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2020 private equity talent partner survey

contents

the context

In July 2020 True Search launched the first edition of the PE True Talent Partner Survey. This survey follows our widely successful VC Talent Partner Survey from 2018 which has quickly become a well-regarded reference document across the VC community. We deployed the survey to 77 talent partners at leading PE firms across North America and had a total of 23 responses across the private equity community. Thank you for participating.

Our data points focus on three key areas: how the function is developing, core strategic priorities, and compensation. Those insights are detailed in the following report.

We defined talent partner as: someone employed by a fund on a full or part-time basis whose primary focus is talent related activities on behalf of the fund and its portfolio companies."

a summary of data points

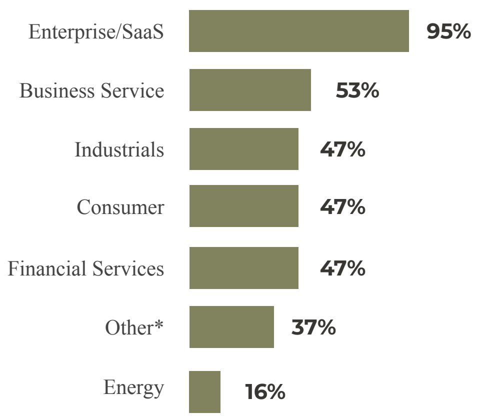
- **57%** of the talent partners are the first to hold this role at their firm with no precedent of the function and it's value prior to their hire.
- **70%** of respondents have been in the function for 6 years or less.
- Most have either an executive search (**57%**) or recruiting (**43%**) backgrounds.
- **80%** said being a talent partner is now where they intend to spend their career.
- **53%** of respondents have a base + bonus compensation of $251-500K.
- Nearly **20%** of respondents earn at least $7M in long-term compensation (carried interest, etc.).
- The top **4** strategic priorities are all centered around recruiting and executive search. Hiring is a highly outsourced activity as most reported running **< 25%** of their searches in-house.
- **53%** of respondents indicated that their firm's deal partners have the biggest influence on how they spend their time.
- **35%** respondents sit on the investment committee within the fund and **18%** sit on company boards.

firm demographics

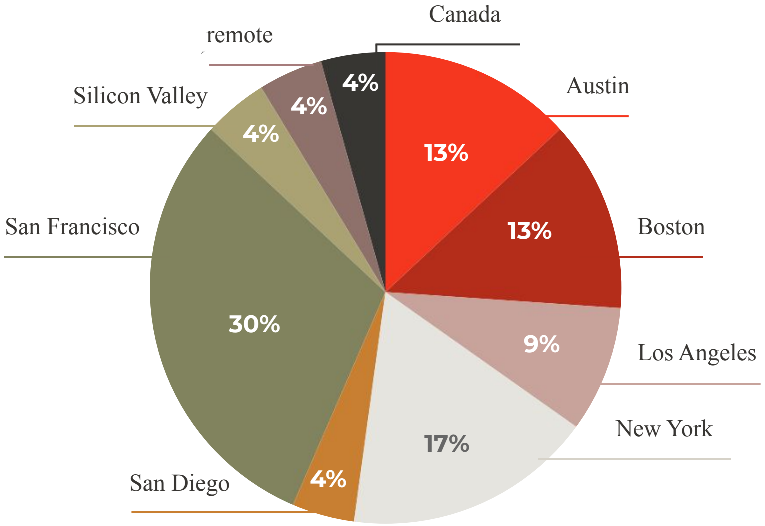
firm demographics

23 total PE funds surveyed

industry focus



**Healthcare, Supply Chain/Logistics, Agnostic, Consumer Internet*



most recent fund size

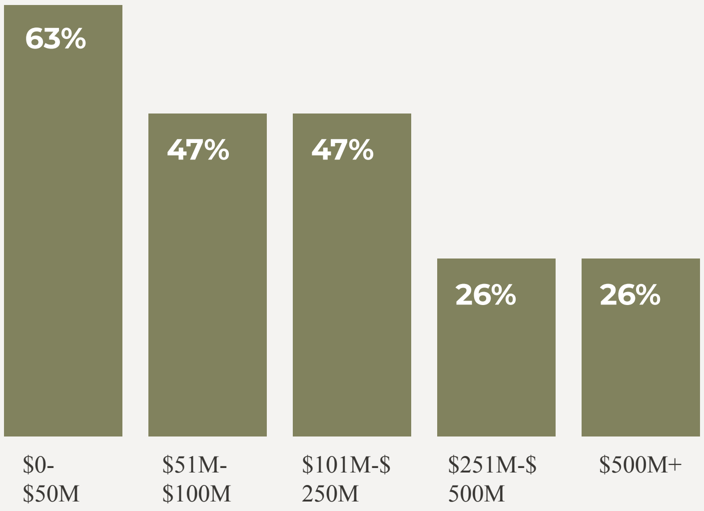
Fund size	% of Respondents
< $500M	15%
$501M-1B	16%
$1.1-5B	37%
$5.1-10B	16%
$10B+	16%

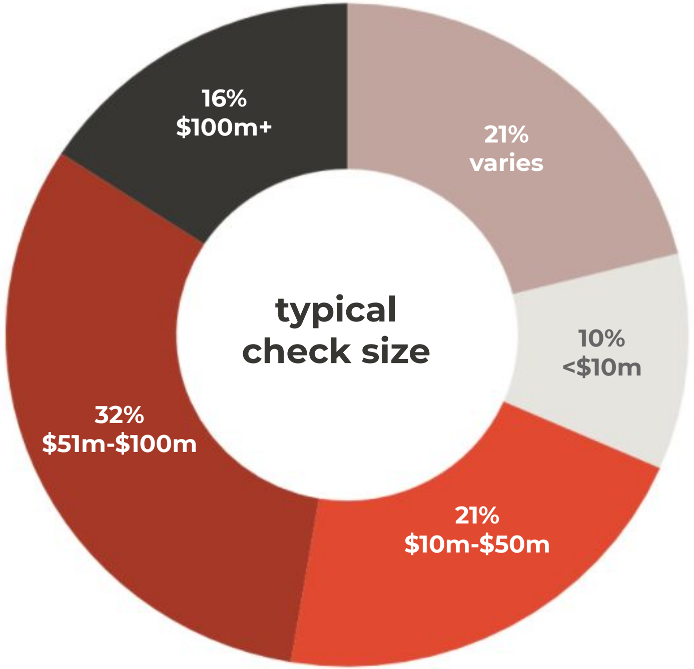
total AUM

AUM	% of Respondents
< $1B	21%
$1.1B - 5B	26%
$5.1B-10B	11%
$10.1-50B	26%
$50.1-100B	16%
$100B+	0

what are the typical revenues of your portfolio companies at the time of investment?

(check all that apply)





Typical revenues at portfolio companies surveyed varied greatly, but the most popular range was between $0-50M.

Typical check size mostly fell between $51-100M.

talent partner profile

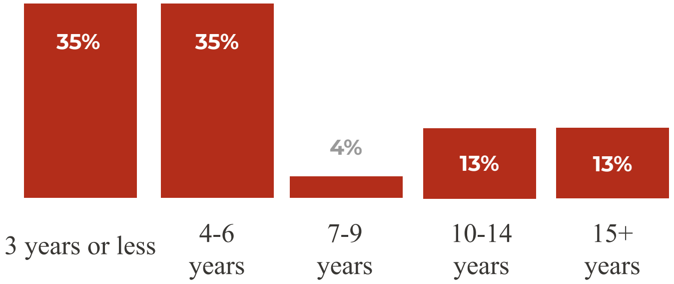
talent partner profile

70% of the talent partners we surveyed have been in their roles for 6 years or less.

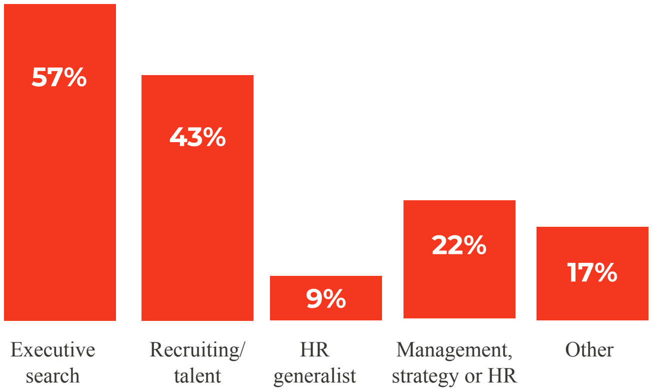
While still a relatively new function, most talent partners have cumulative work experience of 15+ years with more than half (52%) having 20+ years of experience. Slightly less than half (43%) have an MBA or postgraduate degree.

Participants were asked where they spent their career prior to becoming a talent partner, and most reported having a background in either executive search or recruiting. 80% stated that being a talent partner is now where they intend to spend their career.

length of time as a talent partner



prior experience



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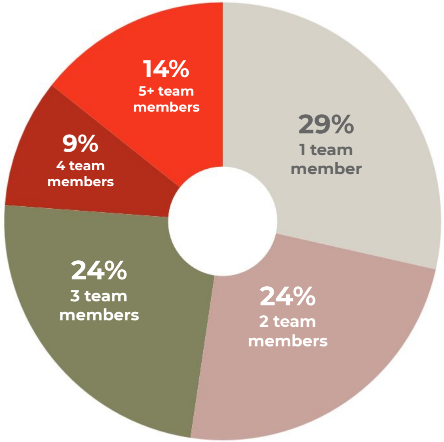
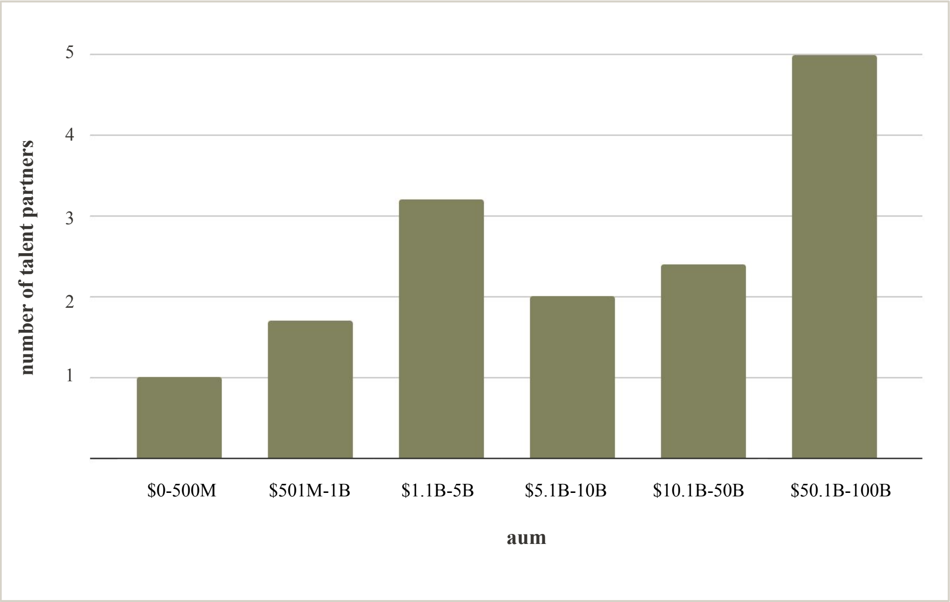
team structure

62% of the funds we surveyed have only had this function for six years or less, and only 5% have had this function for more than 10 years. More than half of talent partners surveyed are the first to hold this role at their firm. 77% have small teams of two or fewer.

58% of respondents plan to expand their teams over the next 12 months.



team size vs. aum



The function's team size tends to increase with firm size.

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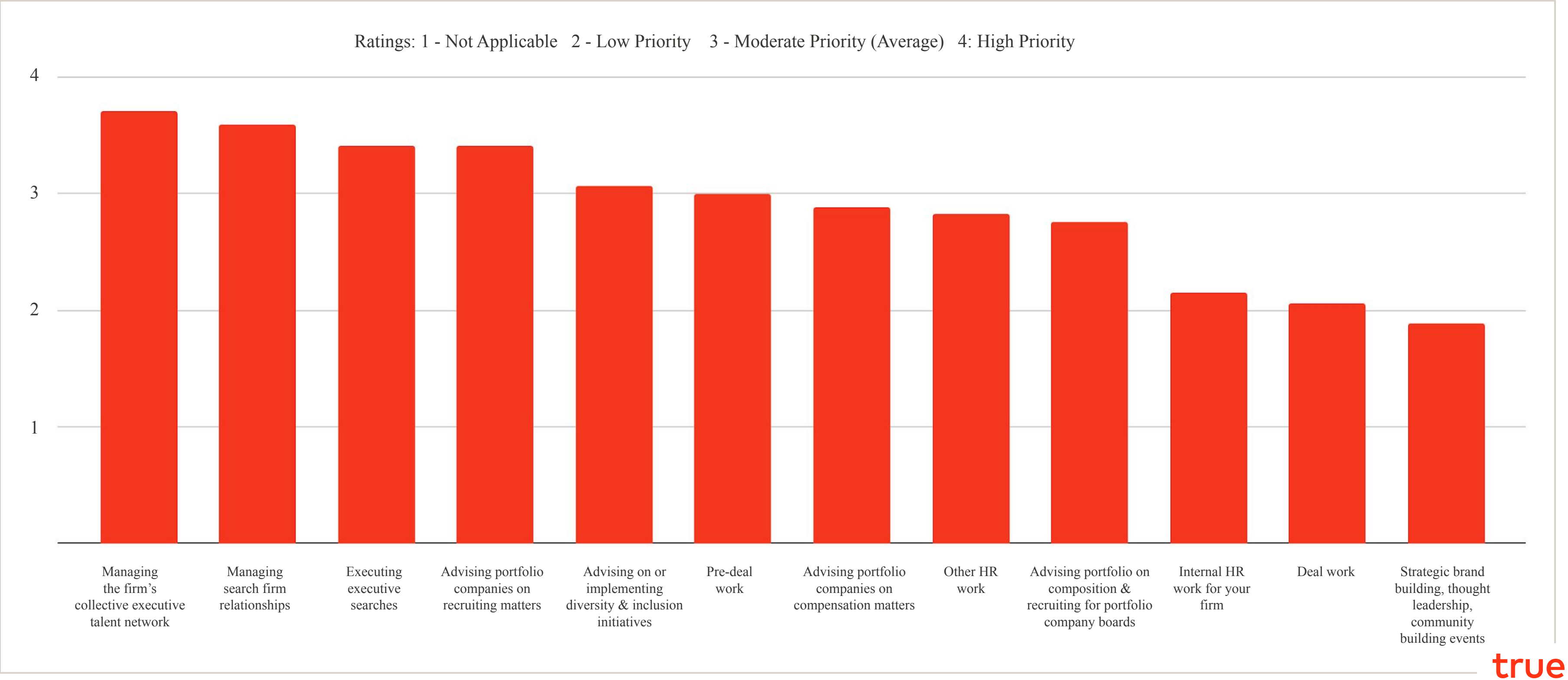
how time is spent

strategic priorities

Talent partners' responsibilities are heavily focused across competing top priorities.



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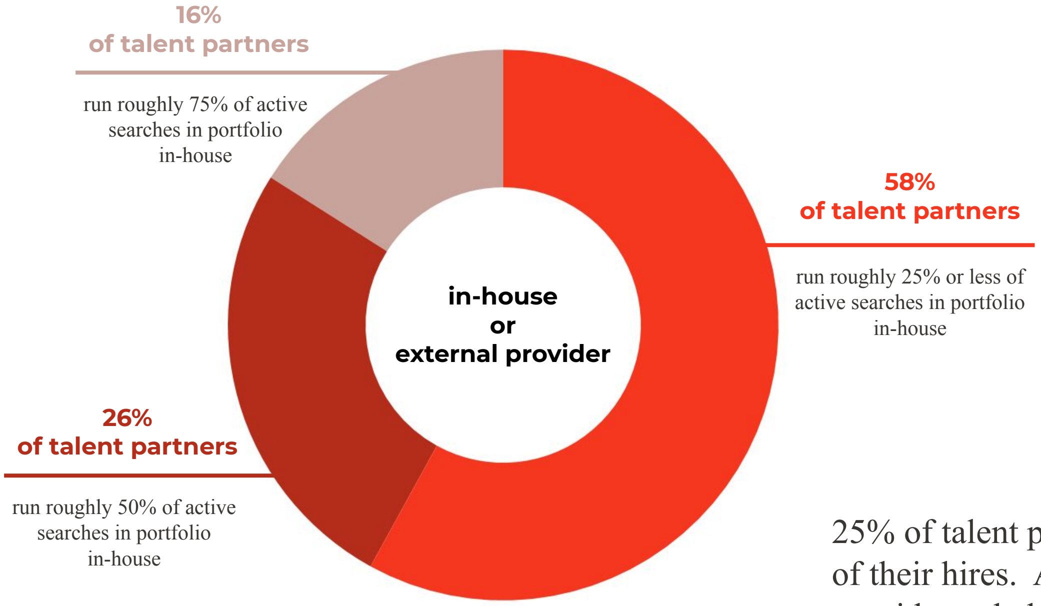
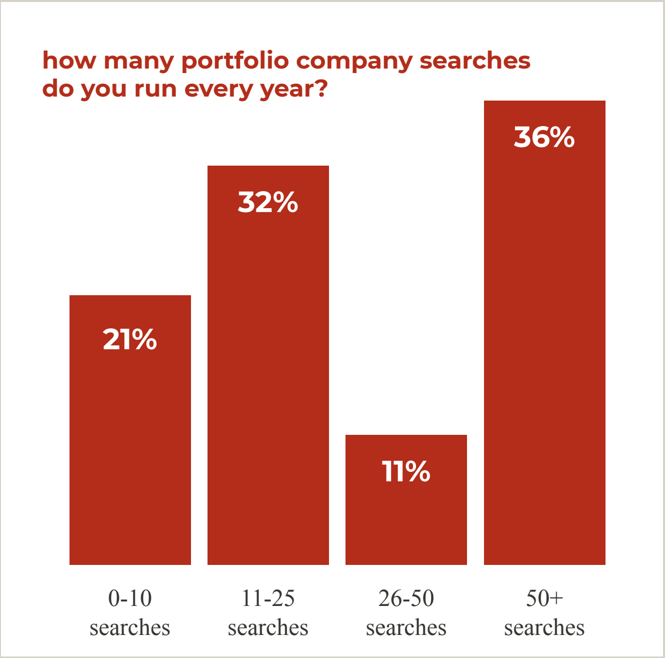
search work





25% of talent partners said they execute in-house searches for all of their hires. All of them indicated that they use an external provider to help with hiring at some point.

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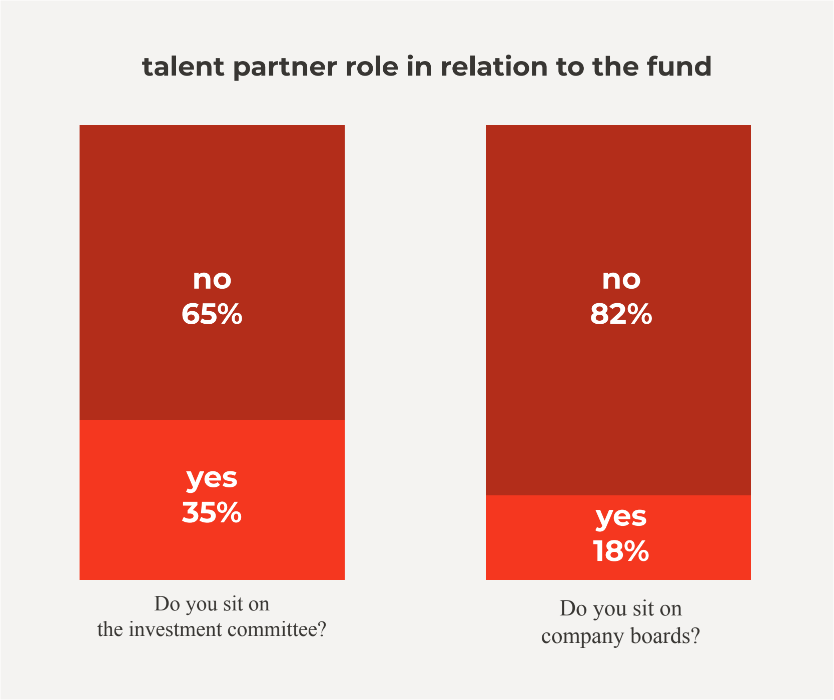
the investment committee & company boards

35% of respondents say they sit on the investment committee, and all those who sit on the investment committee also indicated that they receive carry. However, not all who receive carry necessarily sit on the investment committee.

Nearly 20% of respondents said they sit on company boards.



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covid

hiring & covid

59% of surveyed PE talent partners said the pandemic itself did not impact their portfolio companies.

18% of firms hired more in specific functions or sectors while 23% had a freeze in all but essential hiring.

practices to facilitate remote hiring post COVID:

88%

will continue to implement more reference checks going forward

47%

will continue to utilize more psychometric assessment

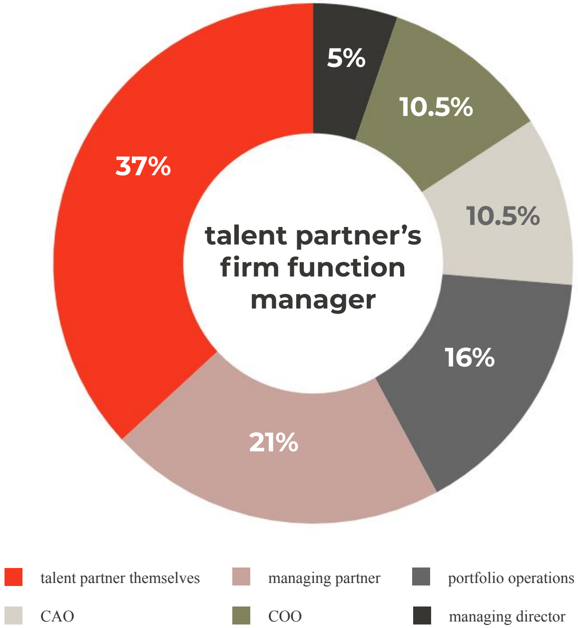
35%

will continue to increase the number of interviews per hire

influences & resources

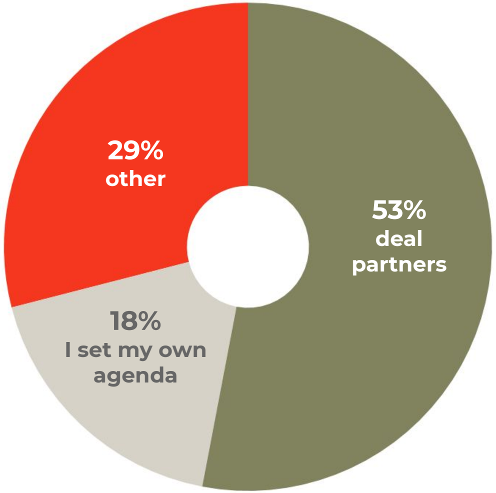
talent partner management

More than a third of respondents indicated that the function is highly autonomous and self-managed.



53% said their deal partners have the greatest influence on how talent partners spend their time.

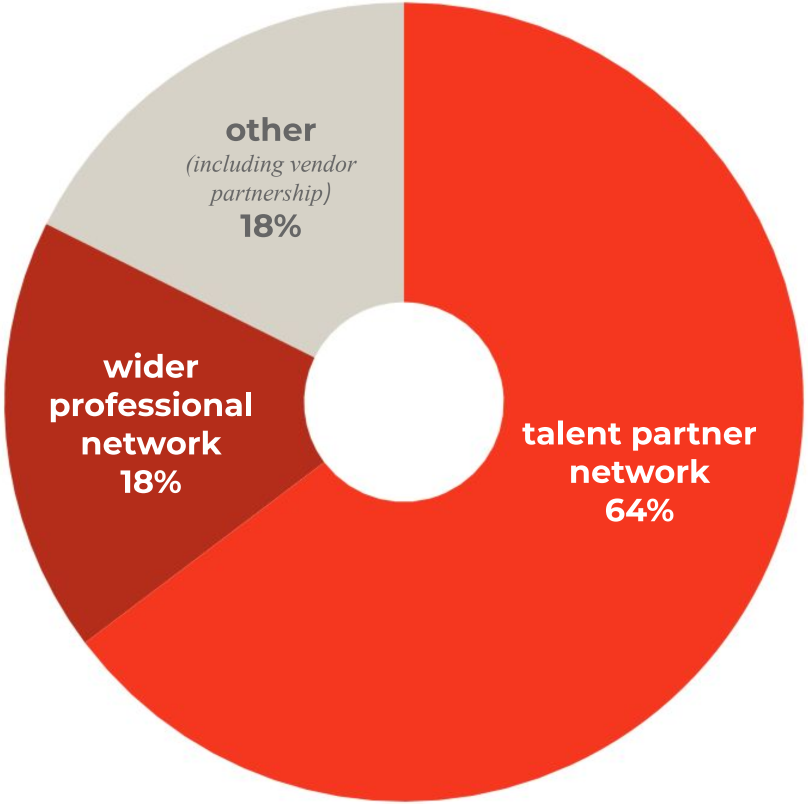
influence on time



*For respondents who said 'other,' answers included: portfolio operations team colleagues, portfolio committee, MDs on the investment side, firm leadership committee, all of these

sources of information

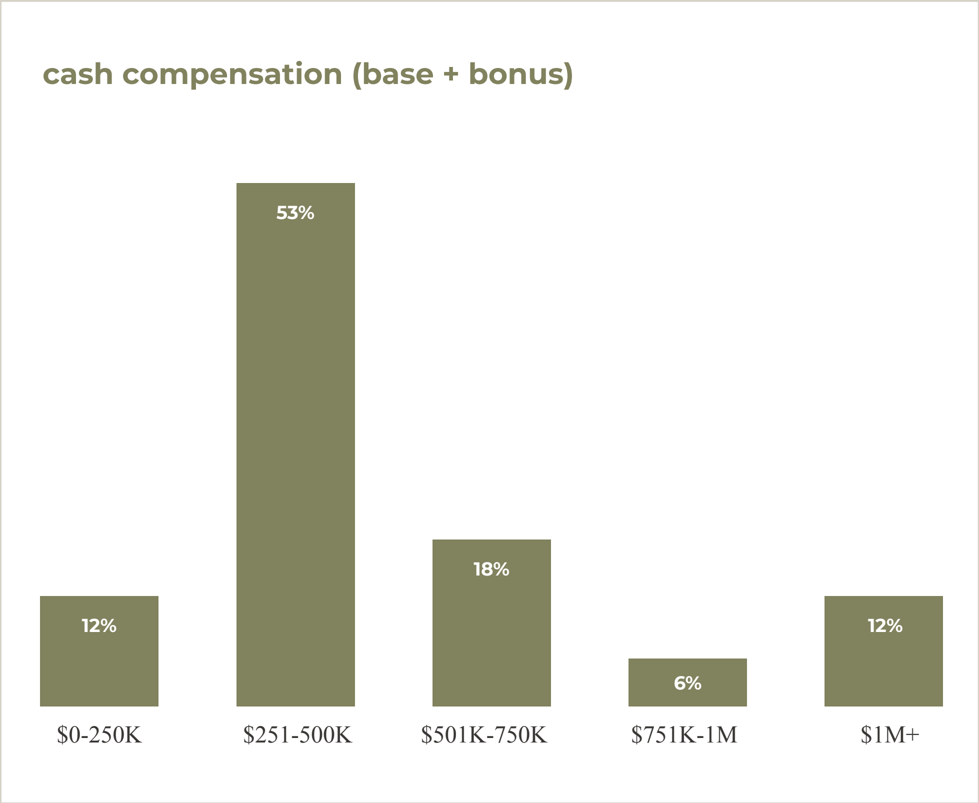
Most talent partners (65%) rely on their talent partner network and peer group for information.



average compensation (base + bonus)

compensation

53% of talent partners indicated that they are compensated between $251K-500K.



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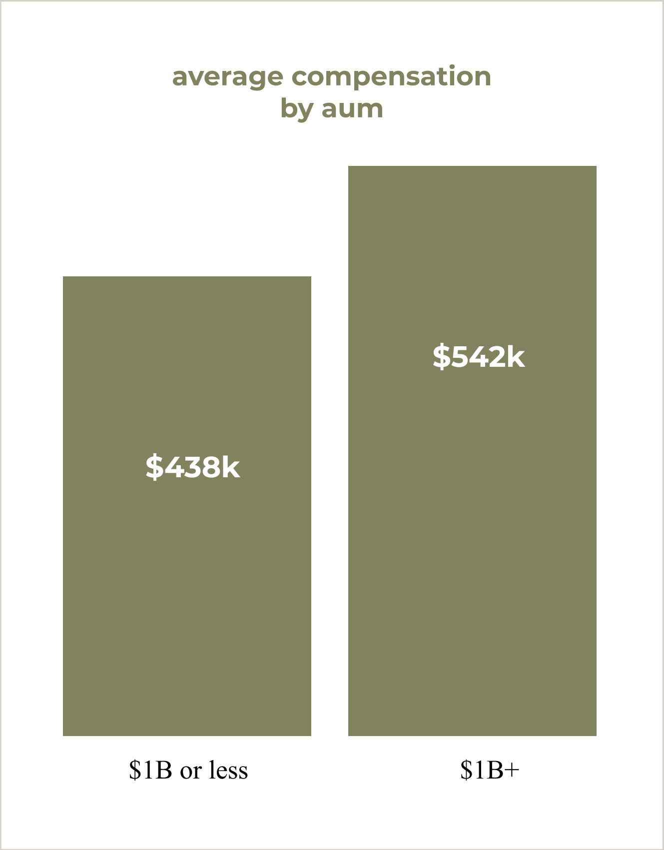
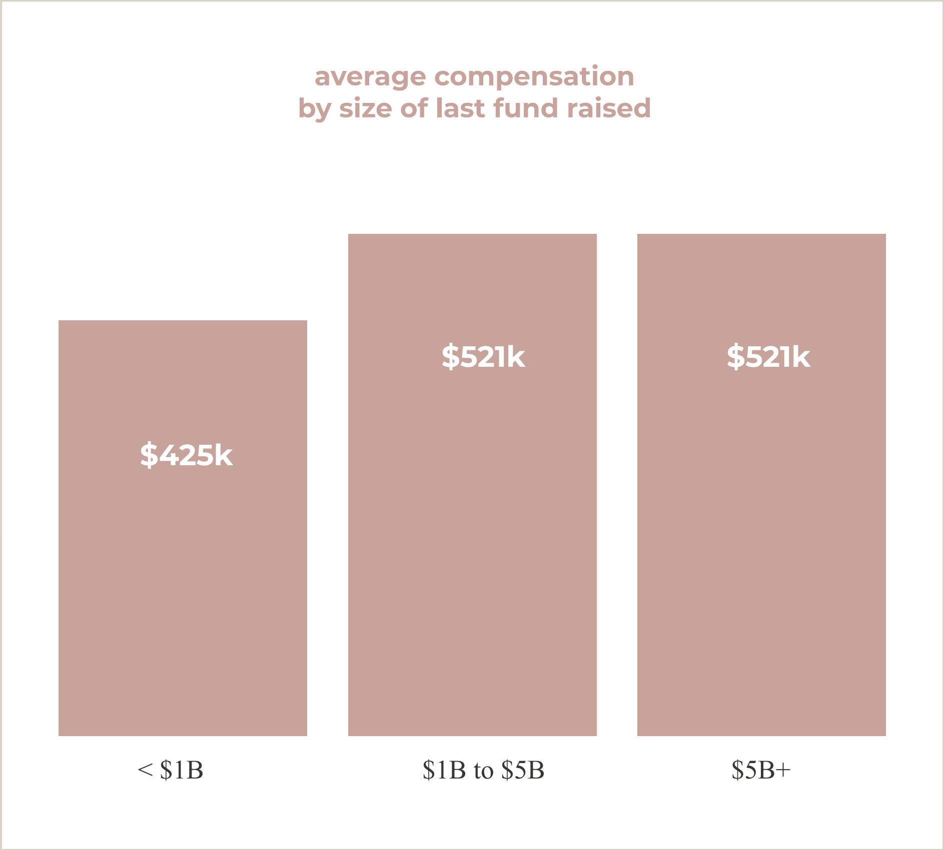
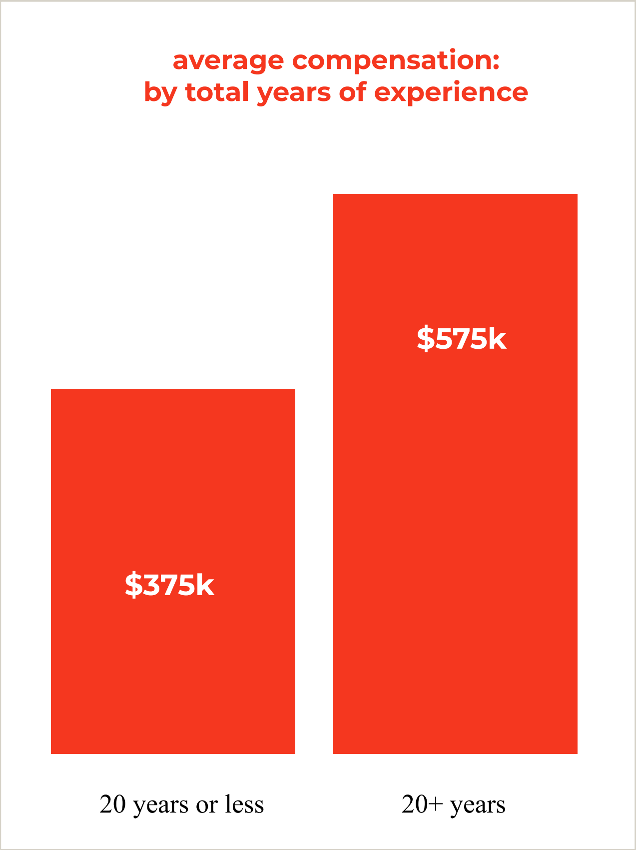
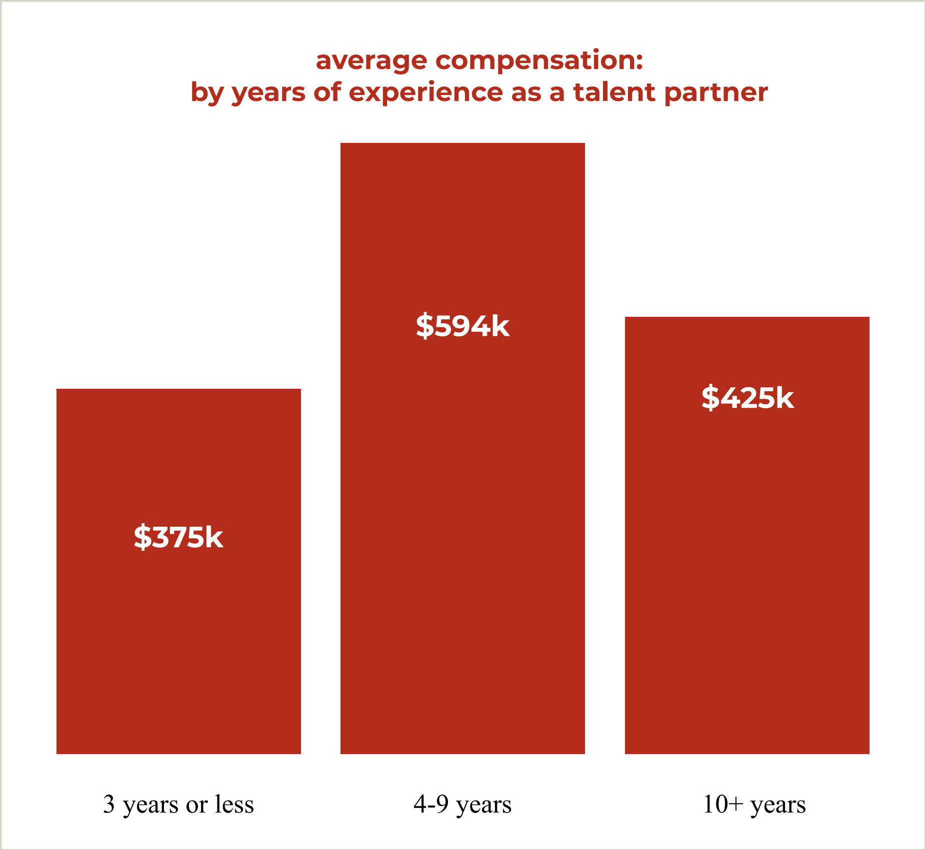

average compensation
by aum
$438k
$542k
$1B or less
$1B+


average compensation
by size of last fund raised
$425k
$521k
$521k
< $1B
$1B to $5B
$5B+


average compensation:
by total years of experience
$575k
$375k
20 years or less
20+ years


average compensation:
by years of experience as a talent partner
$594k
$425k
$375k
3 years or less
4-9 years
10+ years

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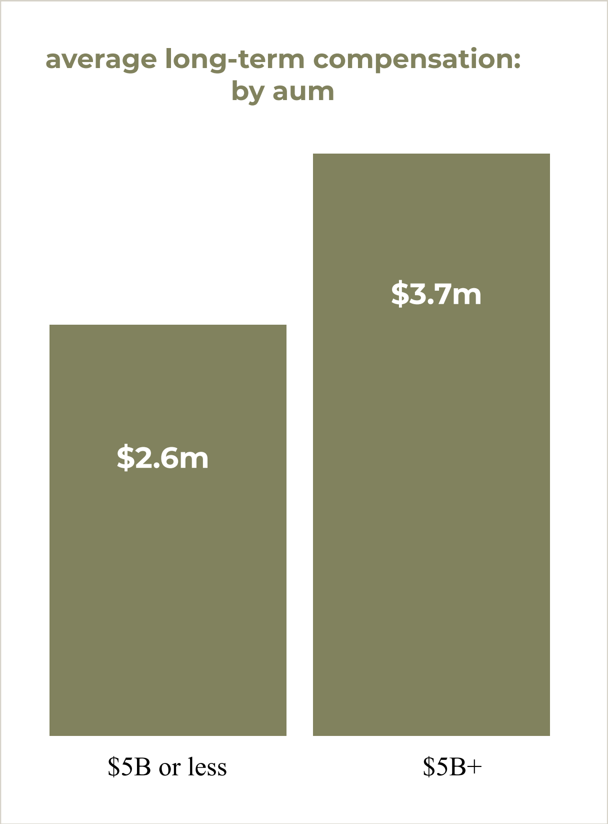
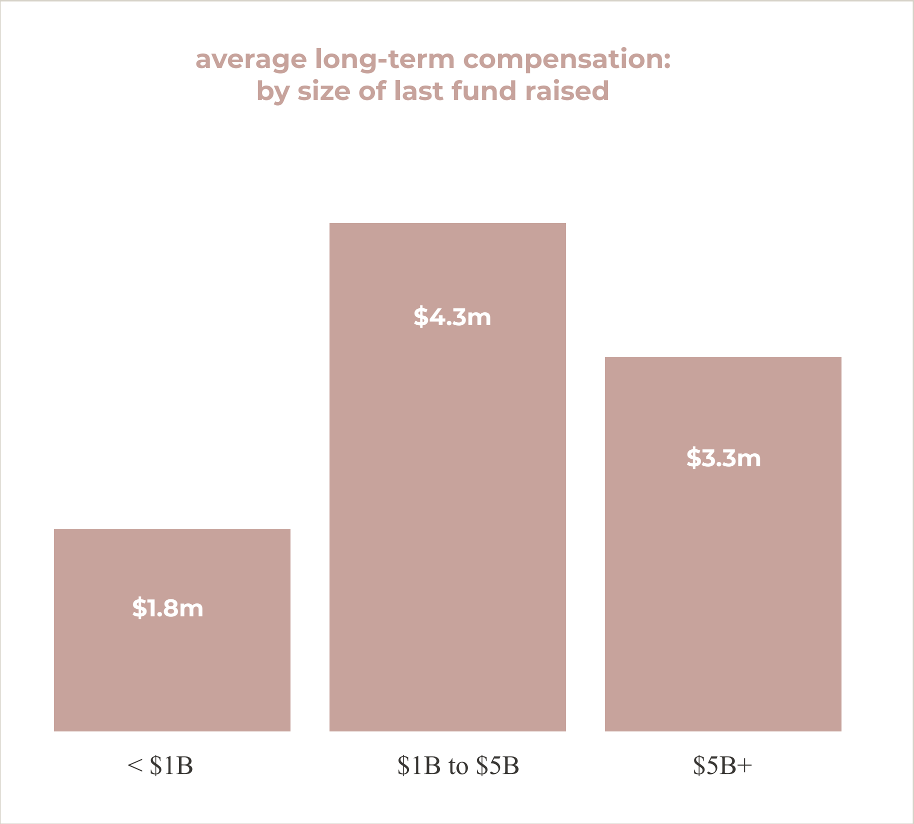
average long-term compensation


average long-term compensation:
by aum
$2.6m
$3.7m
$5B or less
$5B+


average long-term compensation:
by size of last fund raised
$1.8m
$4.3m
$3.3m
< $1B
$1B to $5B
$5B+

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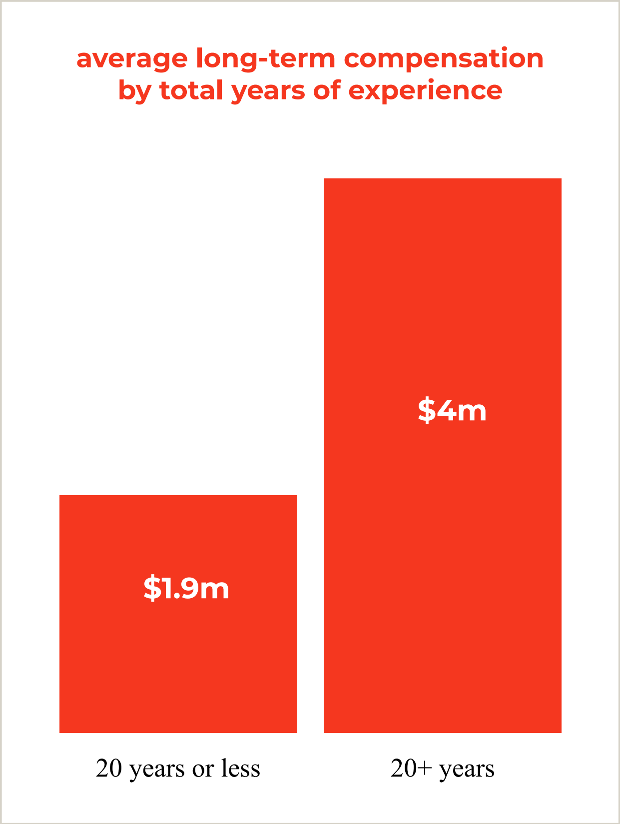
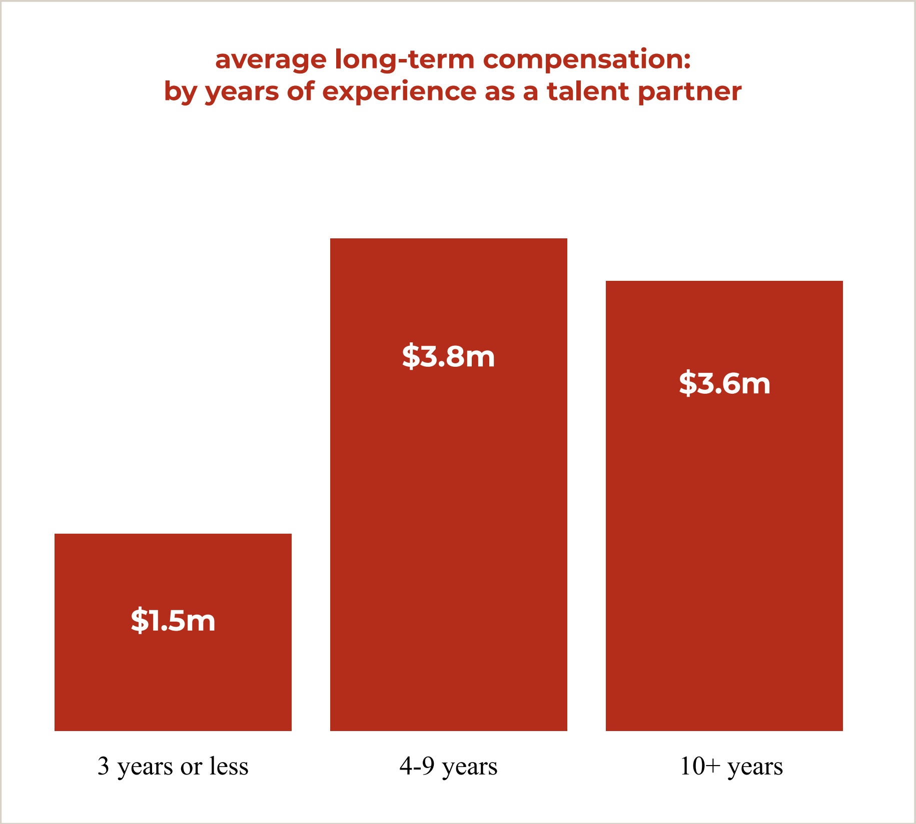

average long-term compensation
by total years of experience
$1.9m
$4m
20 years or less
20+ years


average long-term compensation:
by years of experience as a talent partner
$1.5m
$3.8m
$3.6m
3 years or less
4-9 years
10+ years

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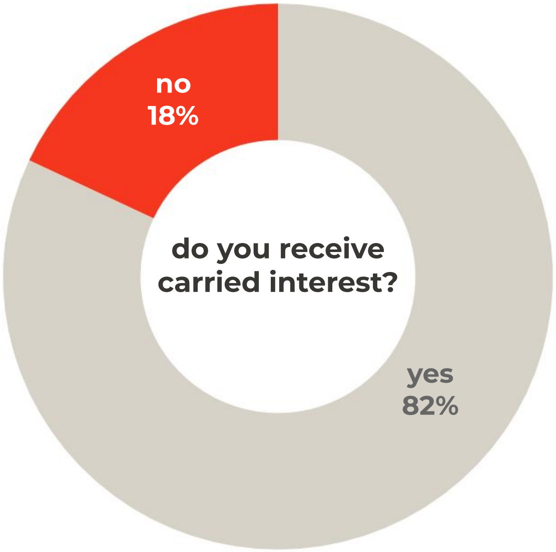
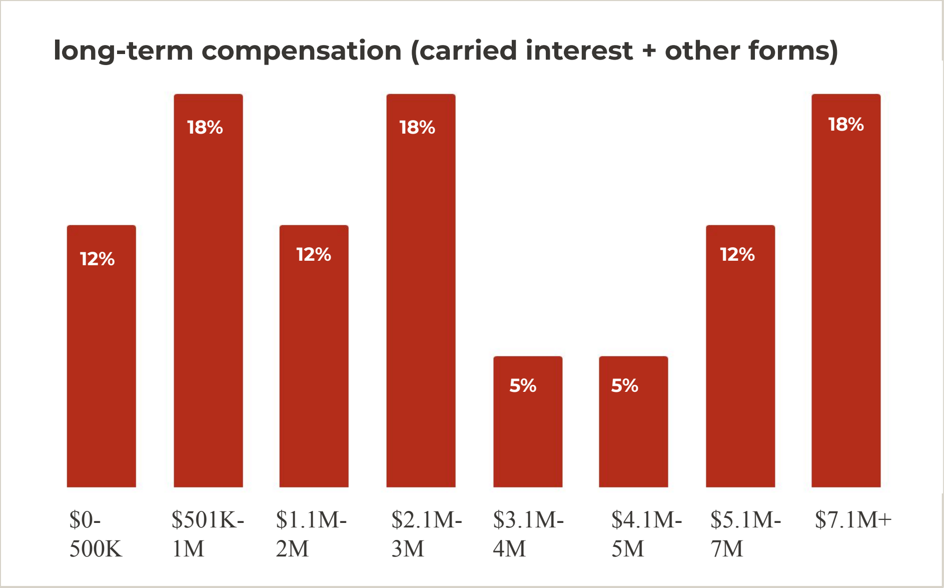
compensation

When asked about long-term compensation, most talent partners (82%) said that they do receive carried interest.





100% of talent partners feel that their firm's general partnerships understand the value of their role

when asked how the partnership could get more out of the talent partner role, respondents said:

- have more active involvement pre-deal
- more pre-deal CEO/leadership assessment work
- add headcount to the function to:
  - allow for areas of deeper focus and execution versus one-off advisory
  - insourcing more of our network-building and executive search projects with real recruiters
- more L&D around traditional HR/innovative HR
- more standard interaction with portfolio companies (e.g. setting an expectation this is business as usual)
- clarity and communication around priorities and where the most value can be added.

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