AVION CONSULTING
EXECUTIVE PERSPECTIVE

The People Officer Is Moving From Support Function to Value Creation Seat

I have sat at the table when a fund brought in the CFO on day one and the people leader eighteen months later. That sequencing is what's actually changing.

44%

Of portfolio company leaders report a higher risk of losing top performers as pressure builds through the hold period

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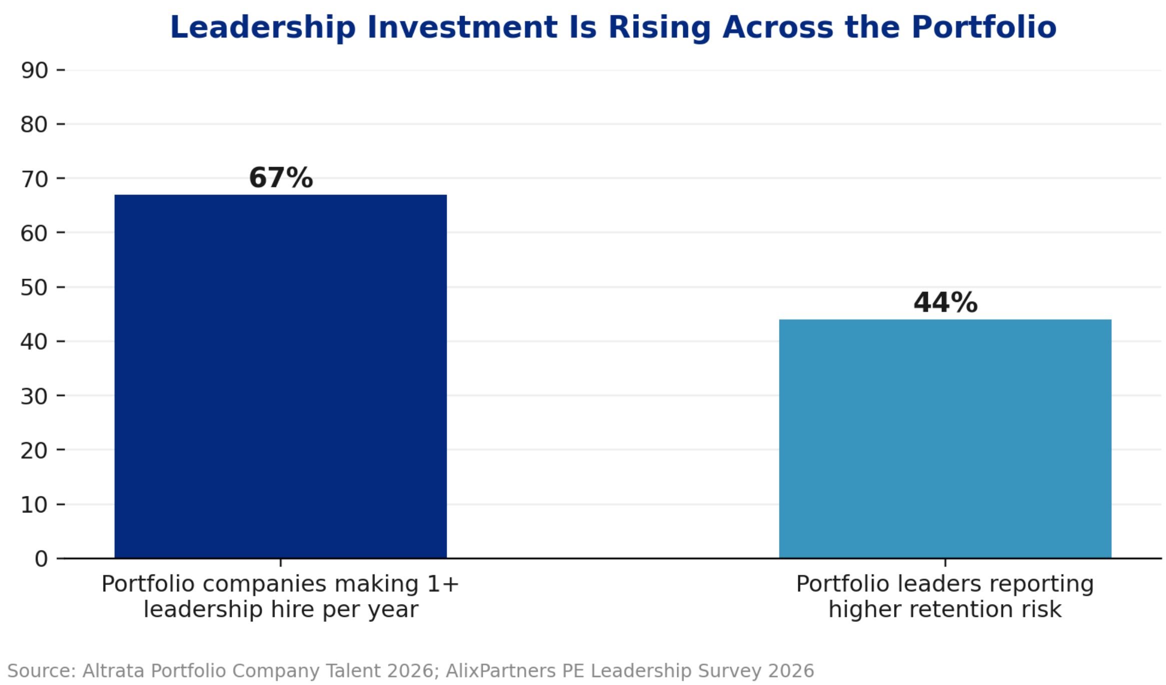
The Sequencing I've Watched Change

The traditional private equity operating model brought in the CFO first, the CEO's chosen operating team second, and a dedicated people leader, if at all, well after the deal team had moved on to the next transaction. I have been in the room for that exact sequencing more than once. As firms shift focus from financial engineering toward operational execution over longer hold periods, it is changing. More chief people officers are sitting at the center of value creation conversations in scaled portfolio companies, alongside, rather than well after, the CFO.



Leadership hiring and retention risk are both rising across portfolio companies.

Why the Old Model Is Running Out of Runway

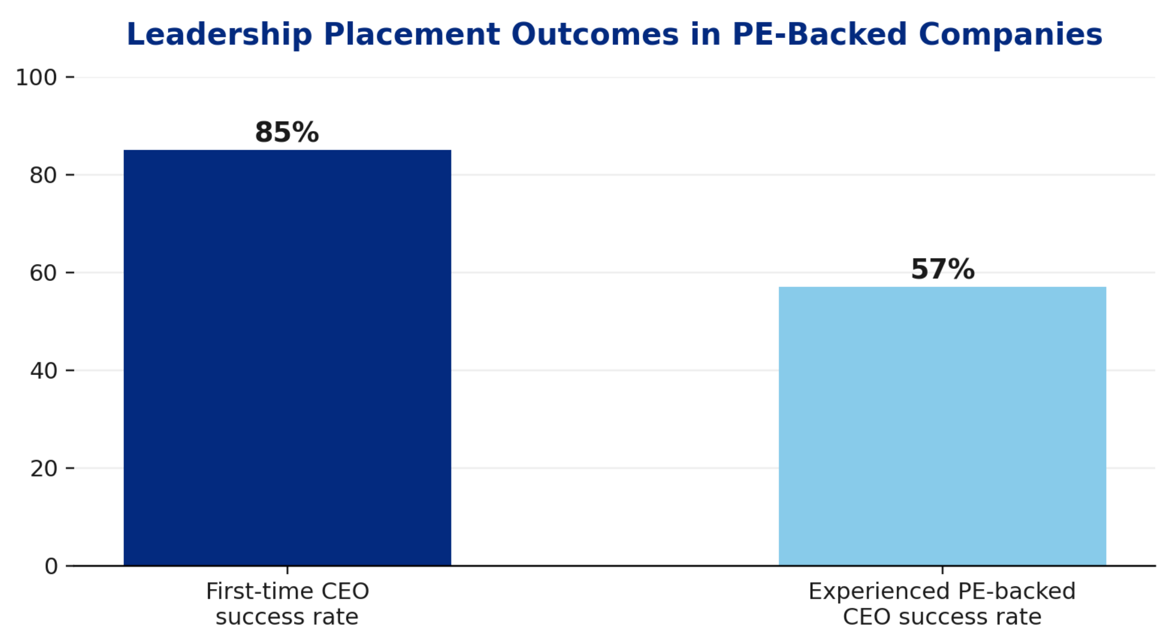
The retention data explains why. Forty four percent of portfolio company leaders report a higher risk of losing top performers as performance pressure builds through the hold period, and more than two thirds of US and UK portfolio companies make at least one leadership hire every year. A function managing that much leadership churn and retention risk is, by definition, central to whether the value creation plan actually gets delivered. It is not a support function operating at the periphery of it, whatever the org chart still says.

The Numbers at a Glance

Metric	Figure	Source
Portfolio companies making 1+ leadership hire per year	67%+	Altrata, Portfolio Company Talent 2026
Portfolio leaders reporting higher retention risk	44%	AlixPartners PE Leadership Survey 2026
First-time CEO success rate in PE placements	85%	JM Search, 2026
Experienced PE-backed CEO success rate	57%	JM Search, 2026

What Moving Earlier Actually Looks Like

Firms ahead of this shift are engaging functional specialists, including talent and people leadership expertise, earlier in the deal lifecycle, sometimes as early as the diligence stage, rather than treating people strategy as a hundred day plan workstream assembled after signatures are already on the deal. That timing shift tells you a great deal about how seriously a fund actually treats leadership as a value driver, regardless of what the pitch deck says about the importance of talent.



Source: JM Search, Private Equity Leadership Playbook, 2026

First-time CEOs are outperforming experienced PE-backed operators, a related signal about experience assumptions in PE talent decisions.

Two Jobs, Two Different Fixes

For the Operating Partner

If your fund is still bringing in people leadership expertise only after close, I would revisit that, given how much of realized value now depends on leadership execution rather than financial structuring alone.

For the Portfolio Company CPO or CHRO

Position your function's work explicitly against the value creation plan's milestones, in the language the investment committee already uses, not in the separate language of engagement scores that rarely makes it into that room.

The Signal Worth Watching

Where a fund places its people leadership hire in the deal timeline, at close, well after close, or during diligence itself, tells you more about how seriously that fund treats leadership as central to the thesis than anything printed in the pitch deck. I would rather work with the funds asking the question early.

References

1. Altrata, "Portfolio Company Talent 2026," PR Newswire, February 26, 2026.
2. AlixPartners, "Eleventh Annual Private Equity (PE) Leadership Survey 2026."
3. JM Search, "The Private Equity Leadership Playbook: Executive Talent Acquisition Trends & Insights for 2026," February 10, 2026.
4. Beecher Reagan, cited in Hunt Scanlon Media, "The Private Equity Executive Talent Trends That Will Define 2026," January 13, 2026.