

EXECUTIVE ~~X~~ EDGE

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THE PRIVATE EQUITY PATHWAY

Why Is Private Equity An
Attractive Career For Chief
Financial Officers?

WITH
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The role of the CFO is constantly evolving...

Private equity (PE) has emerged as an attractive avenue for finance leaders looking to make a tangible impact.

PE firms offer a unique environment where CFOs can thrive, driven by clear financial incentives and a strong strategic direction.

Building on my recent insights shared with Raconteur and experiences of CFOs in my network, this article explores why PE is becoming a top choice for ambitious finance leaders.

Strategy

PE offers a dynamic environment that is particularly attractive to CFOs who have traditionally been in more static roles. The dynamic nature of private equity, often involving frequent M&A and complex transactions, allows CFOs to expand their skill set beyond traditional accounting, providing opportunities to engage in strategic initiatives and high-stakes decision-making, which can be more stimulating than routine financial management.

Listed companies often require CFOs to spend significant time managing relationships with analysts and journalists, detracting from their ability to focus on strategic planning and execution. The reduced external-facing responsibilities within PE mean CFOs can devote more time to working closely with their teams and driving the company's strategic agenda.

Alignment

In listed companies or founder-led startups, internal politics can fragment teams, making the role of the CFO less appealing. Within PE the clear financial incentive and strategic direction provided by the firm ensures alignment, minimising internal conflict and creates a cohesive working environment.

"Funds make an investment with the clear goal of a transaction, the CFO having that set goal to

work towards, is one of the biggest benefits of PE; failing to plan is planning to fail. A common goal with milestones along the way makes for a rewarding journey for a CFO," says Senior Talent Partner Alexander Swanepoel.

PE firms often deliberately build management teams with experienced professionals who have successfully navigated similar journeys before. This reduces the risk of dealing with maverick founders and allows CFOs to work within structured and proven frameworks.

The use of "cookie cutter" playbooks from successful ventures ensures that strategies are effective and the team remains focused.

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Financial Incentive

The current macroeconomic climate has made public markets less attractive to many finance professionals; private equity offers a higher likelihood of realising substantial financial benefits.

The structured environment of PE, with its clear performance metrics and alignment of interests, ensures that CFOs have a tangible impact on the company's success, and can subsequently reap significant financial rewards.

"CFOs are involved in key decisions which influence the company's future direction and thus they share in the reward of the value creation with equity participation," says Executive Consultant Ben Grinsted.

When compared to venture capital backed or founder-led businesses, private equity is typically more predictable and has a clearer path for growth.

The focus on profitability, strategic growth, and operational efficiency in PE-backed companies aligns best with the ambitions of experienced CFOs.

Opportunity

Private equity not only provides a platform for immediate professional growth but also opens doors for future opportunities. After successfully completing deals and driving growth, CFOs often receive strong internal advocacy, leading to potential roles within other portfolio companies or even fund-side. The glamour associated with PE has made it an attractive career path for ambitious finance professionals.

The role of the portfolio CFO is a fantastic opportunity that enables CFOs to apply their expertise across various industries and business models, significantly diversifying their skillset and paving the way to pivot into broader portfolio positions such as operating partner.

Impact

The importance of the CFO role in PE-backed companies cannot be overstated. These companies are typically highly leveraged, making the CFO's expertise in managing debt and driving financial performance crucial.

"The natural attraction of CFOs into portfolio companies is the clear mandate to enact change whether a turnaround or buy and build programme. CFOs can move at pace to create value and have a broader remit to enact change within the wider business to create a scalable platform for growth," says Senior Talent Partner Muneeb Mir.

This central role allows CFOs to make a significant impact, enhancing their professional satisfaction and career fulfilment. The international exposure and high-growth rate environment provide an adrenaline rush and a sense of excitement that goes beyond financial incentives.

Network

Partnering with private equity firms offers CFOs excellent networking and learning opportunities. They have access to a diverse network of industry professionals, including investors and executives from other portfolio companies, allowing them to build valuable relationships and opportunities for mentorship.

The appeal of PE is multifaceted and has prompted many senior finance professionals to redirect their career path in its favour. Considering a move to private equity? Contact us to discover how we can help you transition. For further insights, check out the Raconteur article [here](#).

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Further Reading...

To read Harry's comments in Raconteur, Search online for: "Harry Hewson Raconteur"



About Camino Search

We're on a journey to change, build, partner, shape and develop businesses – by finding and placing transformational talent.

Through our ongoing journey of growing our expertise, credibility and trust with our clients, we've aspired to become a respected, niche international consultancy, which has helped shape and build some of the most respected, exciting investor-backed technology and software businesses.

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Harry Hewson is Managing Director and founder of Camino Search, a highly respected partner to leading private equity and venture capital funds and their respective businesses. Having spent 12 years consulting on highly specialist search mandates, Harry recently expanded Camino Search into the United States, where he consults from the company's USA office in Tampa, Florida.

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