

THE “NEW CEO” MARKET STUDY

Whether the decision to bring in a new CEO was pre-ordained or an unfortunate fix for an unforeseen problem, that CEO often knows little about his new Company. And many have even less insight about customer relationships, competitive dynamics and market opportunities and threats.

In many cases, the new CEO arrives with a

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fresh perspective, new ideas on how to improve the business, and a blank slate regarding possibilities – unburdened by the baggage of

historical experience at the Company. They often land from slightly different or ancillary industries and begin, wisely,

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by asking lots of questions. When they hear silence, or worse, contradictions in response to basic questions (how are we unique, where do we focus, what is the Goal, what is our strategy to get there), they become frustrated.

The desirable blank slate and the fresh ideas can become clouded by the contradictory inputs of an experienced management team. These new CEOs should be armed with tangible, third-party data to combat the myriad internal biases and perceptions as well as the new CEO’s own lack of specifically relevant market experience. “We are like a rudderless ship, lost at sea, with no sense of where we are or where we are going,” said a client of mine years ago. The decision to bring in a research-based consultant was a no-brainer – he needed a baseline understanding, an infrastructural platform from which he could begin developing a strategy. Our role in that case was less about strategy facilitation, and more about simply gathering the basic market,

customer and competitor insights necessary to understand the Company's positioning relative to market opportunities and threats. Ground-truth facts were critical to his future successes with the Company.

The new CEO's market study scope should be focused largely on three core questions.

1.) What is the landscape of our market?

- a. How large is it?
- b. How fast is it growing
- c. How does this vary by segment?
- d. What are the drivers of growth in each segment?
- e. What are the trends, dynamics that positively impact our market?
- f. What are the markets risk factors?

2.) What is our positioning in the market?

- a. Relative to market opportunities and growth segments, how well are we positioned?
- b. Relative to customer needs, buying behavior, interests and wishes, how well are we positioned?
- c. Relative to competitor dynamics and threats, how well are we positioned?

3.) Given all of the above, what are our most desirable options?

Conclusion

Today's private equity investors do not kick their feet up on the desk after closing and wait for multiple expansion to occur. But most are unwilling to play Big Brother and dictate strategy and tactics to management. Active support and guidance is what we strive for.

New CEOs deserve to have the best, most timely, actionable and relevant data they can get. Market research should be a given – a gift that every CEO deserves. It need not be exhaustive, expensive or time-consuming. Limited-scope market insights can be tremendously impactful, value creating, risk mitigating and can have a significant ROI.

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