



Finding Direction as a New CEO

Peter Sephton, CEO of The Parts Alliance, discusses the dynamics of being a new CEO under private equity backing, including how he created a culture of ownership

Make Time for Your Stakeholders

As CEOs, we have a limited opportunity to choose how and where we spend our time, but limitless opportunity to be completely ineffective. Making the right choices and getting the correct balance is so important.

You need to balance time between the different stakeholders, so defining who these are is an important first step. Your PE investor is one of the most critical and they need to be fully informed and engaged; my Chairman helped enormously in supporting this relationship.

When I joined as CEO, I was new to this industry, so building knowledge, reputation and trust with the other three stakeholders was also very important.

So too was face time with employees, major customers and suppliers. >



Create a Founder Mentality

One of the first things we did was to create a founder mentality by involving a wide group of people in defining and building our strategy. We branded it the '10 steps' as it was designed to keep us 10 steps ahead of the competition.

We broke our business into divisions and introduced new performance management metrics with real-time updates throughout the day. The names of regional directors were put against those metrics so performance was highly visible.

I also took the opportunity to distribute sweet equity widely. One of the key advantages of being a PE-backed CEO is the ability to do this – behaviours change as people realise they are, in effect, running their own business.

Protect the Heart and Soul of the Company

We agreed early on not to change the local operating brands of the businesses

“Had I done more due diligence before the venture, I fear I might never have joined”

we acquired. Instead, The Parts Alliance became the glue that held together our group culture, systems and technology.

Choosing diversity of thought over group think gave us a real competitive advantage. Local branding is critically important to your buy and build strategy; too many opportunities go wrong because of corporate arrogance and the 'conqueror syndrome'. There is no easier way to turn off your employees and customers than to tell them the new parent organisation is somehow better.

Take Risks, but in a Controlled Manner

When I joined The Parts Alliance, the market was going through a period of considerable change and I was used to a comfortable executive position with a successful business listed on the NYSE.

Had I done more due diligence before the venture, I fear I might never have joined. That would have been the wrong decision because we have been able to scale the business quickly and prevail where others failed.

Moving quickly and taking personal responsibility for risk is part of being a PE-backed CEO. ■

These thoughts were inspired by Criticleye's Global Conference Call, [Making an Impact as a First-Time CEO](#), at which Peter Sephton was guest speaker.



Catriona Marshall
CEO, Hobbycraft

COMMUNITY COMMENT

Catriona Marshall, CEO of PE-backed Hobbycraft offers her advice to new PE-backed CEOs

"Make sure you have a work/life balance that is right for you.

Set boundaries early on and stick to them. Reach out when you need reassurance that you're doing the right thing and call on ex-colleagues and contacts if you need a confidence boost.

I really immersed myself in the business and wasn't going to conferences or events but you do need to interact. The best way I found was to use my network of contacts. I'd invite them over for a day to do some site visits and speak to my management team; we'd all get so much out of it. We'd be re-energised and have great insights on what we'd do again."

[Read more](#) on Catriona's experiences and advice.



Peter Sephton
CEO
The Parts Alliance

Peter joined auto-parts distributor, The Parts Alliance, in August of 2013, which he has grown through organic means and six acquisitions.

Prior to this, he had 16 years of senior executive experience as President of Brady EMEA and before that held senior positions with Morgan Crucible and Tate and Lye.

Peter is also Non-executive Director of Constantine Group, which owns businesses in specialist logistics, property and renewable energy.

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