CASE STUDY · DUE DILIGENCE

Leadership Alpha in Pre-Deal Diligence

Strengthening investment conviction through leadership risk visibility

Context

A mid-market private equity sponsor was evaluating a founder-led business with strong commercial performance and an attractive consolidation thesis.

Financial and commercial diligence were positive, but the deal team had limited visibility into whether the leadership model could support the next phase of scale and integration.

Key concerns emerged during diligence:

- Heavy founder dependency across strategic and operational decisions
- Limited evidence of executive team enterprise leadership
- Aggressive transformation timeline linked to the value creation plan
- Potential execution strain as complexity increased post-close

For the deal team, the question became clear: Could the existing leadership team execute the investment thesis at the required pace and scale?

Leadership Alpha Intervention

A rapid Leadership Alpha diagnostic was conducted alongside the broader diligence process, anchored directly to the investment thesis and first 24-month value creation priorities and included:

Assessing founder scalability and transition readiness
Evaluating executive capability against transformation demands
Identifying team dynamics likely to constrain execution velocity
Mapping leadership risks against key value creation dependencies

Outputs included:

- Executive confidence ratings linked to thesis delivery
- Identified execution and succession risks
- Retain / augment / monitor recommendations by role
- Priority leadership interventions for the first 100 days

Outcome:

- Early identification of founder dependency and execution bottlenecks
- Decision to strengthen COO capability pre-close
- Faster post-close alignment around governance, decision-making and leadership expectations
- Leadership priorities embedded directly into the value creation plan from day one