The Dividing Line

A board performance study of 100+ PE-backed companies

Executive summary

Board evaluations in private equity have long been treated as a compliance exercise, conducted annually, filed, and largely set aside. This paper explores what the underlying data reveals when it is treated as a performance dataset rather than a governance record.

It draws on two years of structured board evaluation data covering over 100 PE-backed companies across multiple sectors and hold stages.

Using progression against the value creation plan as the anchor performance metric, we identified four governance characteristics that consistently separate high-performing boards from low-performing ones.

The gap between the two groups is not explained by sector, hold duration or market conditions. It is explained by the quality of the dynamic between the CEO, the chair and the investment partner, and by how deliberately that dynamic is managed.

When the CEO-board dynamic functions well, the combined effect is multiplicative: the right CEO drawing on the right board at the right time accelerates the value creation plan rather than simply delivering it.

When the dynamic breaks down, the same board can become a drag rather than an accelerant, and the difference between those two outcomes is measurable, trackable and visible before it reaches the financials.

That early visibility is the opportunity. A board dynamic that can be read this early can also be corrected in time to change the outcome.

The pages that follow set out the four characteristics in full, the evidence behind each, and the practices that the strongest boards have in common.

Rob Manson

Head of Private Equity

Findings drawn from a longitudinal board evaluation dataset covering over 100 PE-backed companies

100+	2	7,000+	14,700+
PE-backed companies	Survey years	Structured survey responses	Open-ended comments analysed

The dividing question

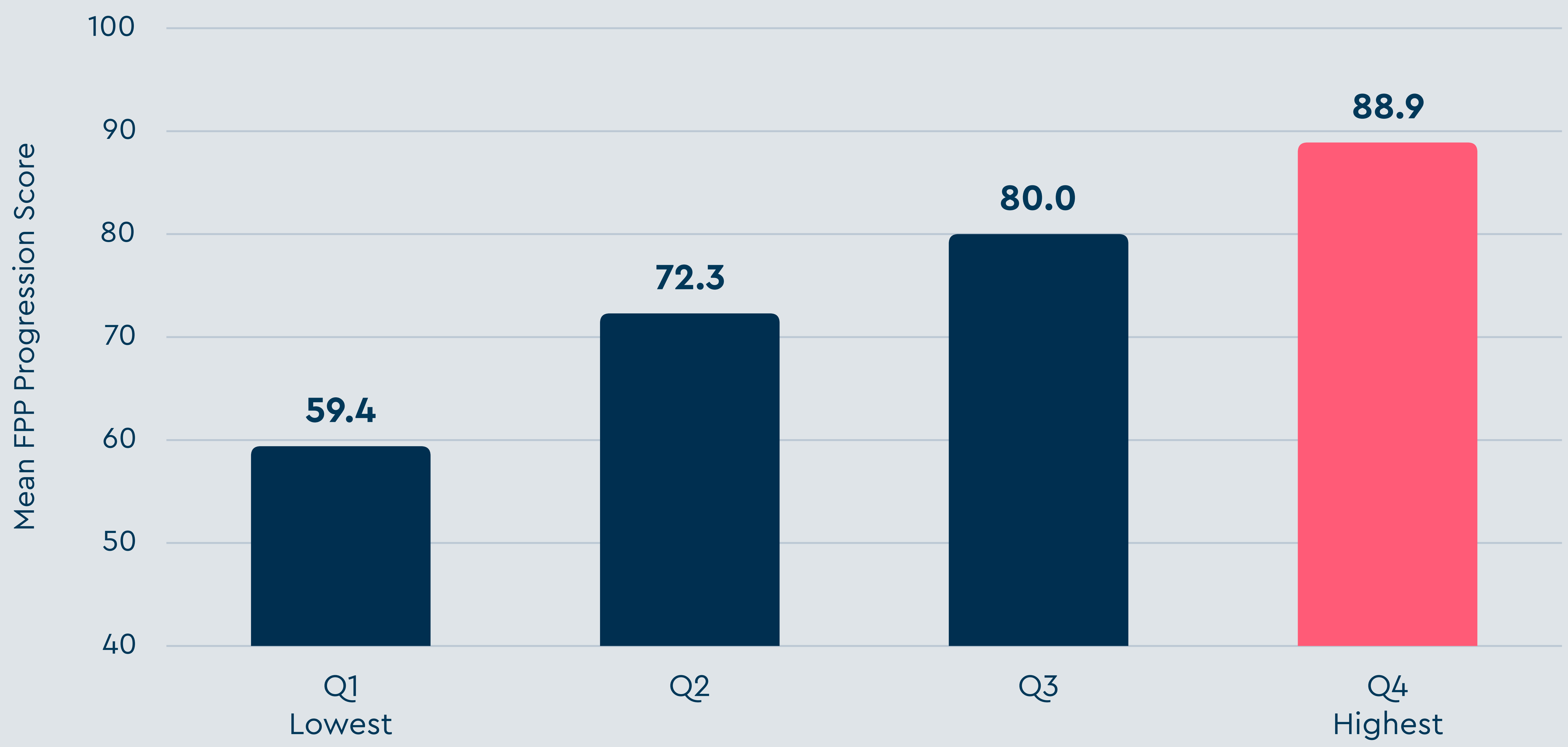
Every company was ranked by its FPP Progression score and divided into four quartiles, from the lowest performers to the highest.

The largest gap of all sits between the bottom quartile and the next, which points to something structural: underperformance shows up as patterns the boards feel long before they surface in the numbers.

One question sorts companies into these quartiles more reliably than any other. It is simple to ask and genuinely difficult to act on:

"When did your CEO last come to you with a problem they had not already solved?"

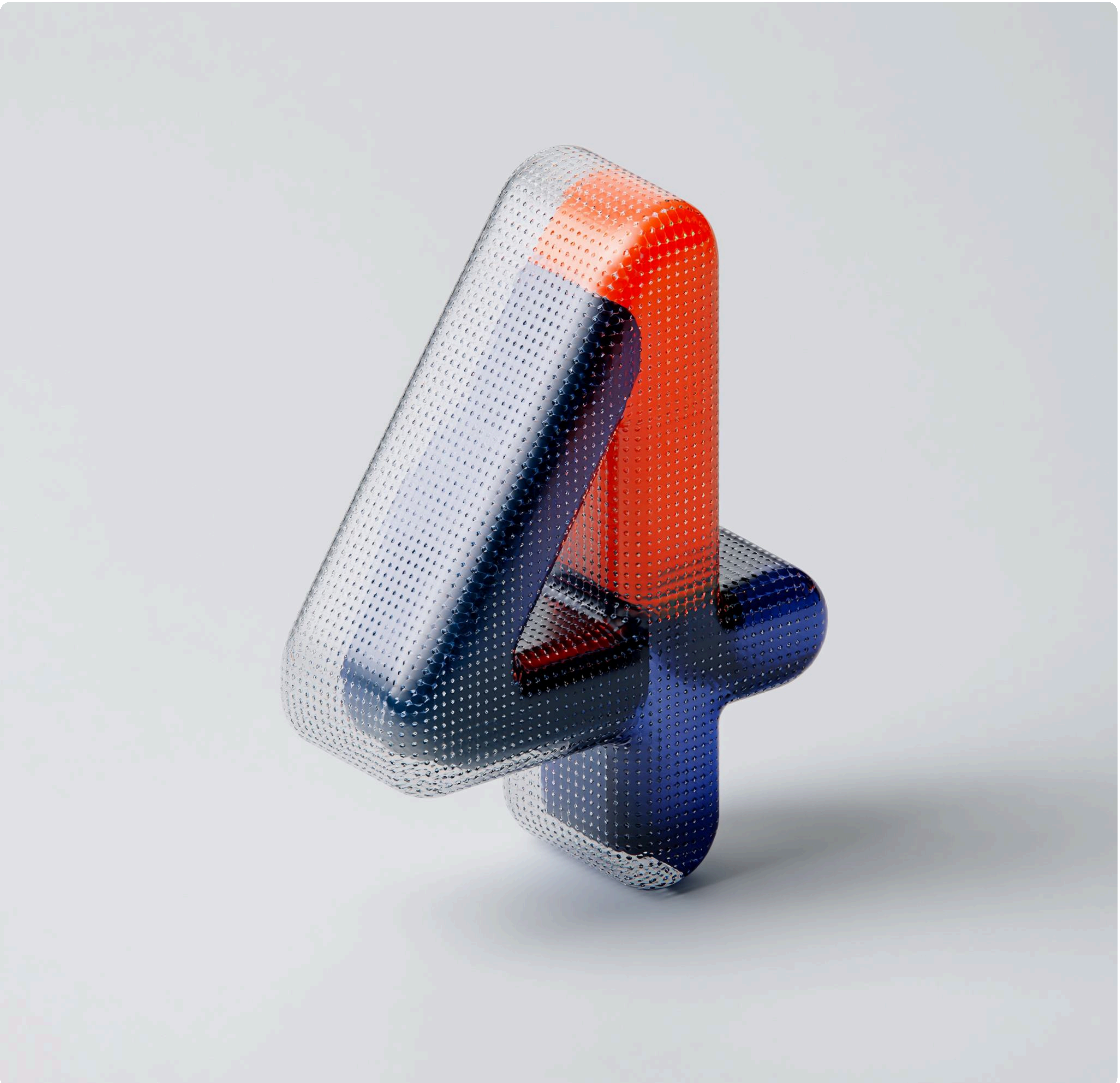
How a CEO uses the board is one of the most reliable predictors of value creation plan delivery in this dataset, connecting directly to the chair-CEO-investment partner relationship at the centre of effective governance.



The quartiles are categorised according to their FPP Progression score.
From lowest (Q1) to highest (Q4).

The result: 4 findings

The dataset points repeatedly to four characteristics that separate the boards accelerating value creation from the boards slowing it down. Each belongs to a different area of governance, and each appears in the numbers as a clear gap between the strongest and weakest performers.



The CEO is the dominant predictor. The board is the amplifier.

01

Every CEO-specific measure in the dataset, including strategic clarity, financial oversight, plan competency, team strength and people development, shows a 17 to 22-point gap between the top and bottom quartile, a margin no other governance dimension comes close to matching.

The CEO is the primary driver of value creation plan delivery.

The relationship between the CEO and the board is where that value is either multiplied or lost. Top-performing companies show a pattern in which the CEO actively draws on the collective knowledge of the board: bringing unresolved challenges to the table, using the chair and investment partner as genuine sparring partners, and treating the combined experience of the board as an operational resource rather than a governance audience.

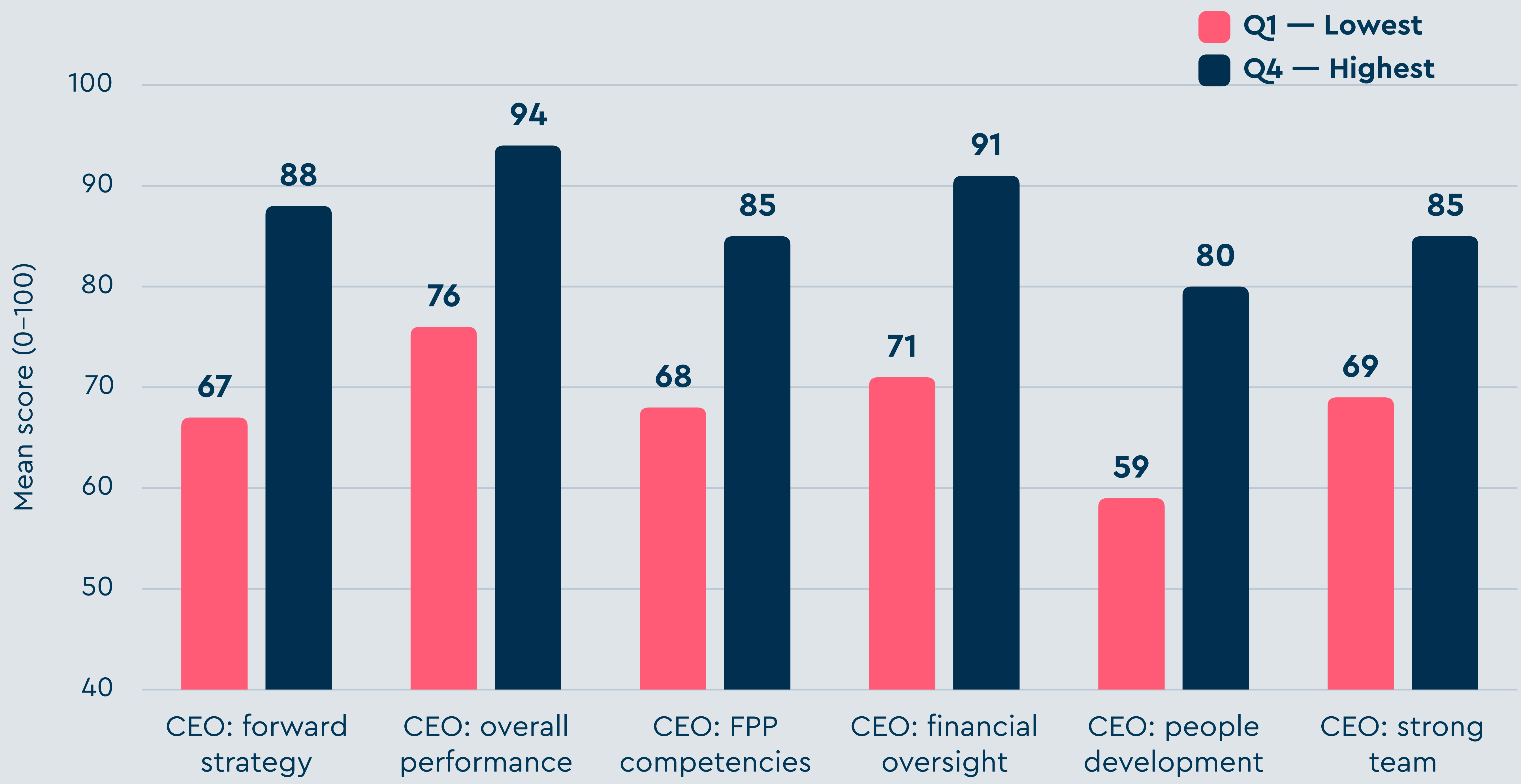
When this dynamic works, the effect is multiplicative. The CEO brings direction and execution. The board brings network, pattern recognition and challenge. Together they produce outcomes that neither would reach independently.

In lower-performing companies, the dynamic is reversed. The CEO uses the board as an audience. Problems are solved before they reach the table, decisions are presented rather than explored, and the collective intelligence of the board sits largely untapped.

The chair and investment partner are informed rather than engaged. The competencies built into the board composition, often at considerable effort and cost, are not drawn upon at the moments that matter.

HIGHLIGHT FROM FINDING #1

> The chair-CEO-investment partner relationship is not just a governance structure. It is the engine of value creation when it functions well, and the first place compounding damage occurs when it does not.



Every CEO-specific measure in the dataset shows a 17 to 22-point gap between the top and bottom quartile, a margin no other governance dimension comes close to matching.

Over time this shapes the culture of the board itself: discussions migrate from forward-looking and strategic to retrospective and operational, as the board adapts to receiving conclusions rather than contributing to them. The shift is gradual and often unnoticed until it is well established.

The CEOs in this group are not, in most cases, incompetent. They are often CEOs who were right for a previous phase of the business. The landscape changed, the hold period progressed, the value creation thesis evolved, and the characteristics that drove growth at one stage were not those needed at the next.

As a leadership team, this shift can be felt before it is visible. The conversation moves from strategic to operational. Meetings become more frequent. The chair or investment partner finds themselves being drawn in to fill gaps they should not need to fill.

One correlating signal worth noting: the frequency of the investor-chair-CEO meeting is notably higher in lower-performing companies. Higher meeting frequency can reflect many things, and there are high-performing companies that also meet regularly.

In the context of declining performance, however, more frequent meetings often reflect a gap being managed rather than governance momentum, and the right question to ask is not how often that meeting convenes but why.

Succession: The most deferred risk in the portfolio

02

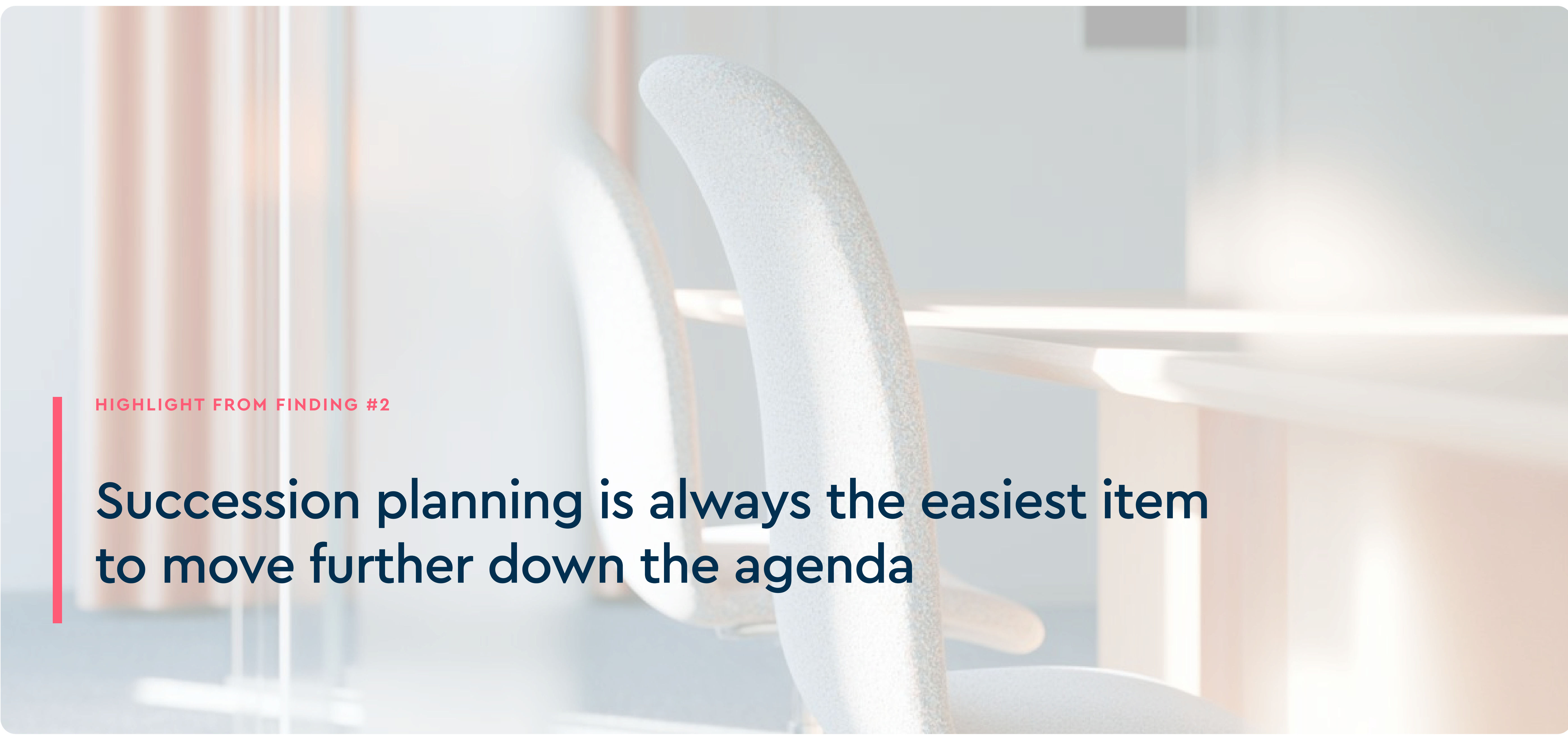
The CEO is the dominant driver of value creation plan delivery. That finding raises some immediate questions: if the CEO left today, or is no longer the right person for the current phase, how quickly would the value creation plan begin to drift? How long would a search take? How much value would be lost during an interim period?

These are questions that succession planning exists to answer, and the data suggests that most boards have not yet answered them.

Succession planning is the lowest-scoring topic across the entire dataset in every quartile, including among the best-performing companies, which score significantly below their performance on every other governance measure.

The second and third quartile are nearly indistinguishable on this topic, with meaningful improvement appearing only at the very top of the performance range as a deliberate governance choice rather than a natural byproduct of performance. The gap is universal, not confined to underperforming boards.

The reason succession is consistently deferred is understandable: it carries no immediate urgency, does not appear on the balance sheet, and requires difficult conversations about contingencies that feel premature when the current CEO is performing well. It is always the easiest item to move further down the agenda.



HIGHLIGHT FROM FINDING #2

Succession planning is always the easiest item to move further down the agenda

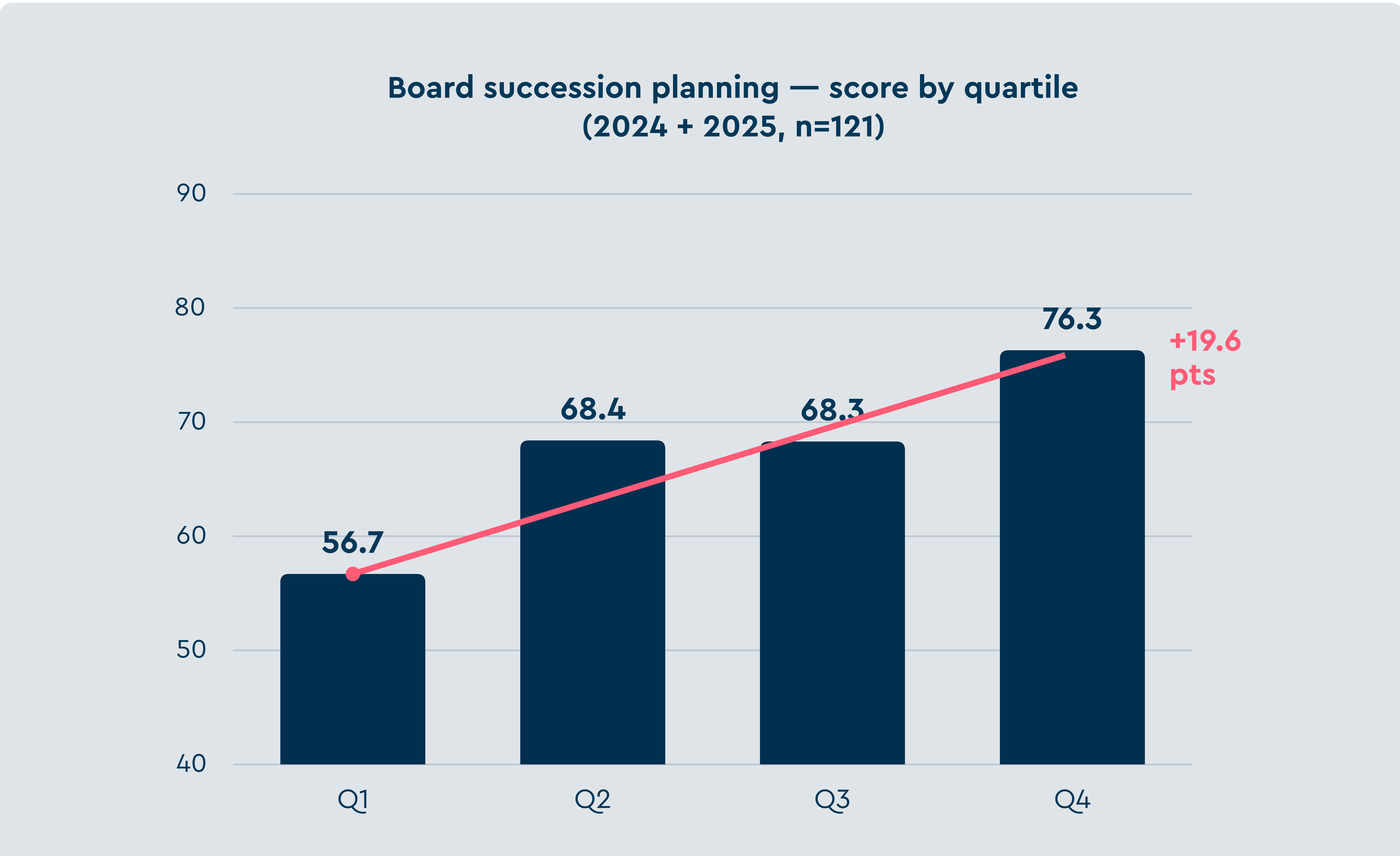
But the cost of that deferral is visible in the data. Lower-performing companies show disproportionately high references to CEO transitions, interim appointments and active leadership searches in their open-ended comments. The pattern is not coincidental. In the absence of succession scaffolding, a CEO departure does not just create a vacancy. It creates compounding instability: a search that takes months, an interim period that stalls decision-making, pressure to fill the role quickly that increases the risk of the wrong appointment, and a value creation plan that begins to drift from the moment the gap opens.

The structural urgency is increasing. As holding periods extend beyond five to seven years, the statistical likelihood of requiring at least one CEO succession during the hold rises significantly. In some cases, two transitions are required within a single hold. Longer holds mean more phases, more environmental change, more stress on a single individual operating in an extremely demanding role. The question is not whether a succession plan will be needed. It is whether it will be ready.

The risk is compounded by overreliance. Top-performing companies often show strong performance precisely because they have a high-calibre CEO who has not yet needed to be replaced. That strength can obscure the absence of scaffolding beneath it. The data raises a genuine question: are some high-performing companies one CEO departure away from a significant performance decline?

+19.6 Q1 to Q4 gap — the largest structural difference between the bands

76.3 Top quartile average — even the best companies have not fully solved this



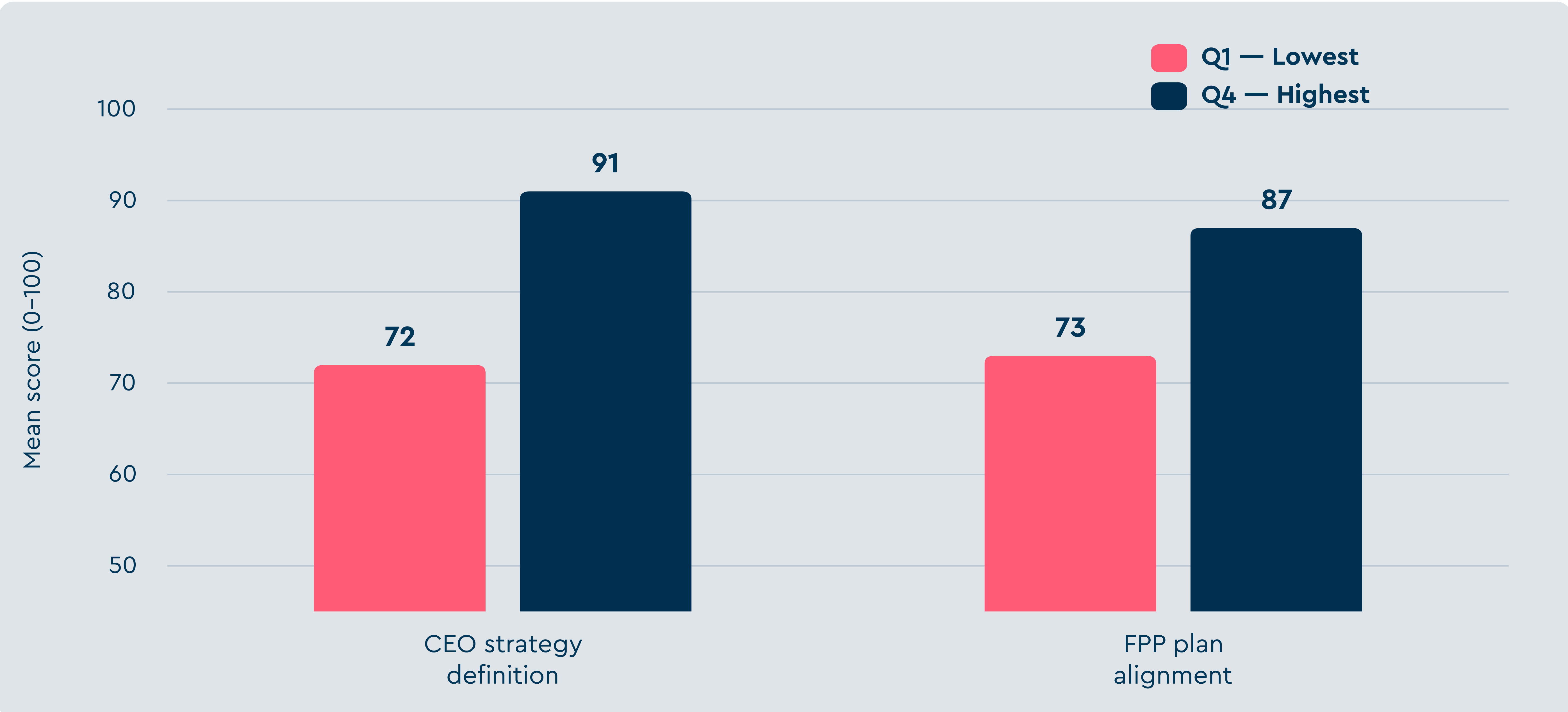
Plan clarity: Owned vs imposed

03

Both CEO strategic definition and value creation plan alignment show strong performance gaps between the top and bottom quartile, though the quantitative scores understate the real issue.

In top-performing companies, the value creation plan is the operating system of the organisation. It shapes KPIs, reporting, hiring decisions and succession choices. Value creation levers are owned by specific individuals, not assigned to functions. When a new leadership team member joins, they join aligned to a specific lever. The plan is not a document that management refers to. It is a framework that management thinks in.

In lower-performing companies, the plan exists but it is not believed. The recurring language in open-ended comments is that the plan feels imposed by the investors rather than built with the management team. Management complies with it. They follow it. But they do not own it, and that distinction drives some of the largest differences in execution quality across the portfolio. Boards in this position receive reporting that has been filtered through a team managing expectations rather than executing against a shared conviction. The gap between what is reported and what is actually happening widens over time.



Q4 — Plan is the operating system

Q4 teams have internalised the FPP. It shapes KPIs, reporting, and daily decisions. Boards describe CEOs who live and breathe the plan.

Q1 — Plan exists but is not believed

Q1 boards suspect management views the plan as investor-imposed. The plan sits in a document. It does not drive behaviour.

HIGHLIGHT FROM FINDING #3

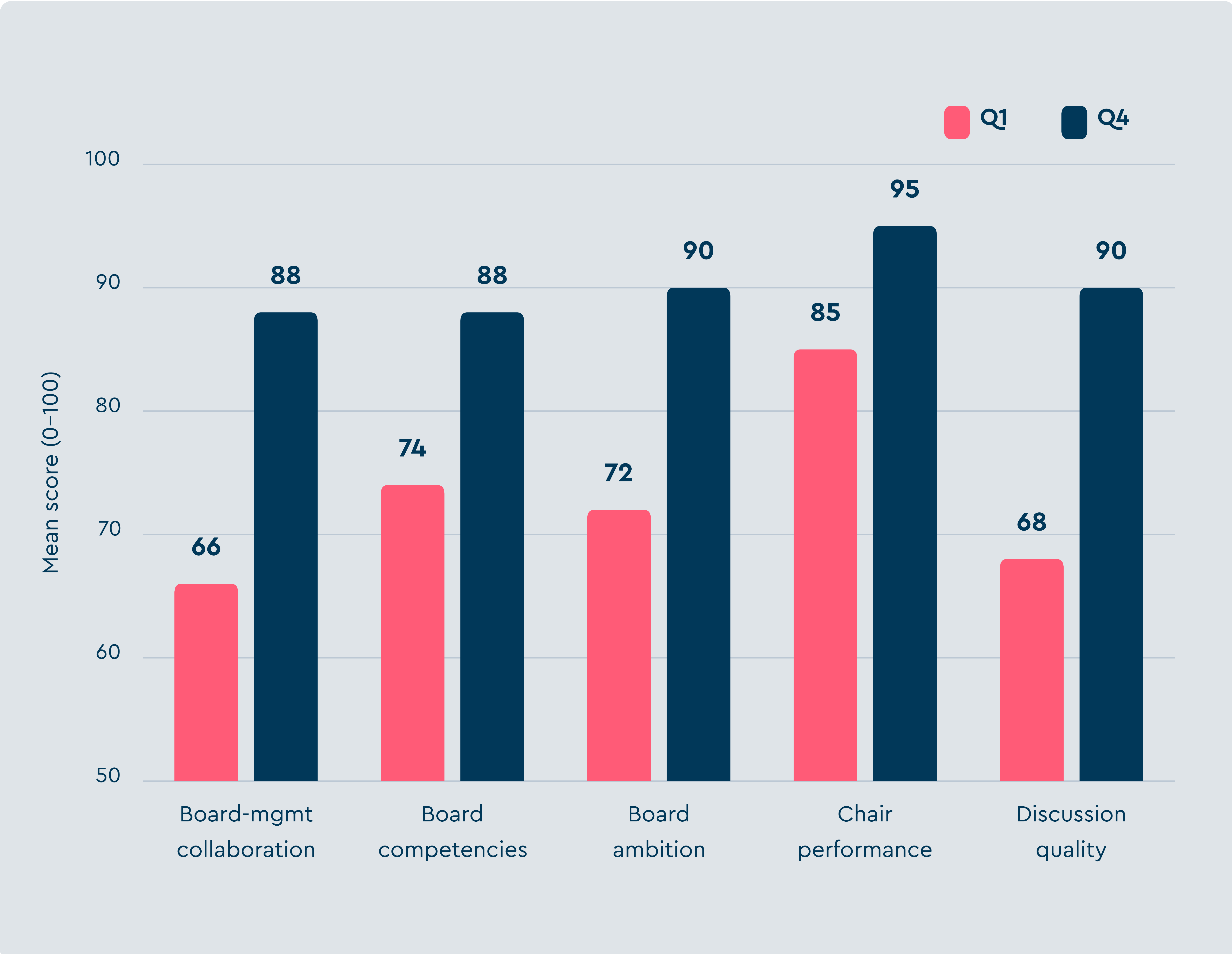
Low performing boards suspect management views the value creation plan as investor-imposed. The plan sits in a document. It does not drive behaviour.

Board Effectiveness: The generative and the compensatory chair

04

Board effectiveness scores differ significantly between high and low performers across every dimension measured, including collaboration quality, discussion depth, ambition and competency coverage. The board is an important determinant of outcomes, but as an amplifier of what is already present at CEO level rather than as a root cause in its own right.

Chair performance is the highest-scoring topic in the entire dataset, in both high and low-performing companies. That high performance is most productive when applied alongside a strong CEO, and even the most capable chair cannot fully compensate for the wrong CEO or a deteriorating investor-chair-CEO dynamic. The ceiling of what any chair can extract from a situation is ultimately set by the quality of that relationship.

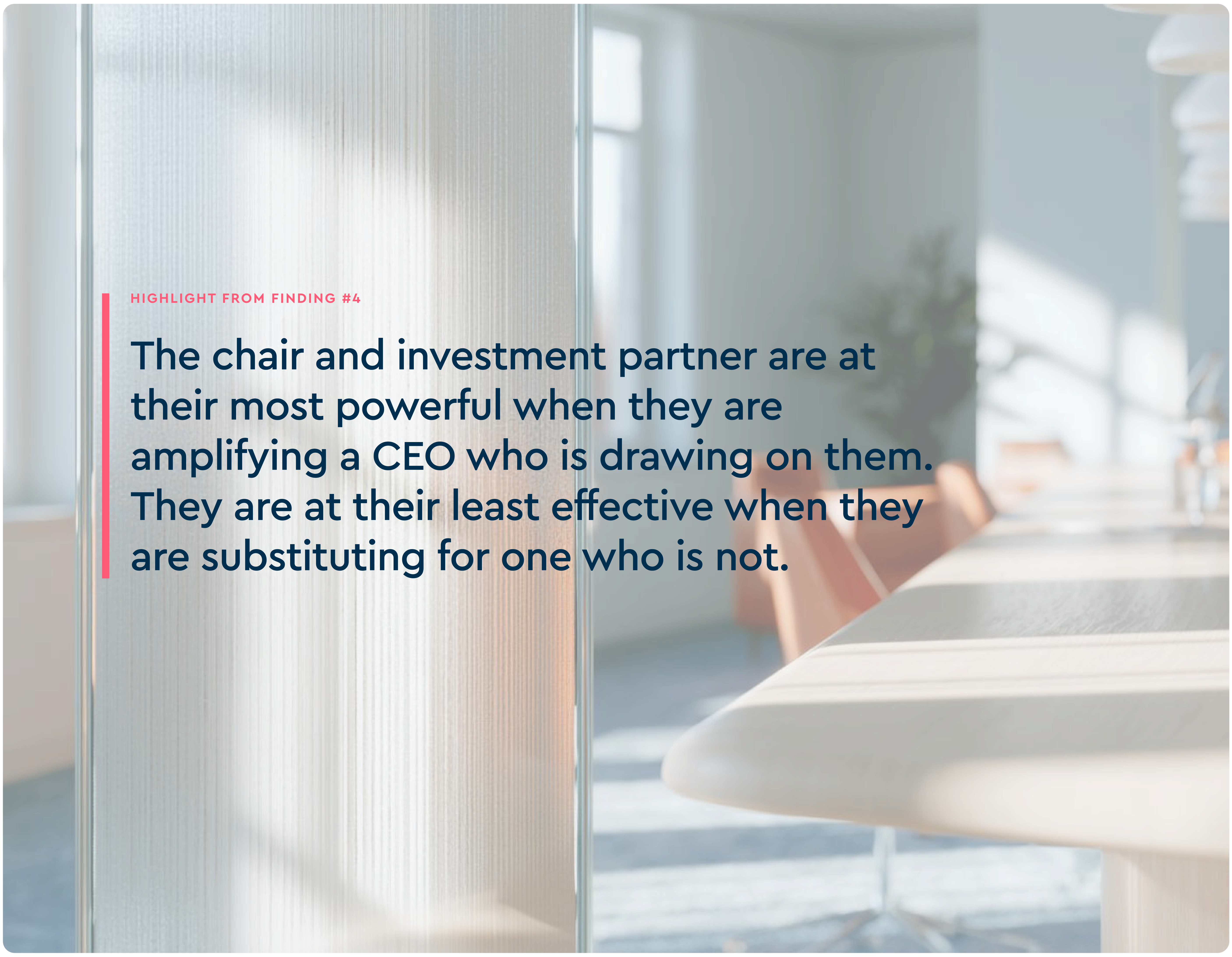


The qualitative data points to a meaningful distinction between two modes chairs can find themselves in, which we have characterised as generative and compensatory.

A generative chair amplifies the CEO's strengths. They coach and challenge, open doors, create the conditions for the CEO to succeed and draw the best from the board around them. The relationship with the CEO is one of the foundational assets of the company.

The same pattern applies to investment partners. When the investor-chair-CEO relationship is functioning well, the investment partner adds strategic challenge, market intelligence and network access at the moments that matter most. When the CEO is underperforming or the dynamic has broken down, the investment partner is drawn into gap management rather than value creation.

The frequency of leadership alignment meetings is often the first visible signal of which mode has been entered. When a board finds itself meeting more frequently than governance requires, it is worth asking whether the cadence reflects momentum or its absence.



HIGHLIGHT FROM FINDING #4

The chair and investment partner are at their most powerful when they are amplifying a CEO who is drawing on them. They are at their least effective when they are substituting for one who is not.

Summary: what this means in practice

None of these findings require a new governance framework. They require honest answers to questions that good boards already know to ask, but rarely formalise.

The value of structured evaluation data lies in making these signals visible consistently and comparably before they appear in the financials.

The gap between boards that act on those signals and boards that wait for the numbers to confirm what they have already felt is, on the evidence of this dataset, worth approximately 30 points of value creation plan progression.

The difference between scoring high and scoring low comes down to dynamics, alignment and the willingness to name what is already being felt.

Five questions to take away

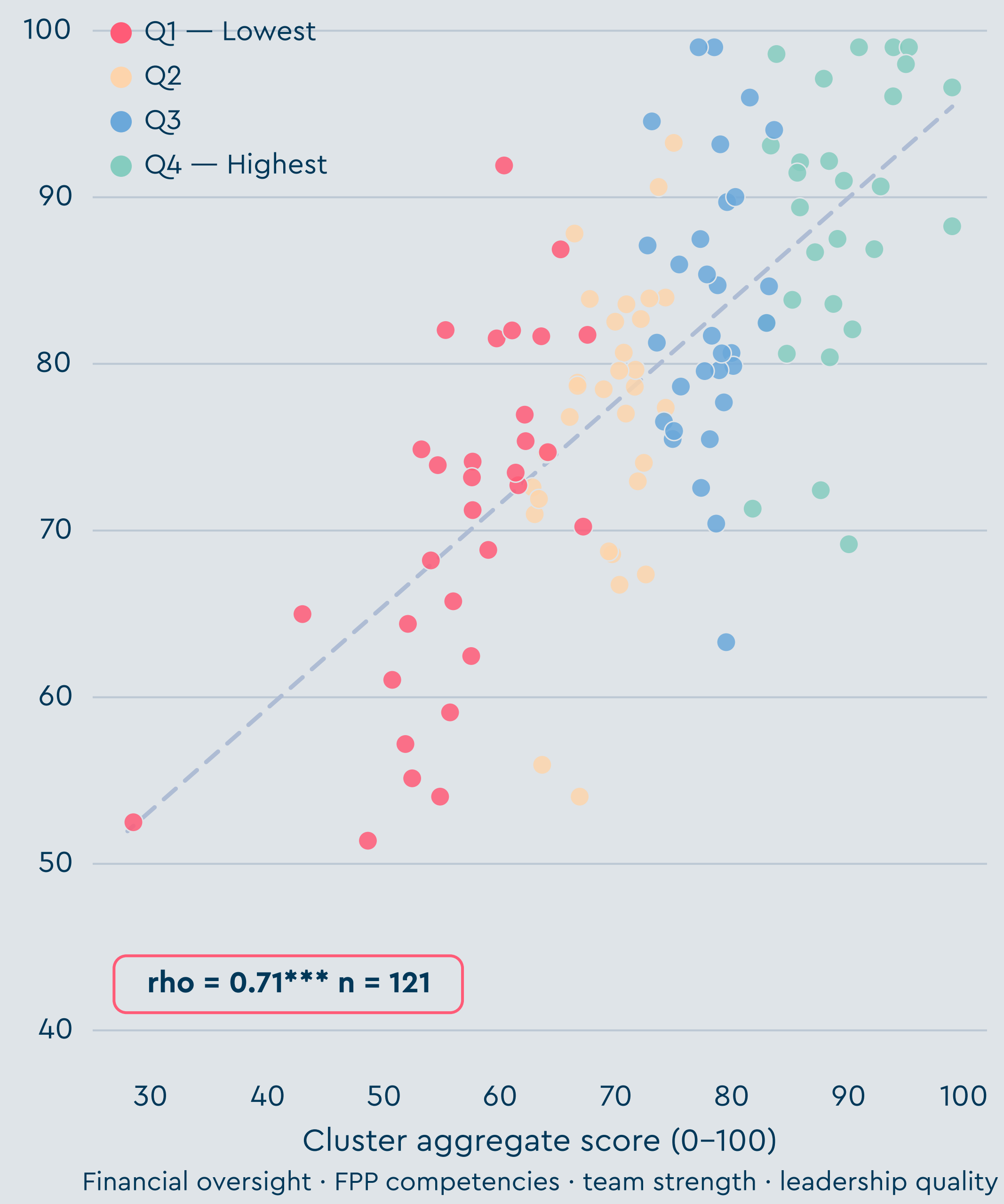
1. **Is your CEO actively seeking board input, or presenting decisions already made?**
2. **If your CEO left tomorrow, how long before the value creation plan started to drift, and does your board know the answer?**
3. **Does your management team genuinely own the value creation plan, or do they comply with it?**
4. **Is your role as chair currently generative or compensatory?**
5. **When did your board last have a genuinely uncomfortable conversation with management?**

The data behind the report

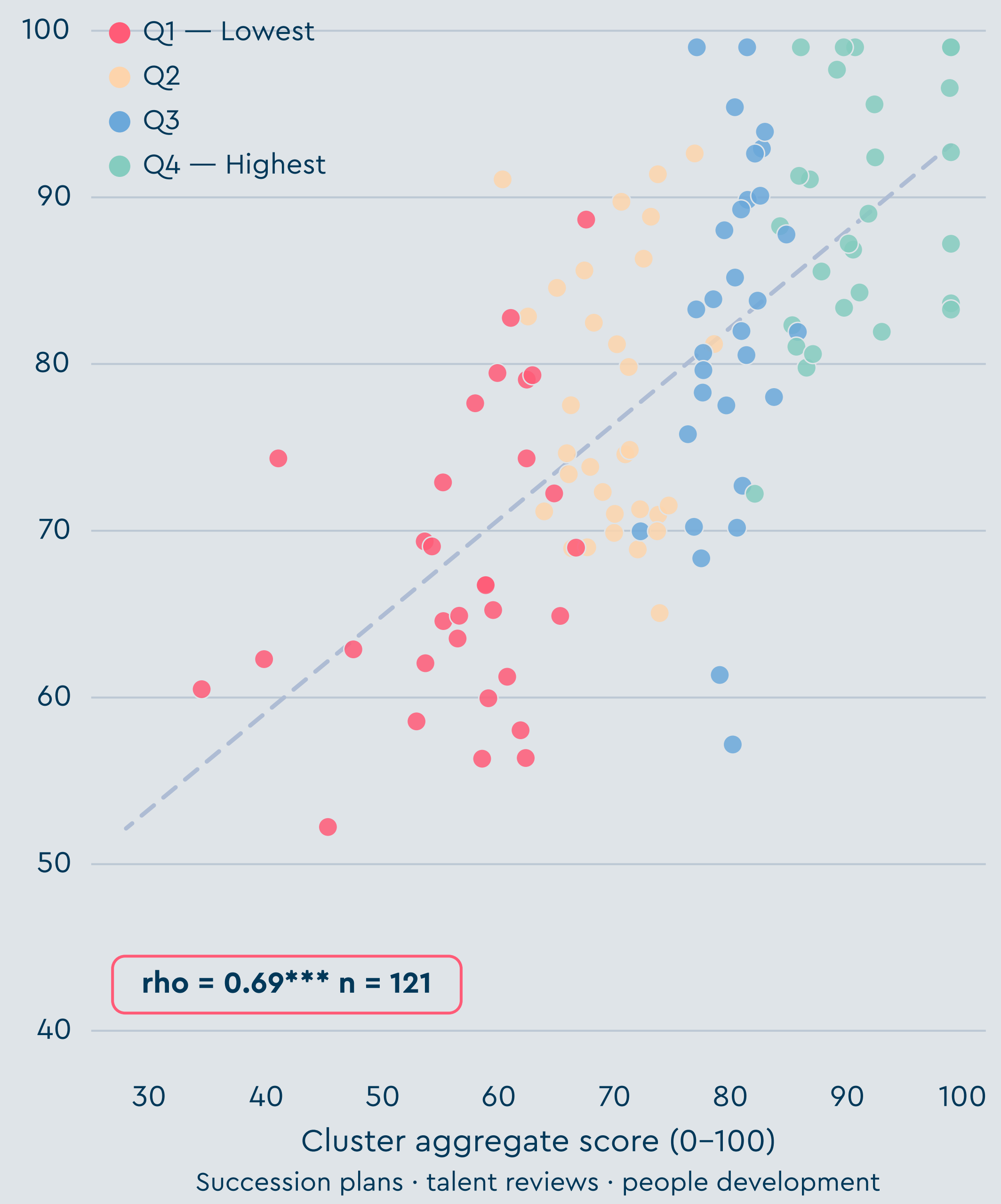
Data drawn from a longitudinal board evaluation dataset from the BoardClic platform, covering 121 PE-backed companies, 2024 to 2025, spanning multiple sectors and hold stages. All findings are aggregate and anonymised. Statistical correlations computed using Spearman rank correlation against value creation plan progression scores; all clusters significant at $p<0.001$.

The four clusters in detail

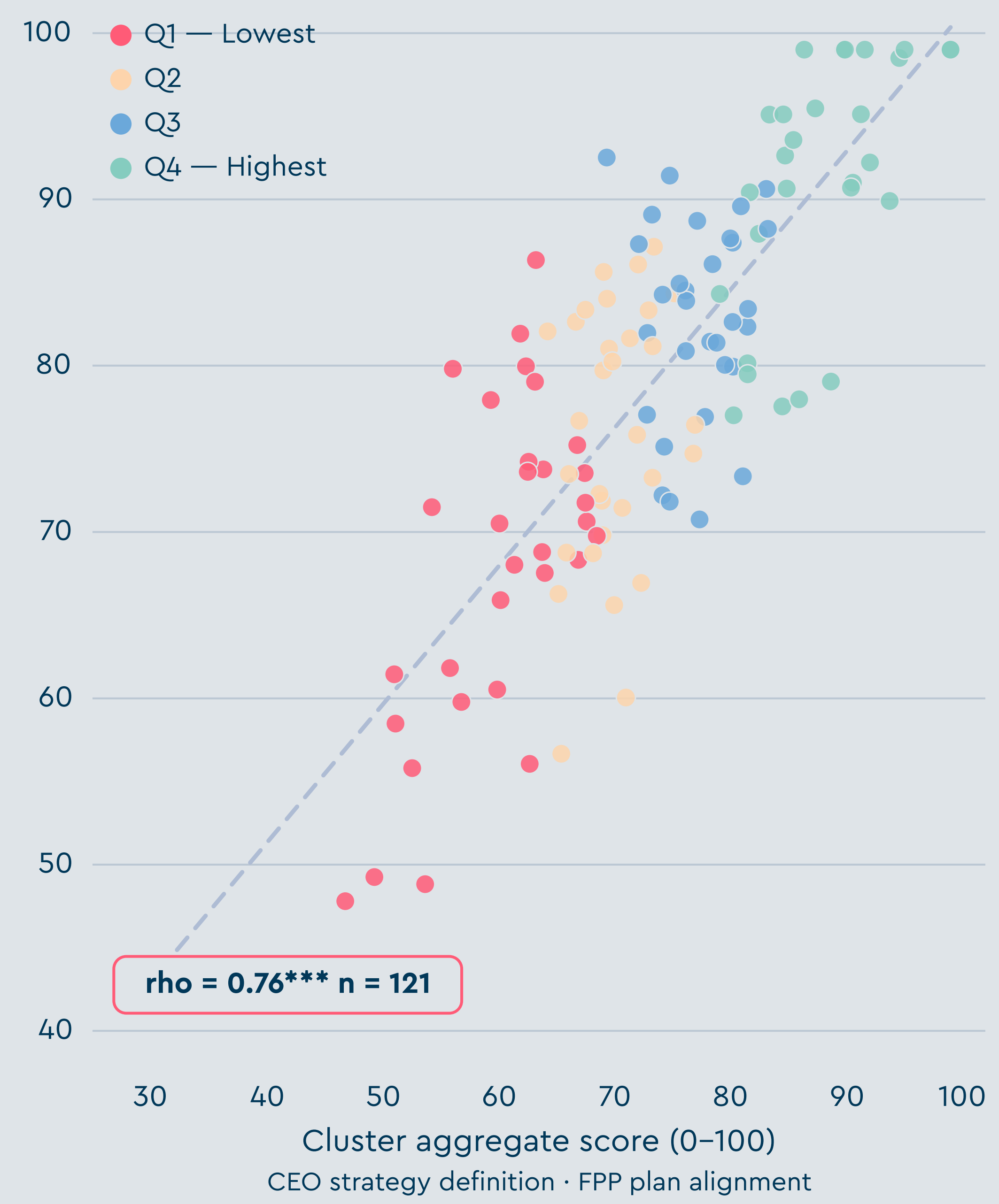
CEO Delivery



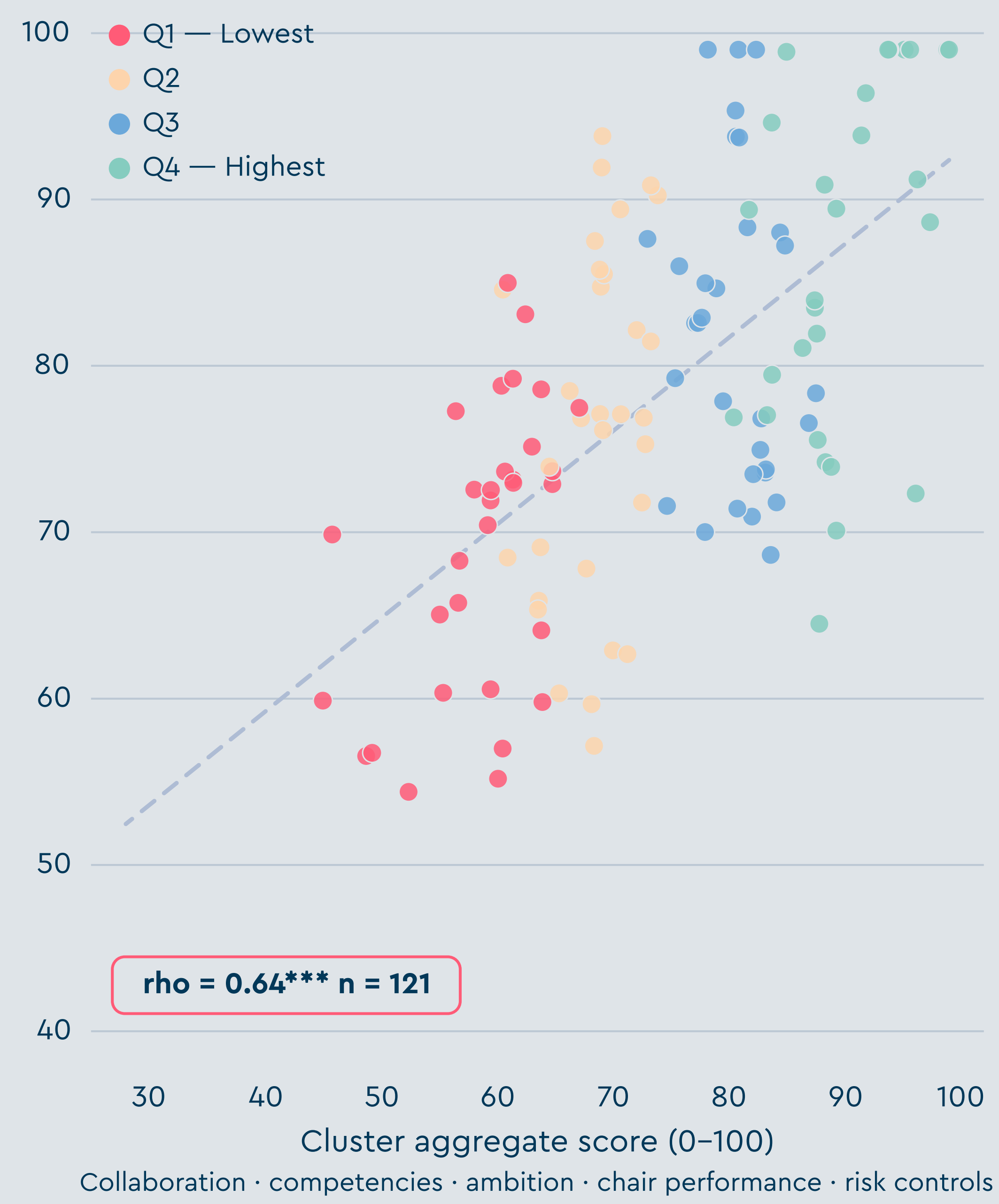
People and Succession



Plan Clarity

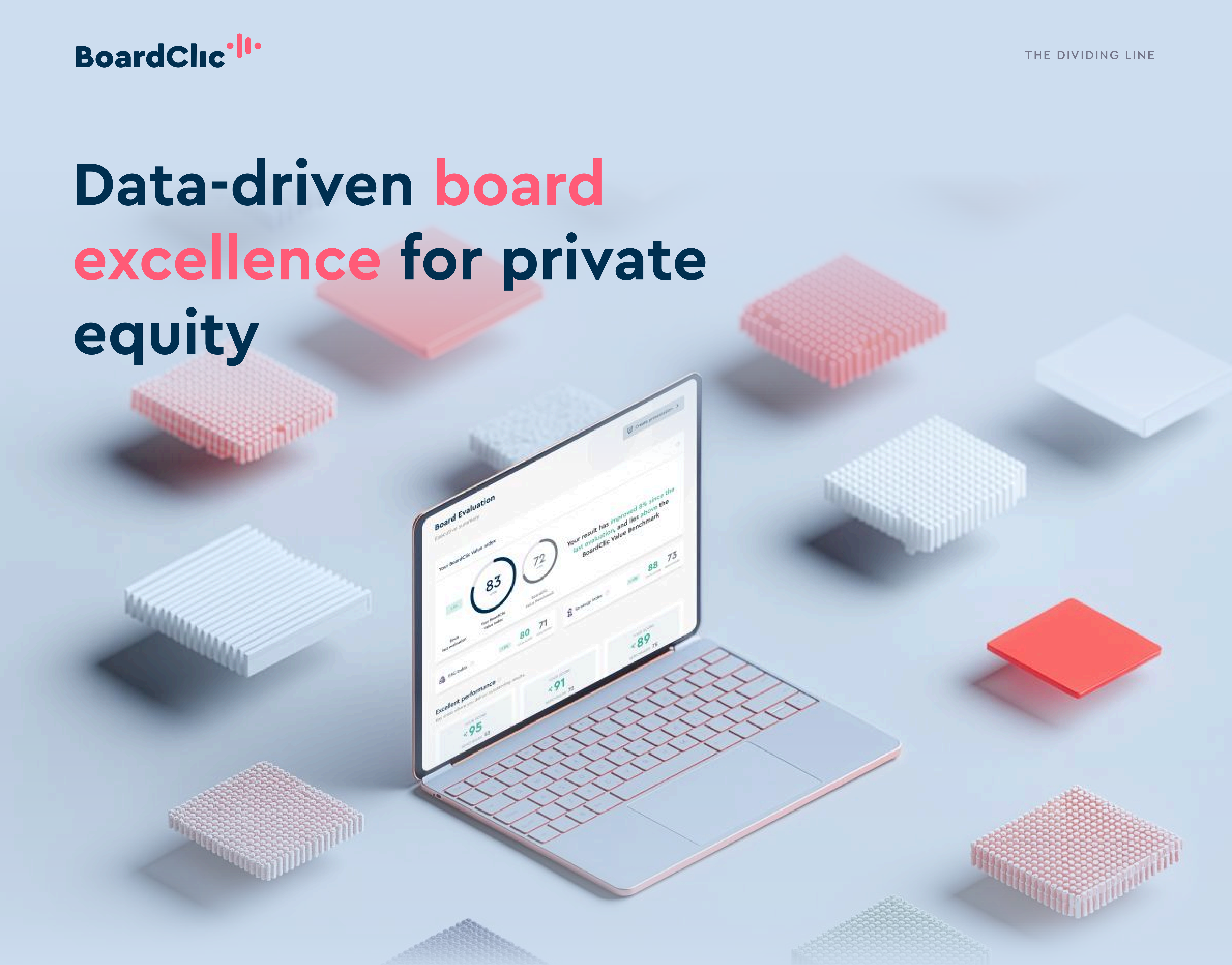


Board Effectiveness



Across all 121 companies, each of the four governance clusters tracks closely with progression against the value creation plan. The relationship is strong and highly significant in every case, with correlations between 0.64 and 0.76 and all clusters significant at $p<0.001$. Boards that score well on these clusters are consistently the boards delivering against the plan. The pattern is not marginal and not confined to a single sector. It holds across the full dataset.

Data-driven board excellence for private equity



Scale & global reach

Trust in a platform that has been tested at the highest levels of global businesses. BoardClic has powered over 2,000 board reviews across more than 50 countries, providing a standardized, objective performance engine regardless of region or sector.

Private Equity DNA

Our team consists of dedicated experts in the Private Equity space who understand that governance is a direct predictor of your ability to hit value-creation milestones.

Continuous value creation

By partnering with us, you gain more than a tool; you gain an integrated ecosystem designed to bridge the gap between identifying governance blind spots and taking immediate, decisive action.

Contact information

partnerships@boardclic.com

+44 79 846 46 159

boardclic.com