

What PE Firms Know That Corporate Boards Don't.

The hold period forces strategic discipline. The question is why non-PE companies refuse to impose it on themselves.

3–5 Years	average PE hold period forces clarity and urgency
2.5x	EBITDA multiple expansion in top-quartile PE holds
Forever	the implicit hold period that lets corporate boards drift

The Discipline of a Deadline

Private equity gets a lot wrong. But there is one thing PE firms understand better than almost any corporate board: the power of a non-negotiable deadline on strategic behavior.

When a PE firm acquires a company, the clock starts. Three to five years to create measurable value — typically EBITDA growth, margin expansion, and multiple improvement — before exit. Every strategic decision is filtered through a single question: does this create value within the hold period?

That constraint, which many corporate executives view as a limitation, is actually a superpower. It forces the kind of strategic discipline that most corporate boards never impose on themselves.

	PE-BACKED COMPANY	TYPICAL CORPORATE
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Time horizon	3–5 year hold. Every quarter counts.	Indefinite. "We'll get to it next year."
Strategic priorities	3–4 value creation levers, explicitly defined	12–20 "strategic initiatives" with no hierarchy
Resource allocation	Concentrated on highest-return bets	Spread across everything to avoid conflict
Underperforming units	Fixed, sold, or shut within 12 months	Studied, reorganized, given "one more year"
CEO accountability	Quarterly value creation reviews with the board	Annual strategy presentation, loosely tracked
M&A	Targeted bolt-ons filling specific capability gaps	Opportunistic deals justified after the fact

Five Things PE Forces That Corporate Boards Should Steal

1. The Value Creation Plan Is the Strategy

In PE, there is no separation between "strategy" and "value creation." They are the same document. Every strategic priority has a financial outcome attached. Every initiative is scored against its contribution to EBITDA. This eliminates the most common disease in corporate strategy: aspirational priorities that sound good but connect to nothing measurable.

2. Fewer Bets, Bigger Bets

PE sponsors do not tolerate peanut-butter resource allocation — spreading investment evenly across everything to avoid hard choices. They force concentration. Three to four strategic bets with critical mass behind each one. This is uncomfortable for corporate leadership teams that prefer consensus, but it is the single biggest driver of value creation.

3. Quarterly Strategic Reviews Are Non-Negotiable

In a PE environment, the board does not wait 12 months to ask whether the strategy is working. Every 90 days: what changed in the market, are our assumptions still valid, are the priority initiatives on track, what needs to be adjusted? This cadence catches problems early and creates a rhythm of accountability that annual planning cycles cannot match.

CASE IN POINT: \$750M PE-Backed Manufacturing Company — Europe

Situation: Two years into a five-year hold. Revenue growing but EBITDA flat. The PE sponsor was frustrated — the management team had a 60-page strategic plan but could not articulate the three things that would drive the most value. Resources were spread across 16 initiatives. No one could explain why.

Approach: We facilitated a structured process that forced the leadership team to make their product-market bets explicit, validate them against market reality, and score every initiative against strategic contribution. The result: 16 initiatives consolidated to 4 programs with clear owners, financial targets, and 90-day milestones. Two underperforming product lines identified for exit.

Result: EBITDA grew 19% in the following 12 months. The two product line exits freed capital that funded a bolt-on acquisition in the highest-priority segment. The PE sponsor moved the exit timeline forward by a year. The CEO later said: "We had a plan before. What we didn't have was choices."

4. Kill Decisions Are as Important as Investment Decisions

PE firms are ruthless about stopping things that are not working. Corporate boards almost never are. The sunk cost psychology, the internal politics, the fear of admitting a mistake — all conspire to keep underperforming initiatives alive far longer than they should be. Every dollar and hour spent on a zombie initiative is a dollar and hour not spent on your highest-return opportunity.

5. The CEO Is Accountable for Strategic Outcomes, Not Strategic Activity

In PE, the CEO is measured on value created — EBITDA growth, margin improvement, capability builds that translate to multiple expansion. Not on how many strategic initiatives were launched. Not on how many committees were formed. Not on how thick the strategic plan document is. Outcomes, not process.

Why This Matters for Every Company

You do not need a PE sponsor to impose this discipline. You need a strategic system that creates the same effect: explicit choices, concentrated resources, financial accountability, quarterly cadence, and the courage to stop things that are not working.

The companies we work with — PE-backed and corporate alike — that adopt this approach consistently outperform those that do not. Not because they are smarter. Because they are more disciplined about fewer things that matter more.

You don't need a PE sponsor to create strategic urgency. You need the discipline to act like you have a hold period — because your competitors do.

YOUR NEXT MOVE

Ask yourself and your leadership team these questions this week:

- **If your company had to be "exit ready" in 3 years, which strategic priorities would survive — and which would you kill tomorrow?**
- **How many strategic initiatives are running right now? Do any of them have critical mass, or is everything getting a thin spread?**
- **When was the last time your board had a genuine quarterly strategic review — not an operational update dressed up as strategy?**

Start the Conversation

Thinking Dimensions Global works with CEOs of \$300M–\$4B companies to build strategies that connect to P&L outcomes. We facilitate decisions and help leadership teams own execution across four continents.

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Read the book: MOVE: AI-Powered Strategy for a Fast World (Routledge, 2025)

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