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Theme 1 – Alignment & Governance

Alignment

1. Please describe the 2 most important actions performed by the owner representatives that contributed to successful trust & alignment between the owner representatives and you as CEO (alignment regarding critical objectives, business plan and way of working together)?

**1: We bought the company together and did the DD together; this in of itself was a trust-building exercise. 2: It was a carve-out; to put me in place as a non-proven CEO and giving me freedom and mandates created a lot of trust between us. 3: I had control of the numbers; good EBITDA levels. This created a lot of trust 4: I was also invested in the company; PE knew how much skin the game I had. 5: They did exactly what they said they would do. 6: They got really involved even joining our Christmas parties; this type of engagement showed that they really cared.**

2. Please provide 2 specific suggestions for how the owner representatives could have acted to even further strengthen trust & alignment between the owner representatives and you as CEO?

**Nothing!**

3. Imagine that you responded to the following question 6 months into your CEO assignment – how do you score the degree of trust & alignment between the owner representatives and you as CEO regarding critical objectives, business plan and way of working together – on a 10 grade scale where “3” is poor, “5” is ok and “7” is good?

**10 out of 10 for sure.**

4. If score <7, Which 2 key factors explain the score?

5. Which 3 key factors or actions would have improved the score to 9?

Competence

6. Please describe the 2 most important contributions by the owner representatives on the theme of business-critical knowledge & competence (in the shape of competencies, methods, people etc.)?

**1: Knowledge regarding how you build large companies by combining smaller companies 2: How to build a company that is more than the sum of its parts; synergies 3: How to work with banks e.g., debt financing 4: Negotiations in terms of M&A.**

7. Please provide 2 specific suggestions for how the owner representatives could have made even stronger contributions on the theme of business-critical knowledge & competence?

**1: The level of diversity in our fund is relatively low; most of them consist of ex investment bankers. It would be interesting to have a slightly more diverse set of capabilities with venture capital background or a biotech background. Of course, you can always find that through external experience.**

8. Imagine you responded to the following question 12 months into your CEO assignment – how do you score the contribution of business-critical knowledge & competence from owner representatives on a 10 grade scale where “3” is poor, “5” is ok and “7” is good?

**9/10**

9. If score <7, Which 2 key factors explain the score?

10. Which 3 key factors or actions would have improved the score to 9?

Governance

11. Please describe the 2 most important contributions by the owner representatives to ensure an effective governance model, i.e. for performance management of the company and its business plan?

**1: They let me handled this; I set the governance myself!**

12. Please provide 2 specific suggestions for how the owner representatives could have made even stronger contributions to ensure an effective governance model?

**Nothing**

13. Imagine you responded to the following question 12 months into your CEO assignment – how effective is the overall governance model on a 10 grade scale where “3” is poor, “5” is ok and “7” is good?

**10**

14. If score <7, Which 2 key factors explain the score?

15. Which 3 key factors or actions would have improved the score to 9?

Theme 2 – Ambitions & Priorities

16. In your first business plan as CEO of the private equity owned company – what is your view of the overall ambition level regarding financial & strategic targets?

(i) Too low targets

(ii) Somewhat too low targets

(iii) Targets at the right level

(iv) Targets were somewhat over-ambitious

**(v) Targets were clearly over-ambitious**

17a. Please provide short motivation to your answer in question 16?

**Extremely ambitious given the knowledge we had however we over achieved them massively.**

17b. Roughly, what was the target for EBIT increase for the first 3 years in the business plan?

**Quadruple EBITDA in 7 years. (We five folded it in three years)**

18. Please describe the 2 most important success factors regarding the process of developing the financial & strategic ambition level of the business plan?

**1: Looked at historical trends; where are the upsides and where at the downsides.**

19. Please provide 2 specific suggestions for how the development of the ambition level could have been improved further?

**Nothing to add.**

20. In your first business plan as CEO of the private equity owned company – what is your view on the number of key initiatives defined in the business plan?

(i) Too few key initiatives

(ii) Well balanced number of key initiatives

**(iii) Somewhat too many key initiatives**

(iv) Too many key initiatives

21. Why did you end up with too few or too many key initiatives (depending on answer in q20)

**Most PE funds will come in and have a very narrow scope of what they do. However, we do not act that way. We work broadly and over time we see that somethings work and somethings do not work.**

22. What were the implications of too few or too many key initiatives (depending on answer in q20)

23. How many “mission-critical” initiatives (or key themes / focus areas) were part of your first business plan?

(i) 1-2 mission critical initiatives

**(ii) 3-5 mission critical initiatives (3 big buckets each containing 6 initiatives)**

(iii) 5-7 mission critical initiatives

(iv) 8-10 mission critical initiatives

(v) 10 - 15 mission critical initiatives

(vi) >15 mission critical initiatives

24. Which were the 2 most important success factors to ensure a clear priority of the “mission-critical” initiatives in the business plan?

**1: Focus on the core-business and core-business customers; make sure that you defend it 2: Initiatives that replicate business in other markets 3: Initiatives that focus on mergers and acquisitions. 4: Consider adjacencies; don’t think too narrowly but look at initiatives beyond business as usual.**

25. Please provide 2 specific suggestions for how the process of achieving a clear priority of the key initiatives could have been even better?

**Nothing to add**

26. How what you rate your first business plan on a 10 grade scale with regards to ambition level *and* clear prioritization of key initiatives? where “3” is poor, “5” is ok and “7” is good

**10**

27. If score <7, Which 2 key factors explain the score?

28. Which 3 key factors or actions would have improved the score to a strong 8 or 9?

Theme 3 – People & Mobilization

29. In which ways did you secure strong organizational ownership for the business plan´s objectives and key initiatives – describe the 2 most important actions?

**1: Make sure that you have the right people with the right mindset 2: Align their incentives with yours; make them real owners with huge upside incentives 3: Make sure that you trust them; don’t do their work for them, let them down their job. Only intervene when it is really needed. 4: Make your strategy transparent to everyone 5: Breakdown strategy into department goals and follow up on these department goals. That way you create clarity down to the individual level.**

30. Please provide 2 specific suggestions for how you and the top management team could have ensured an even stronger organizational ownership for the business plan initiatives?

**Generally satisfied: Everyone worked hard to get there.**

31. Imagine you responded to the following question 12-18 months into your CEO assignment – How strong is the overall ownership for the business plan´s objectives and key initiatives among the top 10% of management – please score on a 10 grade scale where “3” is poor, “5” is ok and “7” is good?

**10.**

32. Which 3 key factors or actions would have improved the score to a strong 8 or 9?

**1: Secret to our success was our culture and the level of engagement and ownership.**

33. Imagine you responded to the following question 12-18 months into your CEO assignment – How strong is the overall organizational ownership for the business plan´s objectives and key initiatives – please score on a 10 grade scale where “3” is poor, “5” is ok and “7” is good?

**8-10.**

34. Which 3 key factors or actions would have improved the score to a strong 8 or 9?

35. After 12-18 months into your CEO assignment; to what degree did you have your “dream-team” - i.e. the right person in the right place regarding the 5% highest managerial positions?

(i) The right person in the right place for >90 % for the 5% highest managerial positions

(ii) The right person in the right place for 80-90 %

(iii) The right person in the right place for 70-80 %

(iv) The right person in the right place for 60-70 %

**(v) The right person in the right place for 50-60% (50%)**

(vi) The right person in the right place for <50 % for the 5% highest managerial positions

36. How could you have acted to better or faster ensure the right person in the right place for the top 5% managerial positions – top 2 suggestions?

**I had to work with what I had. I could not change anything without risking the status quo.**

Theme 4 – Implementation & Results

37. How did you secure speed & pace in the development and execution of the business plan – please describe the 2 most important factors or actions?

**1: When we make a strategy we define MUST-win battles; we only focus on getting those down.**

38. What could you have done even better to secure speed & pace in the development and execution of the business plan - top 2 suggestions?

**1: It is a matter of prioritization; tendency to do many things. However, if you do reduce them you need to make sure that they are the ones that drive most value.**

39. You get this question 18 months into your CEO assignment – How strong is the speed & pace in the execution of the business plan; please score on a 10 grade scale where “3” is poor, “5” is ok and “7” is good?

**9**

40. If score <7, Which 2 key factors explain the score?

41. Which 3 key factors or actions would have improved the score to a strong 8 or 9?

42. In which ways did you secure the organization’s success in implementing the mission-critical initiatives in the business plan– please describe the 2 most important factors or actions?

**1: Breaking down must-win battles to individual departments and people.**

43. What could you have done differently to enable even stronger organizational success in implementing the business plan - top 2 suggestions?

**1: Hired right people fast; easier said than done though.**

44. You get the following question 18 months into your CEO assignment – How do you score the implementation success of the business plan’s key initiatives; please score on a 10 grade scale where “3” is poor, “5” is ok and “7” is good?

45. If score <7, Which 2 key factors explain the score?

46. Which 3 key factors or actions would have improved the score to a strong 8 or 9?

47. Which were the top 2-4 mission-critical initiatives in the business plan to drive absolute EBIT growth – select from the following (read all of them quickly 1-2 times)?

**1: Organic growth 2: Innovation**

48. During your last year as CEO prior to the COVID -19 crisis – what was the annual organic EBIT growth?

**(i) Double digit % positive organic EBIT growth (triple digit down)**

(ii) Single digit % positive organic EBIT growth

(iii) Flat / zero organic EBIT growth

(iv) Negative organic EBIT growth

49. If you could do your CEO journey all over again from day 1 – what would you have done slightly or entirely differently to ensure an even better success – 2 specific examples?

**1: Important to spend quite some time as a team before setting numbers and ambition: Build that trust to start with it. Don’t just come in with the strategy and try to execute on it without making sure that you have a high performing team in place.**

50. Lastly, our conversation has covered best practices and lessons learnt in order to succeed as a CEO in a private equity context – on that theme – which are your top 3 specific advice to an incoming CEO who is new to the private equity context?

**1: Understand what creates shareholder value; it is not just EBITDA. It could be IP, stickiness, digitalization and so forth. The ideal situation is a razor-razor blade model with strong IP, strong digitalization, high scalability and low CAPEX as well potential for consolidation as well as using acquisitions. Most companies think of cost synergies when acquiring company but focus instead on aligning incentives through e.g., earnouts. Integration can come later. Then you have everything model. \*Razor-razor blade: This is a business model where you have a base system and then have to buy consumables with/for system. Highly attractive because you lock in the customers. 2: Make sure that you understand your business and how you can identify the sweet spot of value creation. Make sure that you have a razor-sharp focus on the items that will drive EBITDA. 3: Make sure that you have a team around you that can execute on the business plan. 4: Make sure that you have a very strong ownership with your owner beyond just board meetings; don’t be afraid to say that you don’t know!**