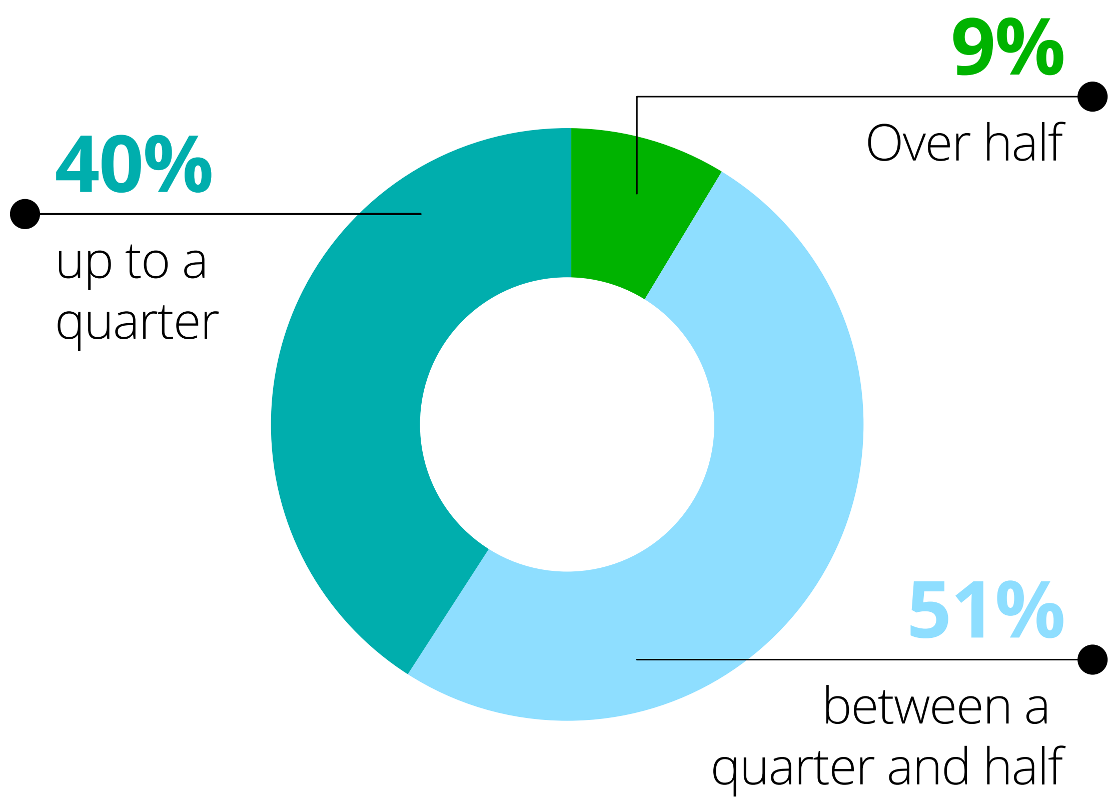
The lack of deal activity has left PE funds sitting on record numbers of unsold assets in their portfolios, worth an estimated $3tn globally in 2024.[1] The share of companies held for four years or more has risen sharply during 2024 to over half.

They are simultaneously under increasing pressure to distribute returns to investors. Lengthened hold terms have led to a dramatic fall in DPI (distributions to paid in capital) in the last decade's fund vintages.[2] The total 'dry powder' available to PE globally has tripled over the past decade to $2.6tn.[3] However, this is increasingly concentrated in the largest funds, with recent years seeing a steep fall in the number of smaller funds (< $250m) and the capital raised by them.[4]

Our survey confirms this sentiment. 58% of PE investor respondents expect to exit over a quarter of their portfolio during the next two years. Similarly, half of the CFOs and CEOs we interviewed also anticipated an exit from their current PE investor within the same timeframe.

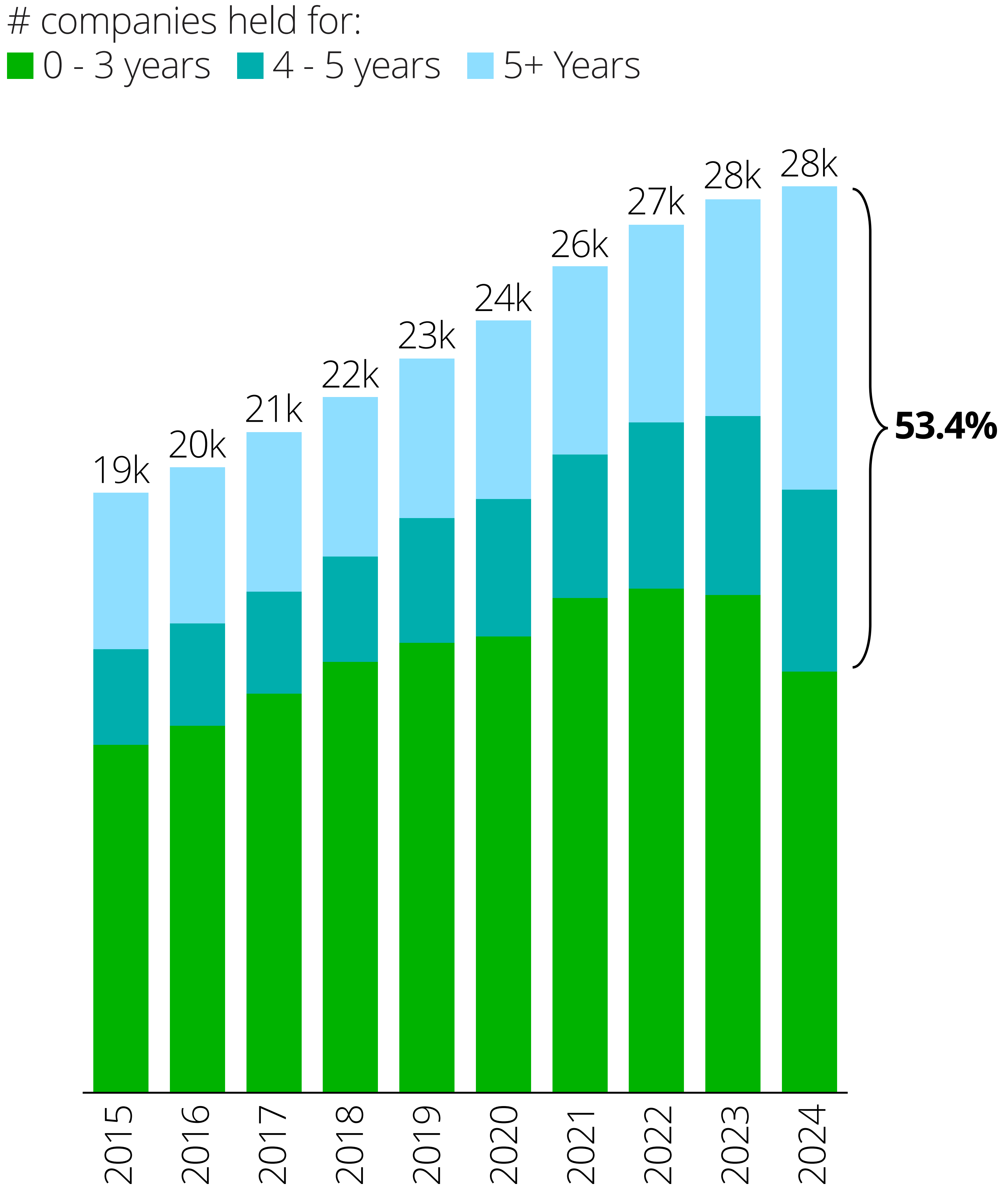
While there are deals to be done, valuation gaps remain wide. This means that growth alone cannot be relied on to deliver returns, and greater focus needs to be put on unlocking value through operational improvement and financial excellence.

How much of your portfolio do you expect to exit in next two years?



Source: Deloitte survey as of 15 Jan 2025 (n=213)

Global PE portfolio companies by vintage



Source: PitchBook (as of 30 June 2024)

1. Bain & Company (2024). Global Private Equity Report 2024.
2. Preqin Insights+ (2024). Asset Allocation: Cash Flow Management: Slowing Distributions.
3. S&P Global Market Intelligence (2024). Private equity dry powder growth accelerated in H1 2024.
4. PitchBook (data as of September 2024)

Choppy waters

A lack of exit experience in a market anticipating a wave of PE exits

Longer, more complex deal processes

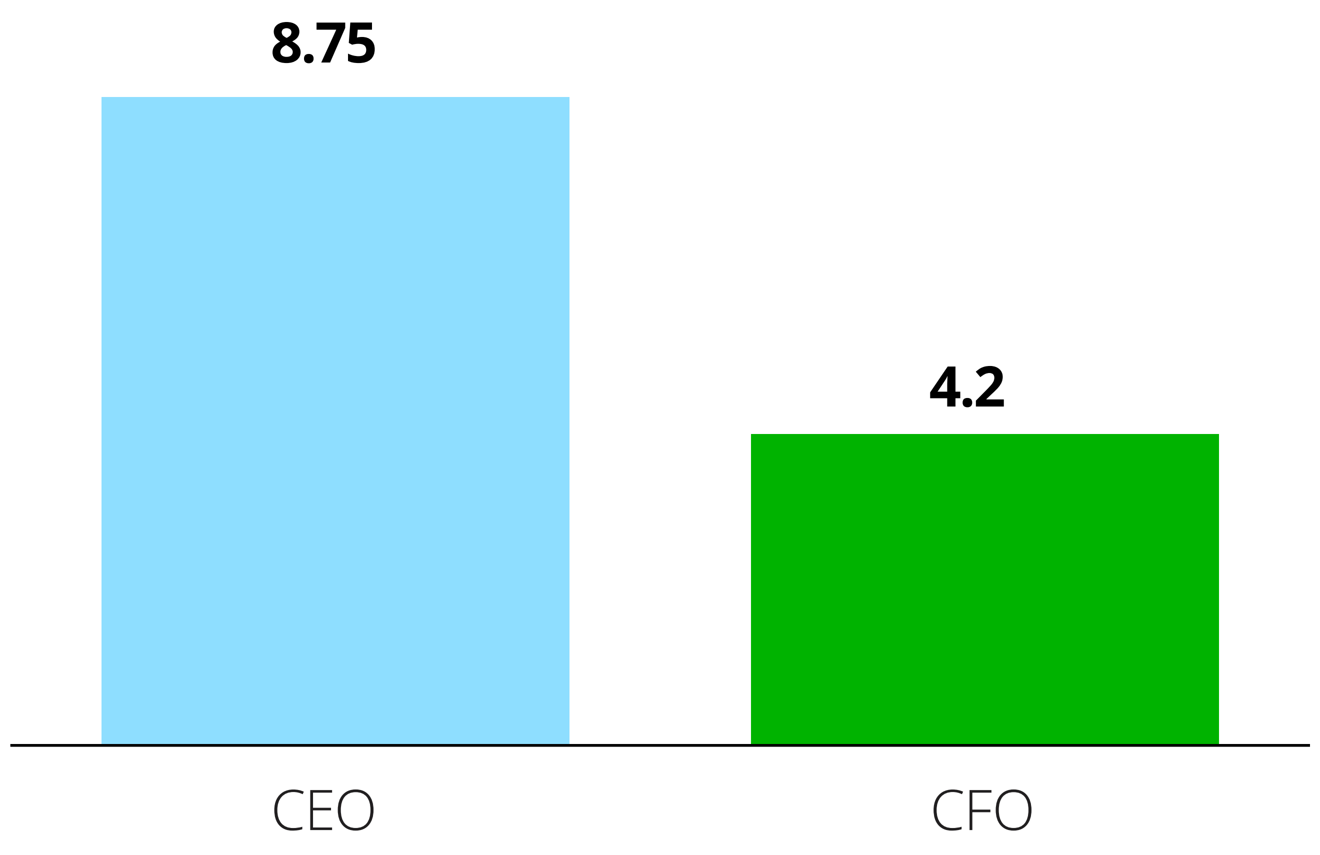
While the necessity for exits mount, portfolio CFOs and Finance teams are faced with the challenge of balancing the demands of their day-to-day responsibilities and delivery of business performance against the need to prepare for the inevitable exit. Maintaining balance during the exit is all the more challenging today as deal processes have become more complex and drawn out.

Sellers face wide valuation gaps and lengthening deal processes. Recent analysis suggests that due diligence (DD) timeframes have nearly doubled over the past decade, from an average of 124 days to 247 days.(5) This has come together with a corresponding expansion in the number of participants involved in the DD process, as well as the scope and scale of data analysed. In addition to the traditional financial and tax diligence, potential buyers are increasingly also conducting diligence on technology, operations, ESG, and HR.

> The lull in deal activity over recent years has contributed to the current cohort of CFOs having less first-hand experience in exits.

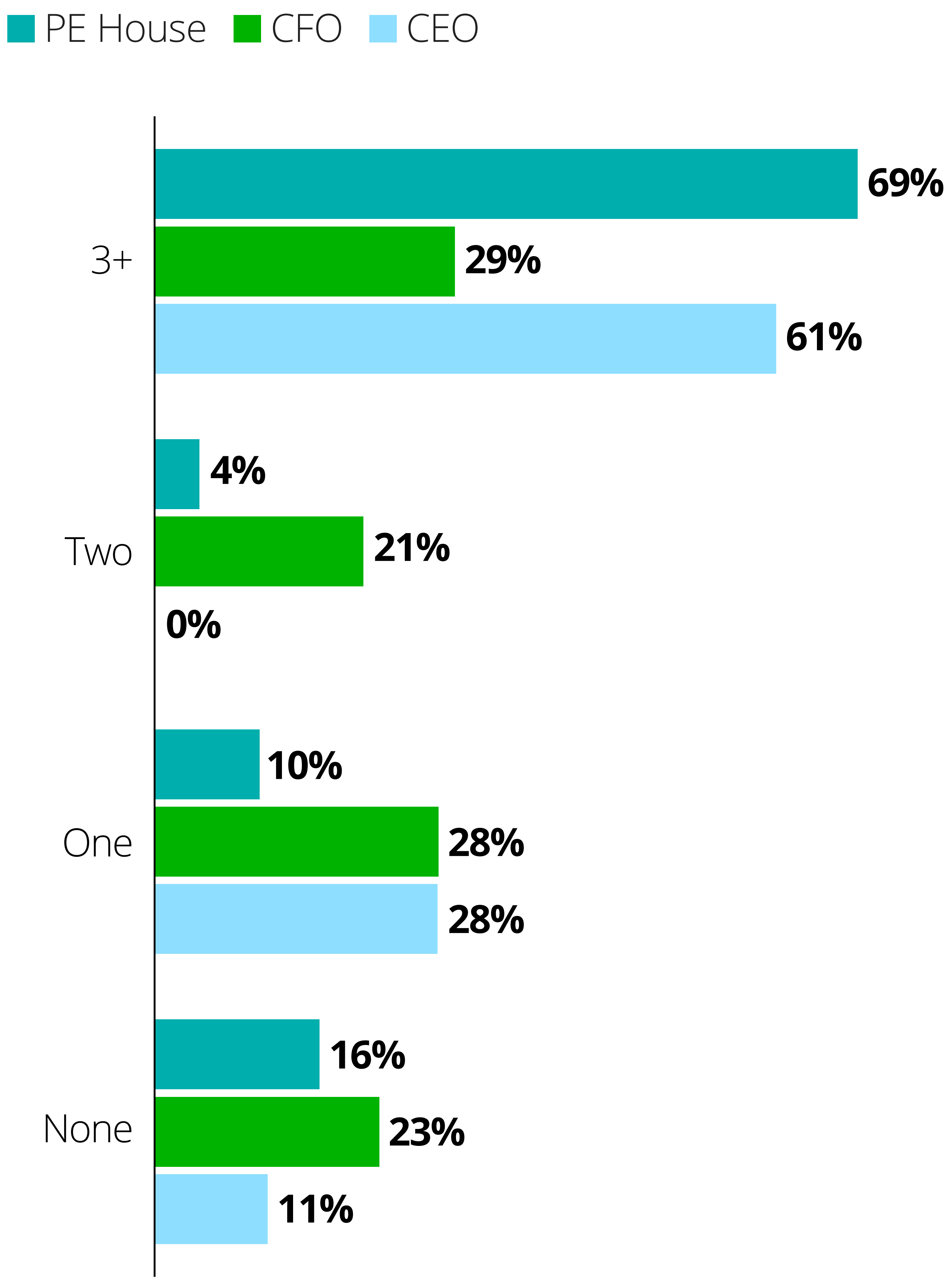
Our research found that on average CFOs had been in their role for less than half as long as CEOs. Together with the reduced volume of deals in recent years, this means that CFOs have had fewer opportunities to experience an exit process. Only half of the CFOs we interviewed have experienced more than one exit during their career – compared with 60%-70% of CEO and PE investor respondents. Even where CFOs did report exits experience, about a third of that was in another capacity – either in a more junior role within the Finance function, or often from a previous investment or advisory role.

Average years in role



Source: Deloitte survey as of 15 Jan 2025 (n=213)

How many PE exits have you been through?



Source: Deloitte survey as of 15 Jan 2025 (n=213)

5. M&A Research Centre, Bayes Business School (2024). The Dynamics of Due Diligence.

Mastering the surf

How CFOs can maximise value on exit

Mastering the surf

How CFOs can maximise value on exit

We use our Four Faces of Finance framework to identify the most critical activities for CFOs and their Finance functions in relation to maximising the value of their business on exit. The framework categorises the key responsibilities (faces) of a CFO, and Finance function as Catalyst, Strategist, Operator, and Steward

As they relate to value maximisation and the typical improvements needed, the faces can be categorised as:

- **Value protection** (typically in the *Steward* and *Operator* faces) – including the need for enhanced technical accounting expertise, a faster month-end close, redesigned management reporting, and better processes and controls.
- **Value creation** (typically in the *Catalyst* and *Strategist* faces) – including stronger business partnering, enhanced Finance Planning & Analysis (FP&A), better data, and improved focus on cash and working capital.

Today's CFOs and Finance functions need to play across both categories, and all four areas – continuously evolving and adapting to balance their time and resources as needed by the business. A good CFO will therefore develop a strategy and roadmap for Finance – articulating to their PE investor where, and in what order of priority, investments and support are required.

The Four Faces of Finance

Value creation

Catalyst

Generating insight and partnering with the business to improve EBITDA, cash generation, and being ready for diligence.

- Partnering with the business to drive value
- Data and management information (MI) to drive visibility and decision-making
- Cash and working capital
- Budgeting, forecasting, and accountability

Strategist

Providing input to shape strategic business direction, optimise financing, and plan and execute an exit.

- Robust strategy and 5-year plan
- Evidencing the equity story
- Strength and depth of management team
- Debt and capital structure
- M&A capabilities (including the exit process)

Value protection

Steward

Delivering accurate financial reporting, maintaining a fit-for-purpose control environment, and ensuring compliance and no surprises during exit.

- Risk management and compliance
- Internal control
- Close, consolidate, and report
- IT systems and data

Operator

Fit-for-purpose team, and operating model that delivers efficient and effective Finance processes and is exit-ready.

- Vision for Finance
- Finance operating model
- Talent
- Transactional processing

Mastering the surf

How CFOs can maximise value on exit

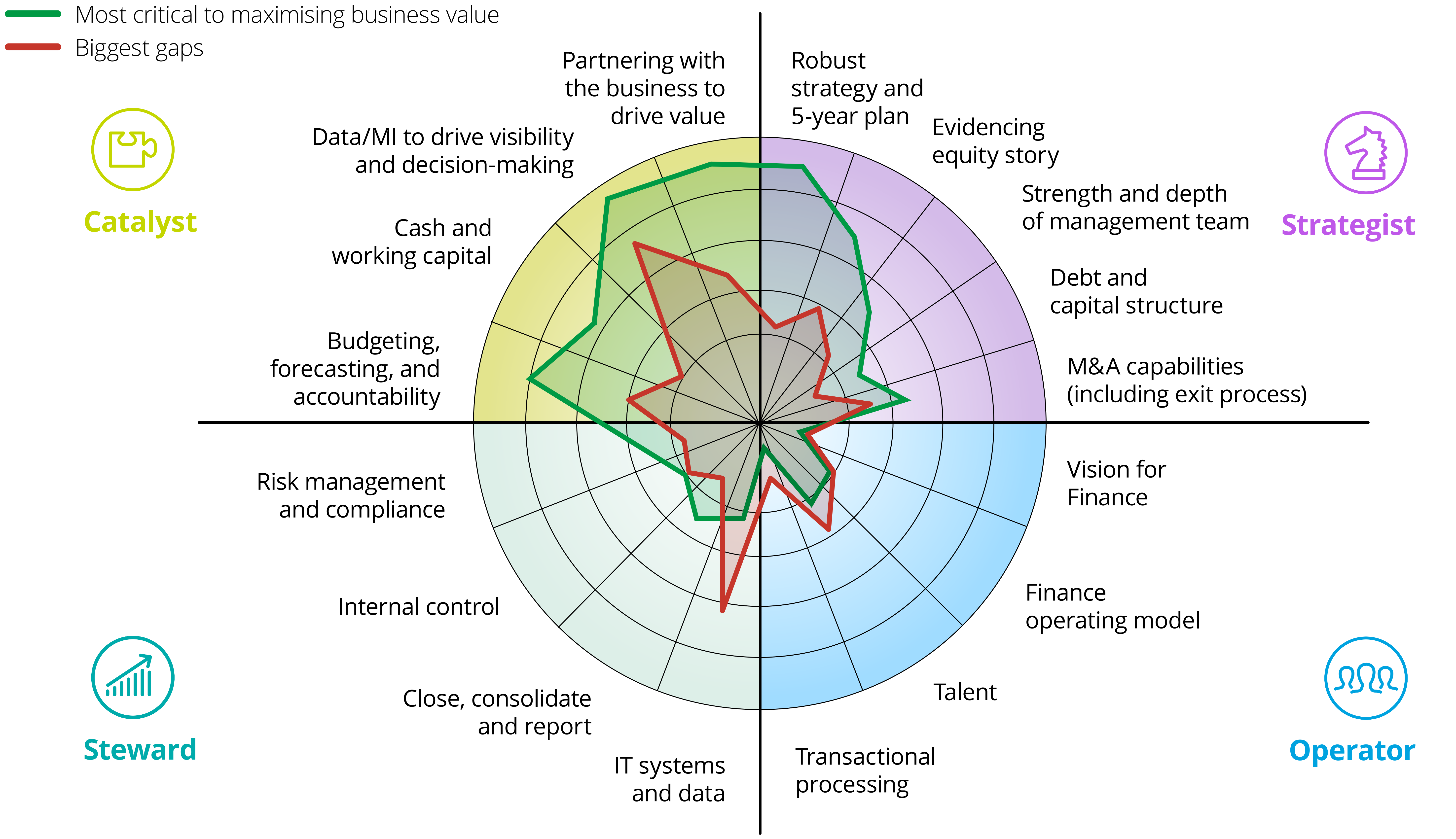
Survey insights

The areas rated most critical to maximising the value of a business on exit are in the value-creating *Catalyst* and *Strategist* faces. However, the areas with the biggest capability gaps are more evenly spread between the Four Faces, and included some critical areas within the *Steward* and *Operator* faces – particularly *Data and MI*.

The prevalence of capability gaps aligns with the discussions held during our interviews, and our own experience, that portfolio company Finance functions are typically immature and many of the fundamentals essential to value protection are not fit-for-purpose.

Talent – both in terms of building the Finance function of the future, and the role of diversity within Finance – and the need for effective controls to enable data-driven insight and decision-making emerge as key themes. Respondents highlight these as critical areas of focus for CFOs and PE investors when prioritising investments.

Which activities of a Finance function are most critical to maximising the value of the business? And thinking of your own Finance Function(s), where do you see the biggest gaps?



Source: Deloitte survey as of 15 Jan 2025 (n=213)

Mastering the surf

Effective controls to enable data-driven insight and decision-making

The critical importance of robust and timely financial data and reporting is a clear theme running through many of the most important activities in regard to value maximisation. However, data – and the underlying IT systems to provide it – is an ongoing challenge.

Many organisations grapple with patchworks of legacy systems held together by manual processes, and this is often the case with acquisitive or high-growth businesses. Even where system upgrades or changes have been made, it is not uncommon to hear that functionality is not being maximised due to data silos or incompatibility.

Our 2019 survey highlighted the need for CFOs to embrace technology and analytics, and drive the transformation within their businesses to enable data-driven decision-making.[6] Even five years on, this continues to be a priority for PE investors and management teams in the context of maximising business value.

Respondents recognise the importance of ensuring appropriate controls and governance in delivering accurate data and reporting. Again, these can often be overlooked in high-growth environments, but become more critical as the business grows. This is especially important for companies considering a dual track approach and IPO exit, and the required standards that this entails, but it is also an area of increasing focus from prospective buyers more broadly.

While the benefits are obvious, the process of improving the controls environment from a low base will often take time, particularly in terms of embedding the culture within the Finance team – and wider business. So early investment in core systems and capabilities is recommended, supported by a roadmap for future development as the exit strategy is formulated, or specific requirements identified (e.g. for IPO).

"As the asset grows, the transaction becomes more data-driven. That's why it's important to have a clear equity story supported by accurate data."

CEO

"Whilst the strategic elements are key to value creation, don't underestimate the importance of controls and governance. A good CFO will ensure the internal control environment is fit for purpose. It's a lot easier to work with a business that's built on these firm foundations."

PE investor

"Internal audit and controls is something we've had to bulk up on. Our acquisitions and growth have been so fast that it's become a challenge to work with so many legacy systems across the business."

CFO

6. Deloitte (2019). The meteor is coming.

Mastering the surf

Talent – a Finance function fit for the future

Talent is a consistent theme in the commentary from respondents, who recognise that developing a strong Finance team as a crucial component in achieving success. A key part of this is developing the right mix of skills to enable Finance to respond to its new environment. This is particularly relevant where traditional reporting and financial processing are augmented by a focus on partnering with the business to drive value creation.

Building the Finance function of the future requires thinking more holistically about the role that Finance plays within the organisation. Not only as 'guardian of the numbers' and providing the guardrails for the business to operate within, but also as a catalyst for value-creating organisational and digital transformation aligned with the overall business strategy. The new skills required by this model include analytics and being digital-savvy, while also strengthening 'soft skills' to cultivate teams and effectively partner with the business.

Some of the key priorities for the CFO in this regard include:

- **Attracting and retaining top talent** in a competitive jobs market
- **Succession planning** and developing the Finance leaders of the future
- **Developing a value-oriented culture**
- **Upskilling and addressing gaps in experience** such as dealing with complex transactions.

The CFO also needs to remember their role as Finance leader, with a responsibility to maintain team morale and cohesion. A well-functioning team will be better able to withstand the added pressures of the exit process.

From experience, we see the value of having a strong second-in-command (e.g. Financial Controller or Group Finance Director) in order to effectively deliver across the Four Faces. This becomes particularly critical when the CFO's attention is diverted to M&A or the exit process.

"Make sure you have developed your internal team. You will need them in place well in advance of an exit process because once it starts, it is relentless."

CFO

"I have found it especially helpful to bring someone in as a 'proxy FD' to deal with the day-to-day stuff, and act as a sounding board for the team. Alternatively, bring in someone with Finance experience of M&As who can focus on the transaction, and free the CFO to take a more strategic role."

CFO

Mastering the surf

Talent – the value of diversity

Our respondents confirm the importance of diversity – encompassing gender, ethnicity, or diverse backgrounds – within their talent strategy. However, they also recognise that it can be difficult to quantify the tangible value that it can create within Finance teams specifically. As such they often discussed diversity in the context of the broader organisation or leadership team as a whole.

Some themes which emerged from the views expressed included the role of diversity to:

- **Enhance decision-making and problem-solving** – greater diversity can help avoid groupthink and enable the team to better adapt to the dynamic and changing needs of the business.
- **Improve team culture and morale** – diversity helps teams to attract the best talent and performance from a broader range of candidates.

Participants recognise the importance of well-rounded teams with a breadth of experience and perspectives represented within them. However, they also recognise the need to be balance this against ensuring their teams possess the technical standards and qualifications required in Finance roles.

Respondents believe that more can be done within their organisations to promote diversity. Notably in terms of looking beyond aspects such as gender and ethnicity – which have been the main areas of focus to date.

They also identify tangible actions to help foster diversity within their organisations, such as inclusive leadership, diverse recruitment strategies, and engendering a culture of belonging.

CEOs and PE respondents, tend to focus on this more strategic perspective on diversity. They emphasise its inherent value within businesses, as well as for investors. Investors also highlighted their need to consider diversity across their portfolio as well as just within individual companies.

"The work with diversity is continuous, and will never be completely done."

CFO

"Diversity is extremely important, teams function better with more diversity. Although it can be hard to define what is meant by diversity."

PE investor

"I'm a big believer in having diversity of experience, as it enriches the conversations. A lot depends on how you define diversity and what is the right mix – especially at the senior level."

CFO

Ready to catch the wave?

Preparing early and ensuring the right skills and support

Ready to catch the wave?

Preparing early and ensuring the right skills and support

The comparative lack of exit experience across the CFO population poses some key questions about their readiness to catch the coming wave of exits:

- Given this more challenging deal environment, is there more that PE investors could be doing to support CFOs, and the wider management teams, throughout the exit process?
- Do PE investors fully understood the role CFOs should play in the exit process itself, and value creation more generally?

CFOs are seeking to benefit more from the breadth of experience that PE investors can bring, the networks they can unlock, and opportunities for coaching or mentoring.

There is still more that PE investors can do to support their portfolio CFOs – especially in today's increasingly complex and challenging deal environment. While CFOs are generally positive about the level of support they received from their PE investor, a third described receiving inadequate or no support at all.

Respondents report a wide range of variance in the support provided and frequency of interactions, often driven by the size and scale of the PE House itself and their style of working with portfolio companies. One common theme emerging from portfolio management team responses is a desire for greater consistency in the communications they receive from their PE investors.

While many CFOs appreciate a more hands-off approach from PE – particularly those with more first-hand experience – some common themes in terms of the sort of support CFOs appreciate include:

- **Transaction management and readiness** – such as a playbook for exits/transactions or support with negotiations, advisor selection or even building the financial models.
- **Equity story development** – and helping management to prepare compelling presentations for prospective buyers.
- **Coaching and mentoring** – to benefit from the wealth of PE investors' transactions experience, and the connections they can offer with more experienced peers or the wider industry.

34%

of CFOs say they received **insufficient or no support** from their PE investor in preparing for exit

"[The PE House] provided essential support with financial and legal matters. They also offered valuable coaching in crafting a compelling equity story, drawing on their extensive commercial experience."

CFO

"[The PE House] were less involved than I would expect… if there'd been more direction up front we could've been much more efficient."

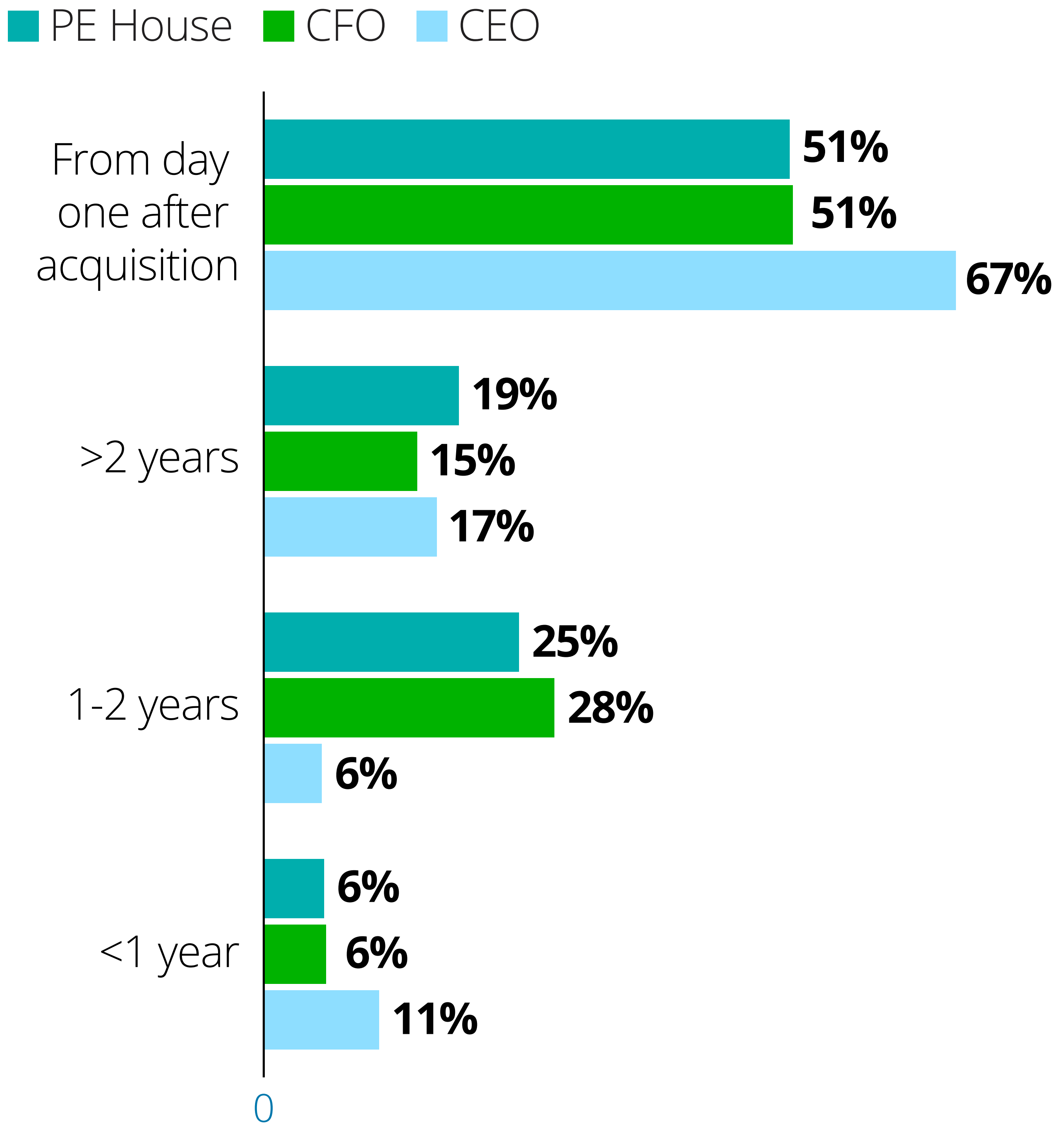
CFO

Ready to catch the wave?

Preparation begins from 'day one'

More than half of CFOs believe that exit planning should begin immediately from 'day one' after acquisition. Respondents describe this as a continuous process which inevitably intensifies in the year or two leading up to exit, but for which the strategic goal and direction of travel are set out early on and accompanied by an exit-ready mindset.

How far ahead of anticipated exit should CFOs start preparing for exit?



Source: Deloitte survey as of 15 Jan 2025 (n=213)

This provides the space within which milestones can be identified, and against which incremental progress can be achieved and measured throughout the lifecycle of the PE investment. It also provides strategic alignment within the management team who are working towards a shared goal.

A phased approach

A CFO's ability to succeed in an exit depends heavily on the quality of the people, processes, and systems at their disposal. Ultimately, the CFO needs to be able to rely on them to produce the necessary data, reporting, and KPIs quickly and with minimal manual effort. With this in place the CFO will be able to focus on their strategic role and responsibilities in managing the smooth delivery of an exit process.

Building the right team and processes takes time and must begin well in advance of the exit process. The CFO therefore needs to hit the ground running from 'day one' after either the PE acquisition, or their own appointment. This starts with an honest assessment of their function's current state of readiness – identifying gaps and prioritising the key investments needed to make their Finance function fit for the future and exit-ready.

Since this assessment is typically before the exit route and timeline have been confirmed, CFOs should focus their energies on core systems and capabilities. Prioritisation should be based on urgent fixes and investments with the greatest potential to create efficiencies or accrue value over a longer time horizon.

Key elements of this phased approach for an 'exit ready' and value accretive finance function will include:

- A clear strategic vision prioritising the key value-creating investments
- Making strategic investments throughout the hold period
- Preparing for the inevitable ramp-up in activity as the exit approaches
- Developing the resources and capacity to deliver the exit process

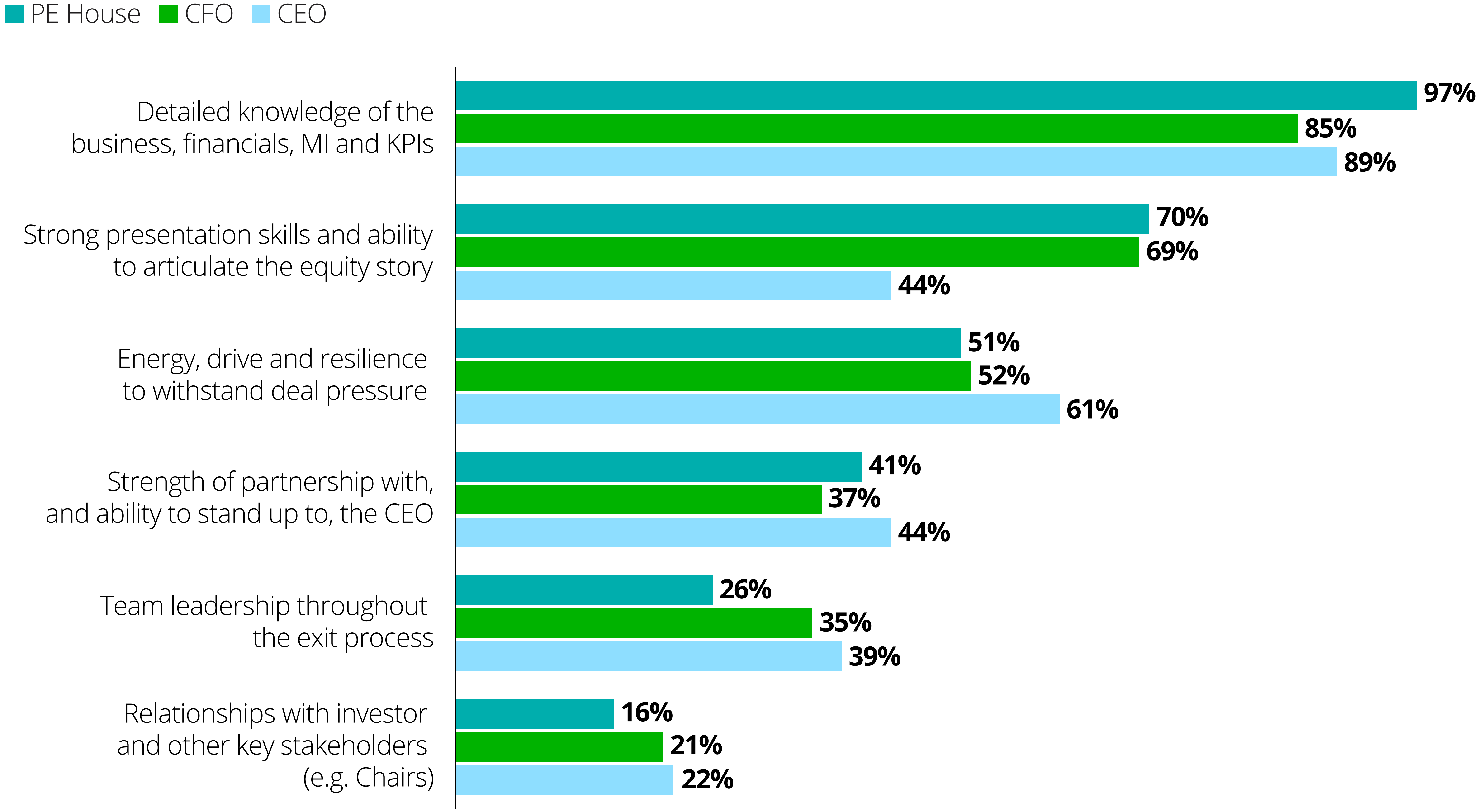
To be ready for exit, preparations must begin from 'day one' after acquisition, following a phased approach to achieve readiness while maximising value within the business.

Ready to catch the wave?

CFOs need a detailed knowledge of the business

Which are the most important aspects of the CFO's role in driving maximum value through an exit process?

Share of respondents who rated in top three



Source: Deloitte survey as of 15 Jan 2025 (n=213)

Having a detailed knowledge of the business is consistently rated one of the top three most important aspects of the CFO's role in driving maximum exit value. Over half of respondents rate this as the most important aspect – with nearly 90% including it in their top three. PE respondents rate this particularly highly, describing the CFO as a "critical pillar in the exit process" due to their ownership of the critical financial data and reporting as well as management of the process itself.

> Having a detailed knowledge, understanding, and articulation of the business ultimately builds confidence in the management team and so is the foundational basis from which CFOs can help to maximise the value realised in their businesses on exit.

This knowledge is at the core of the CFOs role, and the foundation on which everything else is built. Respondents highlighted the need to be able to answer questions confidently, the ability to provide data-driven insights and quickly access and analyse data in response to due diligence requests.

Ready to catch the wave?

CFOs need a detailed knowledge of the business

Participants also highlight the importance of effective communication and presentation skills. These help the CFO to develop and articulate an equity story which will inspire confidence and gain trust from stakeholders and prospective buyers. They recognise the critical importance of a CFO's ability to engage investors and provide credibility to the financials. A number of respondents cite the emerging trend for providing their CFOs with coaching in presentation skills, to ensure they are best prepared to represent the business during exit presentations.

"The CFO needs to have solid knowledge of the business; they must be able drive the team and manage the exit alongside their day-to-day operations.

They should also have a good relationship with key stakeholders."

PE investor

Ready to catch the wave?

Never underestimate the importance of having the right resource and support

The pressures of the deal process, and the risk of deal fatigue – especially in the context of extending timelines and intensifying scrutiny from buyers – is a recognised challenge. The CFO must deliver the transaction without taking their eye off of the day-to-day running of the business, making their ability to manage their energy levels and maintain resilience critical to the successful delivery of the deal process. Having smooth-running processes and systems already in place will make this easier.

Early preparation, the right team, and effective relationships with the CEO lay a solid foundation from which CFOs are able to manage their energy levels and resilience throughout the pressures of the deal process. This enables them to deliver maximum value to the outcome.

CFOs should also ensure they have stood up sufficient resources for the transaction, with clear allocation of roles and responsibilities ahead of time. A transaction team will typically include a dedicated Project Management Officer (PMO) who can drive the process and workstreams on a day-to-day basis enabling the CFO and management team to prioritise their focus on the key decisions and actions. The capacity of the wider Finance team (and an honest assessment of whether additional resources are needed) should be carefully considered.

The relationship with the CEO is especially significant during the exit process. The ideal partnership was described as 'give and take' with complementary skill sets. In this scenario the CFO will typically provide the operational leadership and financial expertise – including appropriate challenge – to support the CEO's strategic leadership.

This dynamic is also relevant to managing relationships with investors and other stakeholders. While the CEO is generally acknowledged to have primary responsibility, respondents highlight the role for CFOs in managing and maintaining their own working relationships with selected key stakeholders.

Overall, the responses underline the value of a CFO who embodies a balance of technical expertise, leadership, and communication skills. Someone who can manage the financial and operational intricacies of an exit, while also acting as a credible and trusted representative of the business to prospective buyers.

"Do not underestimate the demands of managing the transaction process – but also the value that is derived from doing so. While the CFO should lead, they cannot do it alone, so my advice is to resource up with dedicated support, potentially via advisors or the PE investor. A management team that appears – and is – in control of a well organised process really protects value."

CFO

"Team leadership is a big one as there are so many moving parts with the ability to come unstuck. If just one thing hasn't been done right, or someone is off message, it has the potential to disrupt the exit process."

CFO

Closing reflections

… and one piece of advice

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Are portfolio CFOs ready to catch the impending wave of exits?

Our research suggests that for many, there is work still to be done to develop and refine the requisite skill and expertise. But for the CFOs who are prepared to take on the challenge, there are few more exciting opportunities. And the personal reward and fulfilment of joining the prestigious, but small, cohort of 'successful exiters' is significant.

Throughout our report, we have set out analysis and practical suggestions for CFOs, portfolio management teams and PE investors to help them address some of the key challenges in maximising value on exit – from building a Finance function focused on both value protection and value creation to successful management of the exit process itself. We hope you have found it insightful.

So how do you avoid a wipeout and make the most of the opportunity? We asked our respondents for "one piece of advice to a CFO embarking on an exit process". Here are some of their replies.

"The actual time to deliver an exit process is much longer than you'll expect.

Think of it as three phases: preparation takes a lot of the CFO's time up front. Then take the opportunity for a break during the second phase – courtship – because it'll pick up again in execution."

CFO

"Get plenty of sleep beforehand. Don't get bamboozled by the process."

PE investor

"It's crucial to establish a strong and efficient Finance team. This allows you to concentrate on leading the exit process effectively, rather than spending valuable time reviewing and adjusting data and KPIs."

CEO

"Be open, flag issues & get ahead of them – ego or insecurity can be the death of success. Our teams really know what they're doing in an exit. Lean on them, be open and transparent about issues and flaws, and we'll work through them together."

PE investor

"Understand your strengths, and focus on them. Then ensure you have the support you need for other areas."

CFO

"Put yourself in the buyer's shoes, and ask "how can I make this company the most appealing?" Focus on selling the positive, not the negative. Similar analogy to selling your house."

CEO

Closing reflections

… and one piece of advice

"You can only stretch your good people so far. Ensure you have resources to get you through the deal – because it's a long process.

You can manage the extra workload for a few weeks – but an exit process can take 6-9 months. So you need someone to own workstreams and help project manage the day-to-day. Don't try to be in every conversation – divvy things up within your team. It only takes a couple of people but they will make a massive difference. Don't sell yourself short by looking at it as a cost."

CFO

"Create value by understanding the business – everything else is secondary and comes from that."

PE investor

"Don't underestimate the workload.

Select your advisors well, and work with people you know."

CFO

"Project management skills are hard to find, but having a strong programme manager is very important. They need to coordinate stakeholders and ensure ownership and accountability of plans.

CFOs need to oversee the project and understand the key dependencies - planning ahead will give you more time to focus on the exit."

CEO

"Present a unified front with the CEO, acting cohesively as a management team. Encourage open discussion, and use your role at the table to actively participate."

CFO

"Treat liquidity events, like a refinancing, as an opportunity to gain experience and prepare for the eventual exit."

CFO

"Know your numbers and know the business. It's simple but you can't fake it. Investors can smell when people don't know their numbers and the business."

PE investor

"An exit is like running a marathon: time is crucial, yet it's imperative to undertake thorough and substantial groundwork."

CFO

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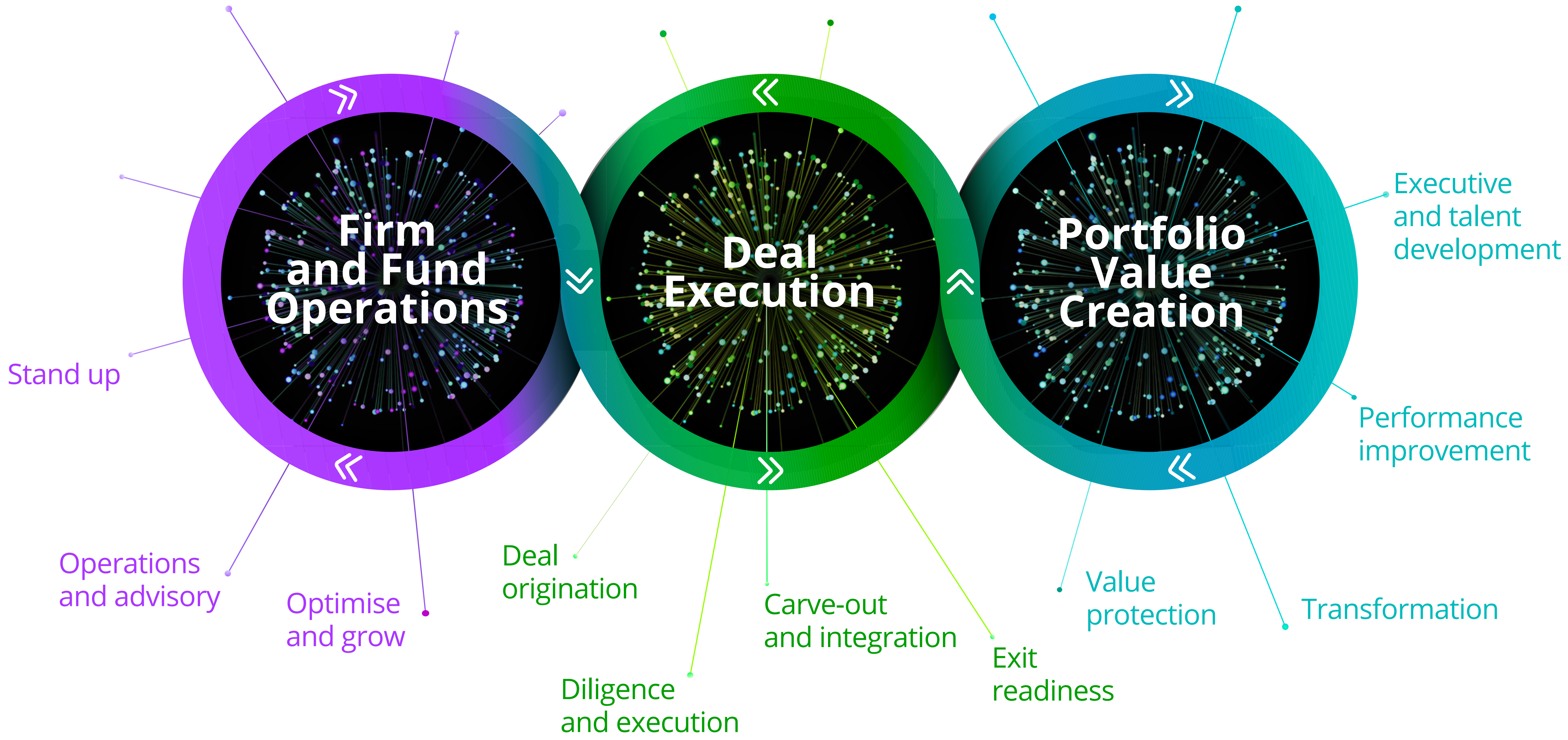

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