## Literature review

The purpose of this literature review is to identify the competencies important for c-suite success private-equity funded firms to confirm the preliminary theoretical model developed through job analysis by subject matter experts. Within the literature, private equity company success is typically defined as the firm having exited the investment successfully or being reasonably on track to do so (Pratch & Jacobowitz, 2004).

**Leadership Ability**

While being able to innovate and take risks to enable growth or cope with stress is important for success, these abilities alone are not sufficient without the ability to lead a team and gain buy-in. In particular, successful leaders in PE-funded ventures have high standards for their subordinates and motivate them to achieve their ***vision*** for the company, even if they privately lack confidence in the ability of subordinates to perform at the required level (Pratch & Jacobowitz, 2004). Indeed, leaders of PE-funded firms must have enough self-***confidence*** to make final decisions across contexts without relying on others for validation or being concerned about others’ abilities (Pratch, 2001) and must have sufficient ***authority*** to take charge of situations and control and direct others.

**Collaboration**

Given that leaders of private-equity funded firms have only the board of directors as their superiors, leaders must be directly able to ***influence*** their employees and get buy-in for decisions. Without this ability, leaders can be vulnerable to conflict avoidance and manipulation (Pratch, 2001). On the other hand, leaders that can influence their subordinates are better able to motivate their workforce, foster collaboration and commitment, and support a more adaptive approach (Pratch, 2001). However, despite a need to take charge, it is important that leaders in PE-funded businesses also have adequate levels of ***integrity*** to maintain social relationships and support negotiation by demonstrating their trustworthiness and ability to understand the needs and perspectives ofothers, promoting cooperation (Odgers Berndtson, 2021; Pratch, 2001).

**Finding solutions**

While in publicly traded companies, much of the focus of leaders is on governance, risk, and compliance to preserve reputation and consequently dealing with more bureaucracy, leaders in PE funded enterprises place more emphasis on value creation to scale the business and place it in an attractive position to be acquired (Acharya et al., 2009; RHR International, 2021). Given the limited resources available in PE funded ventures (Acharya et al., 2009; Pratch & Jacobowitz, 2004; RHR International, 2021), leaders must be creative in their approach to adding value and must intensely gather information to inform their decisions (Acharya et al., 2009). Indeed, leaders who are high in openness and consequently higher in ***ideation,*** generate more novel and innovative ideas and are therefore more adaptable. This, along with greater ***opportunism***, or the tendency to be more entrepreneurial and recognise and take opportunities, can increase the market value of the firm (O’Reilly et al., 2014).

**Execution at speed**

Once solutions to problems have been identified, it is vital that leaders of PE-funded firms take swift action, particularly given the dynamic landscape. This requires leaders to persevere and be decisive such as to not miss out on first-mover advantage. As such, leaders in these companies must have an appropriate risk propensity to be comfortable with taking calculated risks (RHR International, 2021; Schneider & Lang, 2013). Indeed, PE-funded companies must be fast moving and dynamic to take advantage of emerging consumer demands; moving too slowly could see companies miss out, so leaders must also be ***driven*** to take action, particularly in stressful situations to ensure that opportunities are not missed and must have the self-***discipline*** to follow through with their actions once they have committed to a plan (Pratch, 2001). However, when outcomes are not as expected or interpersonal conflict does occur, it is important that leaders of PE funded ventures are ***resilient*** and able to bounce back to correct actions and deal with stress (Pratch, 2001; Pratch & Jacobowitz, 2004).

**Motivators**

Given the dynamic nature of PE-funded firms, leaders must be motivated by ***adventure*** so that they can try new things without fear of failure and more concerned with managing risks over avoiding risks (Acharya et al., 2009) and are not concerned with conformityto norms or traditions. Moreover, successful leaders of PE-funded companies derive significant satisfaction from achievement (Pratch & Jacobowitz, 2004) and are therefore motivated by the impact or ***purpose*** of their work, as well as the ***reward*** that may lie at the end. This also requires motivation to ***master*** skills and face new challenges to move forward with an appropriate level of expertise (Pratch, 2001).

Given the seniority of leaders of PE-funded firms and the relative lack of oversight, leaders can also be motivated by the ***power*** this gives them, in that they are able to override decisions made from other executives and have final decision-making powers (Pratch, 2001). To allow them to make these final decisions, leaders must also be motivated by opportunities for ***ownership*** and such decision-making, where they are accountable for the firm’s outcomes and direction. On the other hand, being able to maintain social connections and share ***connections*** with others in the firm contributes to success, particularly when leaders are motivated and able to understand the needs and wants of senior executives, both internally and externally (Pratch, 2001).

Failure of leaders to be resilient and able to cope with stress can jeopardise the success of the venture. In particular, the most successful leaders demonstrate ***active coping***, where stress fuels determination instead of causing them to retreat or pause and can lead to stronger leadership performance across time and situations (Pratch & Jacobowitz, 2004). Central to this ability is the ***need for achievement***, where leaders that demonstrate active coping strive to achieve both personal and professional goals even in the face of adversity (Pratch, 2001). Indeed, and are therefore high in ***hedonism***. Active coping is also driven by ***emotional stability***, where leaders that are unable to cope with stress and uncertainty can become paralysed and fail to take any action (Pratch & Jacobowitz, 2004), meaning that they lack the active coping abilities needed to drive the company forward.

**Derailers/inhibitors**

Although it is important that leaders in PE funded companies are agile and driven to achieve, being overly ***dominant*** can overwhelm subordinates and limit their ability to execute and can result in passive coping, or withdrawal (Pratch, 2001). Being overly dominant can also disrupt interpersonal relationships within the organisation (Kalma et al., 1993) and could result in tensions with the board, where positive relationships between the board and executives supports venture success (Pratch & Jacobowitz, 2004).

Furthermore, leaders that are too comfortable with risk and do not stop to consider the consequences of their actions can become ***reckless*** and take away from the benefits of having some baseline procedures and routine (Pratch, 2001). Moreover, being too ready to take on opportunities without having an adequate action plan can lead to ***mercurial*** leaders that are unpredictable and volatile, which can impact social relationships, with successful leaders of PE-funded ventures coming from stable backgrounds (Pratch & Jacobowitz, 2004). Furthermore, excessive self-confidence or ***hubris*** can also result in conflicts with the board, whereby executives resist recommendations or drag their feet in implementing recommendations if they perceived that only they know what is best for the company, which can result in a lack of growth strategy and hinder success (Pratch, 2001). Indeed, Moreover, powerstruggles within the organisation can hinder growth if leadership are not willing to delegate or respect decisions made by others that are within the scope of their role (Pratch, 2001).

**Conclusion**

Overall, the literature supports four competencies that are important for leadership success in PE-funded ventures: leadership ability, collaboration, ability to execute at speed, and ability to find solutions. Successful leaders are also motivated by a sense of adventure, the purpose of their work, and the opportunity for reward for their success. They are also motivated by the power and ownership that their role gives them, and the opportunity to master their skills and connect with others to influence importance outcomes. However, too high levels of these traits can lead to hubris, Machiavellian, dominant, recklessness, or mercurial leaders, so there must be a balance between traits to ensure that opportunities can be realised, action plans executed, and the firm led in the necessary direction without disruption to social relationships or taking unnecessary risks.

## Theoretical model

Based on the literature review, the final theoretical model has three key dimensions – namely personality, red flags, and motivators – made up of 23 traits, where the personality dimension is made up of four factors: leadership, collaboration, execution at speed, and innovation. The model structure has also been validated using a panel of senior leaders in organisations around the world.

Within the personality domain, there are four factors: leadership ability, collaboration, executing at speed, and finding solutions. Leadership ability has three traits:

* Authority – Takes charge of situations; controls and directs
* Vision – Sees the ‘big picture’ and maintains line of sight
* Confidence – Self-belief and assurance in oneself and decision-making ability across domains

The collaboration factor has two traits:

* Influence – Can affect how others think and feel without control or direction
* Integrity – Genuine, honest and straightforward. Authentic

The executing at speed factor has four traits:

* Drive – Strong desire to accomplish goals; propensity to act decisively andget things done
* Discipline – Planned rather than spontaneous behaviour; attention to detail and accuracy; organises and plans to achieve goals
* Agility -- – Switches easily between different cognitive processes; comfortable with ill-defined problems and situations; adaptable and constructive
* Resilience – Remains calm and optimistic under pressure; persists in the face of adversity; recovers from setbacks

The finding solutions factor has two traits:

* Ideation – Generates original and/or innovative ideas; makes unexpected connections
* Opportunism - Alert to opportunity; prepared to seize opportunities

Within the red flag domain, there are five key traits:

* Narcissism/Hubris – Conceit and self-importance; overestimation of knowledge and/or ability in respect of tasks; misplaced belief in unique and exceptional abilities
* Mercurial – Given to sudden changes of mood, behaviour or direction; Given to unconventional or strange behaviour or beliefs; Difficult to predict and/or surprising
* Machiavellianism – Deliberate deceitfulness in the pursuit of one’s interest; acting in bad faith; Ruthless pursuit of own interests regardless of considerations of right or wrong; General distrust of the motives of others; attribution of bad faith
* Reckless – Fails to stop and think. Acts without forethought and sufficient regard for consequences
* Dominant – Forceful, insistent, domineering; Hostile and argumentative; Unyielding in the face of evidence or argument

Within the motivation domain, there are seven key motivators for leaders of private-equity funded firms:

* Adventure – Experiencing the rush from taking on a challenge or doing something risky
* Connection – Trusting and respecting others. Sharing viewpoints and goals with colleagues.
* Mastery – Continuous growth and self-improvement to overcome challenges and build expertise
* Ownership – Having freedom, autonomy, and agency in day-to-day tasks and decision making
* Power – Having influence and control over others’ actions, views, and behaviours
* Purpose – Having a noticeable impact and making a difference. Doing something good or worthwhile
* Reward – Material and non-material affirmation of efforts, expertise and outputs

The structure of this model was confirmed with principal component analysis (PCA) and subsequently confirmatory factor analysis.

## Mapping to the Big Five

The Big Five personality traits are an overarching personality system into which all traits can be classified. It offers a useful point of comparison and common language to compare traits and models, and to connect local models to the research literature. The theoretical model for the Napoleon-Bain assessment can be mapped to the Big Five personality traits, with conscientiousness particularly well represented as the most consistent predictor of job performance across occupations (Barrick & Mount, 1991; Sackett et al., 2022; Schmidt et al., 2016; Schmidt & Hunter, 1998).

Conscientiousness maps onto confidence, drive, discipline, and integrity. Emotional stability maps onto agility and resilience, extraversion onto authority and influence, and openness to experience onto vision, ideation, and opportunism.