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### **4 strategies for navigating growth in 2021**

2020 was the year of change acceleration. Industries, economies, investors, companies, and individuals have all felt the impact.

For example, in the past year, companies have quickly implemented processes that bring teams closer together, regardless of where they're working. In just a few months, the global workforce has likely gained several years' ground in digital transformation.

As we move into a new year, we also move into a new global, tech-enabled work environment. How can organizations stay at the forefront? Here are four strategies to help navigate growth now that the landscape has changed.

#### **Stay risk-aware, but not risk-averse**

This year, our dependence on software has been well and truly confirmed.

For many traditional companies, value creation in 2020 has meant the acceleration of digital and technology adoption. Companies that were starting to use an ERP or CRM as a wholly new process, for example, were pushed to rethink how to position their business in order to achieve economies of scale with technology.

But for some, a core element of value creation – finding opportunity with limited access to information – remains the same. And in times of uncertainty, where change is the norm for

all, disruption leads to new opportunities. Companies can be risk-aware but not risk-adverse, playing both offense and defense on the path to value creation.

### **Continued growth comes down to a balance of leadership and strategy**

Despite 2020's challenges, the growth playbook hasn't changed much for investors. While some processes have accelerated, other areas have slowed, but the most important factor to evaluate continues to be a portfolio company's team. The person in charge is the most important element in a company, but even more so in times like these.

This year also opened the door to external parties and operating partners, as companies became more receptive to closer collaboration. Now is a great opportunity for those of us with insight to show we can be great partners. [Private equity firms](#) can and should share their best management practices to strengthen their portfolio's resilience.

Globalization Partners has grown through lockdown as more companies sought out experts in global expansion to guide them through relocating key team members or hiring strong leaders wherever they lived. This tendency to bring in specialists as partners, and seek their advice rather than contract in-house expertise, grew among thought leaders who refused to shrink their business in 2020.

Ultimately, strategy is nothing without the right people in charge. Which do you need to perfect first, strategy or leadership? Can you grow without one or the other? Without effective leadership to enable execution, strategy is simply an idea.

### **Building on a strong foundation is essential**

The characteristics of due diligence have not changed drastically this year. Those that have changed mostly relate to R&D and software. Private equity firms still want to know how good a company's foundation is and if it allows them to scale. That means looking for technical debt that could require software rebuild. Intellectual property (IP) is also a major factor at play. Investment partners need confidence a company's IP is locked down and under

their full ownership.

At the due diligence stage, protecting value runs alongside protecting data. An era of remote work means that businesses become more digital and tech enabled, and more cyber risks emerge. Establishing processes and building systems to mitigate cyber risks and ensure data protection is critical.

### **Close alignment between investment and operating partners key to success**

The gap between debt, operating, and equity investment partners will close as we go forward into 2021. Private equity firms may want to get more involved in their portfolios this decade, as success during economic uncertainty happens when there is a strong partnership between investors and operating partners.

The tech sector has proven to be more pandemic proof than other industries, but this should not encourage private equity firms to rely solely on technology to monitor and instruct their portfolios. Taking a human approach to mentoring, even if this needs to begin via videocall, provides insight to leaders' thought processes and ideologies that may be tracing the company's path more than its financials.

### **The game has changed**

Instead of waiting for a "return to normal," we must reinvent normal. Regardless of when we are able to emerge from the current digital reality, progress starts with stronger relationships and a relentless focus on value creation.