

The Evolving Role of HR and the CPO in Private Equity-Backed Companies

Private equity (PE) firms invested an estimated £152 billion in just 12 months during 2021. Despite economic headwinds, PE has remained a major driver of M&A activity, with a notable rebound in the mid-market throughout 2024, and positive momentum set to continue into 2025. This surge has fuelled a sharp rise in recruitment across People & Culture (HR) functions, as HR becomes a core strategic lever for delivering value across portfolio companies. For HR Directors looking to step into Chief People Officer (CPO) roles within the dynamic world of PE, understanding the expectations, pressures, and opportunities are essential.

For module #2 of our CPO Accelerator Programme, we were delighted to be hosted by The Access Group to join Hg to unpack the role of HR in PE with the help of panellists; Joe Jefferies - Partner at HG, Caroline Fanning – Chief Employee Success Office at The Access Group (a Hg Portfolio Company), Gus Malezis – Chairmans of IRIS, and Kerry Heaton – former CPO of Hg Capital.

This white paper synthesises insights from this recent roundtable discussion, where we explored the fundamentals of PE, the strategic remit of the HR function, the unique challenges CPOs face in PE-backed environments, and practical advice for those considering a transition into this space.



1 Private Equity: Fundamentals and Context

What is PE and How Has it Evolved?

The PE industry has shifted from traditional financial engineering toward value-focused, operational partnership models. Firms increasingly specialise by sector and business model, creating tailored playbooks to help portfolio companies scale quickly and sustainably.

Joe Jefferies, Partner at Hg, explained:

- PE today is about taking companies from “good to great.”
- The goal is to out-invest, out-develop, and out-compete competitors.
- PE funds are often long-term and strategic in their thinking – looking to make strong returns but not take risks which might cause them to impair / lose capital. They are looking after long-term money from sovereign wealth funds & pension funds (which goes some way to explain / reinforce the long-term value creation mindset)
- Investors are typically long-term institutions like sovereign wealth or pension funds, with disciplined, repeatable strategies, not reckless short-term operators.
- Specialisation is key to maintaining returns: for example, Hg focuses exclusively on software in a handful of verticals.

PE firms now routinely provide hands-on support to management through operating partners, executive chairs, and portfolio leads. These ‘value creation’ teams are becoming increasingly popular, even in small-mid cap funds, which is where Middlemore has experienced a notable uptick in demand for commercial HR professionals to help unlock the performance the assets.





The HR Function in PE: Shifting Expectations

Agility and Accountability

In a PE-backed business, the CPO role is defined by compressed timelines, lean teams, and a heightened demand for tangible commercial outcomes. The HR leader is expected to:

- Balance strategic vision with hands-on execution.
- Navigate constant change—M&A, integrations, restructuring, international expansion.
- Operate at speed: quarterly performance cycles, rapid adoption of tools, pivoting on short notice.

Caroline Fanning – Chief Employee Success Officer at The Access (A Hg portfolio Company), noted;

"In PE, perfection is the enemy of progress. We rolled out job architecture for 8,000 employees and career frameworks across the company in under 6 months."

Metrics and Commercial Orientation

CPOs must influence boards and investors with data. This means:

- Tying talent initiatives directly to business metrics—growth, productivity, retention, and margin improvement.
- Presenting high-impact insights to stakeholders with clarity and urgency.
- Being deeply familiar with workforce performance, engagement (eNPS), cost levers, and talent ROI.



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Key Differences: PE vs. Corporate HR Leadership



Dimension	PE Environment	Corporate Environment
Pace	Relentless, fast, experimental	Incremental, programmatic
Decision-Making	Decentralised, data-driven, 80/20 accepted	Hierarchical, consensus-oriented
Structure	Lean, founder-influenced, flatter governance	Layered, established infrastructure
Culture	High-performance, action-oriented	Balanced, process-driven
Stakeholder Management	Direct with board, investors, chairs	Predominantly internal/executive
Accountability	Tied to value creation and investment outcomes	Tied to compliance and engagement metrics
Change Management	Continuous, disruptive, high risk/reward	Managed, iterative, lower volatility
Equity/Incentive Structures	Personal, significant ownership (especially in senior roles)	Standardised corporate equity programs



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Strategic Influence and the CPO as a Business Partner

CPOs in PE are not just functional heads, they are critical voices at the executive and board level.

According to Joe:

"Best CPOs are like river guides; they help navigate growth, transformation, and risk. They're in the room early, they overcommunicate, and they focus on succession and long-term planning even during short-term execution."

Success requires:

- Constant alignment with CEO, Chair, and PE sponsor.
- Strong financial literacy and business model understanding.
- Ability to translate talent strategy into enterprise value creation.

Building Culture and Capability at Speed

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PE environments demand that HR leaders drive:

- High-performance culture: clear standards, rapid performance enablement, and decisive action on underperformance.
- Scalable systems: HCM, job architecture, org design.
- Upskilling: internal academies (e.g., AI, digital), future-proofing workforce skills.
- Differentiated EVP: culture and mission must be clear, credible, and measurable.

At Access, for instance, cultural tenants like *"Love Work, Love Life, Be You"* are embedded into employee experience, tracked monthly via eNPS, and tied directly to leadership accountability.

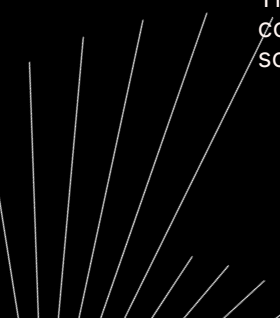


The Portfolio Approach: HR Beyond a Single Company

PE firms increasingly deploy portfolio-level HR leaders or “talent partners” who:

- Act as internal consultants across multiple companies.
- Identify patterns and challenges (e.g., org design, reward strategy).
- Share best practices, mentor portco CPOs, and develop talent mobility pipelines across the portfolio.
- Can help organisations filter long-term strategic objectives into actionable steps which can drive short-term outcomes.
- Can support an asset on corporate activity as part of the PE growth strategy.

This model allows HR leaders to broaden their impact beyond one company and gain unique insight into scaling challenges and solutions across diverse businesses.



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Practical Advice for Aspiring PE CPOs

What Makes a Great PE HR Leader?

"Be commercially fluent, resilient to pace, and thrive in ambiguity. You'll go from strategy to implementation in days, not quarters.

Caroline Fanning, Chief Employee Success Officer at The Access

"Talk outcomes. Align early. Measure impact.

And remember - succession is strategic, not optional."

Joe Jefferies, Partner at Hg

"The CEO and leadership bench can make or break the investment. Ensure we have A-players in key roles, and a plan if we don't. Move decisively when changes are needed. Talent delays are value delays."

Gus Malezis, Chairman of IRIS

"Culture is often a silent killer. You need to assess it quickly and shape it deliberately. Make sure the culture supports execution of the strategy, especially in carve-outs, mergers, or rapid scaling situations."

Kerry Heaton – former Chief People Officer, Hg

"Whether it's 3 or 5 years out, understand what kind of company we need to present to buyers. Build the leadership, culture, and organisational capabilities that will command a premium at exit."

Gus Malezis, Chairman of IRIS

Recommendations for Candidates:

- **Research deeply:** Understand both the portfolio company and its PE sponsor—culture, investment thesis, time horizon, expectations.
- **Demonstrate impact:** Share metrics that tie HR work to business value.
- **Stay agile:** Perfection is out; clarity, speed, and accountability are in.
- **Build relationships early:** Success is rooted in influence with the CEO, Chair, investors, and board.
- **Own the detail:** Be across your numbers, systems, and team capabilities.
- **Focus on succession and leadership readiness:** Buyers and investors look for depth and resilience in leadership.





Conclusion

The PE-backed CPO role is not for the faint-hearted, but it offers accelerated learning, broader scope, and a unique opportunity to drive real, measurable transformation. For seasoned HR Directors ready to step up, the path requires a sharp commercial lens, strategic clarity, and a bias for execution.

Those who succeed are not just great HR leaders - they're business builders, transformation architects, and culture carriers with a deep understanding of how people power growth.





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