Catalyst

The Commercial Chief People Officer – A Guide

We've always been deeply rooted in the private equity ecosystem, partnering both with fund leadership teams and with the portfolio companies they support. Since our founding in 2021, much of our work has focused on helping PE-backed organisations scale and succeed, and we've been deliberate in building a strong network of Chief People Officers (CPOs) across this landscape.

Through these conversations, one theme emerges time and again:

PE-backed businesses are looking for people leaders who can operate commercially, translating talent and people strategy into measurable business outcomes. Equally, we repeatedly hear the same question from HR leaders themselves:

How do they develop and demonstrate this commercial capability?

The demand for HR leaders who can bridge the gap between people and performance has never been greater, yet the path to building this skill set remains a common challenge. To help facilitate a meaningful dialogue around this topic, we hosted a roundtable for our network of CPOs of PE-backed organisations.

The session was facilitated by Jane Kennedy, Operating Partner at Vitruvian. Jane brings a wealth of expertise, having taken an organisation through a listing whilst also operating as a NED and Chair to various businesses. We focused on the practical steps that Chief People Officers can take to ensure they operate as true commercial leaders within a private equity environment.

What quickly became apparent was that these practical steps were applicable to all businesses, regardless of maturity, size, or whether they were privately owned, listed or otherwise.

We were able to distil seven key talking points from the session, as well as three immediate steps which HR leaders can take to begin their journey to becoming a true commercial operator.

7 key talking points

01

RETHINK THE ROLE

Start with the business strategy and shape the people agenda around it.

02

MAKE TALENT DATA COMMERCIAL

Translate people metrics into financial impact, productivity risk and growth outcomes.

03

ACT EARLY

Address talent, structure and performance decisions early to avoid compromising risk.

04

ADAPT ACROSS THE LIFECYCLE

Different phases require different priorities: entry, value creation and pre-exit.

05

AVOID EXIT PITFALLS

Prepare the people story, de-risk early and keep data clean and consistent.

06

FOCUS ON WHAT INVESTORS CARE

Leadership strength, key talent, attrition, planning and the people story behind value.

07

LEAD THE AI SHIFT

AI is a people challenge. Lead the workforce impact, reskilling and integration.

1. Reframing the Role of the CPO

A central theme was the need for CPOs to think like commercial leaders first, and functional experts second. Jane emphasised that many people strategies are built in isolation from the business strategy. The most effective CPOs start in the opposite place - developing a deep understanding of the organisation's investment thesis or strategic plan, then shaping the people agenda to directly enable it. This requires:

- **A clear understanding of how the business generates revenue/profit and the margins involved.**
- **Awareness of key performance levers and risks**
- **Strong alignment with CEO, boards and investors**

Ultimately, the role of the CPO is to anticipate what's coming next - identifying future challenges and opportunities before they emerge and ensuring the organisation is ready to respond. The most effective CPOs operate several steps ahead of the CEO and leadership team, providing the foresight and strategic direction needed to drive sustained performance.

2. Making Talent Truly Commercial

A consistent gap in organisations is how people data is framed and communicated.
While most businesses track metrics such as attrition and engagement, these are often presented in isolation. The expectation, particularly from boards and investors, is that CPOs translate these into commercial impact. For example:

- **Attrition should be expressed in terms of cost, lost productivity and strategic risk. For example, losing 10 engineers per year costs the business c.£2m**
- **Hiring shortfalls should be linked to missed revenue or growth targets**
- **Engagement scores should be connected to performance and output**

The shift is not necessarily about new data but about forming a narrative around it. High-performing CPOs tell a clear, commercially grounded story that links people dynamics directly to financial outcomes.

3. Acting Early: Talent, Structure and Performance

One of the strongest messages was the importance of making difficult decisions early. Whether at the start of an investment cycle or following a strategy reset:

- **Leadership capability must be assessed against future requirements**
- **Structural and organisational changes should not be delayed**
- **Performance management should be rigorous and ongoing**

Delaying these decisions compounds risk and makes it harder to recover lost ground. Leading organisations maintain constant visibility on:

Critical roles and capabilities	**Succession plans**	**Differentiation between high and low performers**

The focus is on creating an 'A-player environment', where individuals are supported to perform at their best, but where standards remain consistently high.

4. Understanding the Investment Lifecycle (and adapting accordingly)

Jane outlined three distinct phases in a typical PE lifecycle, each requiring a different focus from the CPO:

Entry
First 12–18 months

- Rapid diagnostic of talent, structure and risks
- Align senior capability to the value creation plan
- Identify top 3–5 upside and downside risks
- Make early structural decisions

This phase requires pace and clarity; carrying out a 'listening tour' alone is not enough and means you will lose critical time at an important point in the investment cycle.

Value creation
Hold period

- Align people initiatives to commercial milestones
- Build leadership bench strength
- Drive performance and continuous development
- Embed a culture that supports growth

If the value creation plan (VCP) is aligned, this is the period in which growth and value is created.

Pre-exit
Final 18–24 months

- Focus on storytelling data integrity and de-risk
- Build a robust people narrative for buyers
- Ensure data accuracy, governance and documentation
- Maintain performance through uncertainty

Communication becomes critical, particularly to maintain focus and stability during periods of uncertainty.

5. Common Pitfalls in Exit Scenarios

Several recurring challenges were highlighted during sale or exit processes:

- **A lack of clarity on who is 'running the business' when the CEO and CFO are distracted by investor meetings**
- **Senior management teams becoming distracted by a potential sale process**
- **Weak or inconsistent people data**
- **Poor communication with employees about what is happening**
- **Lack of readiness for investor scrutiny**

Best-in-class organisations:

Build data rooms from day one

Train leadership teams for investor-facing communication

Maintain operational focus throughout the process

6. What Investors Really Look For

From a people perspective, investors consistently focus on:

- **Strength of leadership and critical talent**
- **Attrition and retention trends (with clear commercial implications)**
- **Workforce planning and alignment with strategy**
- **Data integrity and clarity of insight**

Above all, they look for a coherent narrative: how the people strategy has enabled value creation and how it will continue to do so.

7. AI: A Cultural, Not Just Technical Shift

AI was positioned as a major emerging priority for CPOs.

While many organisations are experimenting with tools, few have fully embedded AI into how work gets done. The key insight is that AI is fundamentally a people and organisational challenge, not just a technology one. Key implications:

- **Redesigning roles and organisational structures**
- **Reskilling and upskilling the workforce**
- **Managing employee expectations and engagement**
- **Integrating AI into day-to-day workflows (not just pilots)**

CPOs should take ownership of the workforce impact, working in partnership with technology teams, but leading the cultural and capability transformation.

Conclusion and Practical Takeaways

Jane closed with three actions for CPOs:

1. Identify and map key risks to your value creation plan.
2. Translate at least one core HR metric into commercial terms.
3. Define your organisation's position on AI and take a more proactive leadership role.

What is becoming increasingly clear is that, regardless of ownership structure, the expectations placed on HR leaders have never been greater.

Today's Chief People Officers are expected to drive tangible business outcomes through people-led solutions, leverage data and analytics to influence strategic decision-making, and play a leading role in helping organisations embrace emerging technologies such as AI.

The challenge is many of these priorities are unfolding in environments that are new to everyone. As a result, the most successful CPOs will be those who can navigate ambiguity, adapt quickly to changing circumstances, and think creatively in the face of uncertainty.

Crucially, they must position themselves as true business leaders: speaking the language of the board and investors, shaping enterprise-wide strategy, and ensuring people decisions directly support business performance. Those who can bridge the gap between people, technology and commercial outcomes will be best placed to thrive.

To discuss any of the above further, please reach out to me directly at steven.hayes@catalystpartners.com