Improving CEO/Founder-Private Equity Partner/Board Member Communications by Solving the “Problem Solved Problem.”

 

Ben Narasin of Triple Point Ventures and Michael Abbott of Kleiner Perkins examined 1,195 transactions between 1994 and 2014.  These transactions involved private equity-backed companies going through exits: initial public offerings or being acquired.  Founder CEOs raised more capital than professional managers. They produced higher valuations when it came time to exit. Founders generate more value for owners than “professional” CEOs.

**And Yet……**

Using archival data from 126 private equity investments in the United States between 1990 and 2006, Gong & Wu documented a CEO turnover rate of 51% within two years of PE Firms acquiring their Founder/CEO-led portfolio companies.

The Private Equity Partner attribution: the CEO/Founder is too self-centered to grow the business.

Dr. Laurence J. Stybel’s framework is that this typical PE Partner attribution may be valid only for some cases.

It could also be a tragic application of the well-researched Attribution Effect.

If so, some of these expensive, disruptive, and ultimately ineffective CEO/Founder terminations could be prevented.

Objectives:

Understand the Attribution Effect and its application in business.

The Queen of England’s Failure with the Princess of Wales land how Private Equity Partners keep making similar mistakes.

“The Problem Solved Problem” and other predictable CEO-Founder behaviors. How PE Partners can effectively intervene.

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This talk is based on **PSYCHOLOGY TODAY** articles written by Maryanne Peabody and Dr. Laurence J. Stybel**:**

“Not All Entrepreneurs are Alike:

 [Click](https://www.psychologytoday.com/us/blog/platform-success/201802/not-all-entrepreneurs-are-alike)

“How Can We Manage Growth Without Destroying What Makes Us Great?”

 [Click](https://www.psychologytoday.com/us/blog/platform-success/201607/founders-mentality)

“Private Equity Partner-CEO/Founder Relationships:”

 [Click](https://www.psychologytoday.com/us/blog/platform-success/201604/private-equity-partner-ceo-relationships)

Each month **PSYCHOLOGY TODAY** publishes Stybel Peabody perspectives on leadership. There have been over 275,000 downloads:

 [PSYCHOLOGY TODAY "Platform for Success."](https://www.psychologytoday.com/blog/platform-success)

**ABOUT LAURENCE J. STYBEL**

Larry Stybel is a licensed doctoral level psychologist, and co-founder of two businesses.

Stybel Peabody was founded in 1979. Its mission is to help companies grow without destroying what made them great. Core services revolve around retained search, leadership development, and executive outplacement.

 Check out the website at www.stybelpeabody.com.

Board Options, Inc. is Larry’s second company.

Two critical missions for the Board of Directors’ Nominating & Governance Committee: a well-educated board and an appropriately talented Board. Board Options, Inc. is an online expert resource to Nominating & Governance Committees in both areas.

 Check out the website at www.boardoptions.com.

In addition to consulting he is Adjunct Instructor of Leadership at Northeastern University’s D’Amore McKim Business School and facilitates YPO Forums.

In 2017 the Marquis Who's Who Publications Board named Larry Stybel winner of its Albert Nelson Marquis Lifetime Achievement Award. This Award recognizes Larry’s “lasting contributions to the field of leadership.” Larry is listed in Marquis’ WHO’S WHO IN BUSINESS & FINANCE and Marquis’ WHO’S WHO IN AMERICA.

Larry Stybel received his doctorate in organization development from Harvard University, an M.A. in clinical psychology from the University of Texas at Austin, and a B.A. from the City College of New York.

Larry has given talks at national conventions of the Financial Executives International, Society for Information Management, Tax Executives International, and the Manufacturers Alliance for Productivity and Improvement (MAPI), and The Legends of World Sports Conference.

Larry has given talks to alumni and students at the following institutions of higher education: Babson College, Bentley University, Dalian Institute of Technology in China, Georgetown University, Fletcher School of Law & Diplomacy at Tufts University, Harvard University Business School, Kennedy School of Government at Harvard University, MIT Sloan School, Suffolk University, University of Edinburgh, and Yale University.

He was a member of Actors Equity and has given theater performances in New York, Dallas, and Boston. Larry won the U.S. Army Best Actor Trophy for his performance as a retired Army General in Peter Usinov’s comedy, “Half Way Up the Tree.”

For video clips:

 [Video Clips and Other Talks.](https://charlijane.com/about-larry-stybel/)

For a full CV:

 [Larry's CV](https://www.linkedin.com/pulse/larry-stybels-cv-larry-stybel)

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