



# “You’ve Got To Be Comfortable With Being Uncomfortable In Order To Learn And Grow.”

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*Michelle Noon, founder and managing partner of Clearhaven Partners, shares her lessons on private equity investment leadership, the ideal attributes of business leaders, and the importance of a strong partnership with the board.*

*This interview with The ExCo Group’s Adam Bryant is part of our Art of Leading interview series.*

**Q.** If you were recruiting a new CEO to run one of your companies, how does that conversation go? What questions do you ask?

**A.** I always start by asking why we are having this conversation. I want to understand their motivations, what they believe they know about the opportunity, what’s interesting to them, and why. People are often surprised when I ask that. They might think, “Your recruiter reached out to me.” And so I’ll say, “I know we reached out to you, but I want to understand why you took the call.”

I’ll also ask about the thinking behind the decisions they made in their career. It’s not just about the jobs you had and what you accomplished. But why did you leave those roles? Why did you make that transition, then? What was compelling to you? That provides a richer texture of someone’s

motivations. And I'm comparing that to our opportunity and trying to assess whether that could be a good fit.

I also want to know who was an important influencer for them. Did they have a great mentor? I know from experience that you can learn from people who do things well and those who don't. Both are valid, but I look for leaders who feel like they've learned a lot from a great mentor or leader.

Much of it comes down to their motivation and level of conviction because these are hard journeys. Businesses are built through blood, sweat, and tears, and many things go wrong. So, I want to ensure that the opportunity we're presenting—helping smaller businesses become bigger—matches their characteristics and motivations.

Finally, because we're investing in companies below \$100 million in revenue at the outset, we need leaders who can be both strategic and drive the company in a very clear direction while also being very focused day-to-day on execution and the operational aspects. It's hard for many people to flex up and down between the macro and the micro.

**Q.** What are the patterns among CEOs and C-suite leaders you've seen in ways they can trip themselves up and be less effective than they could be?

**A.** As a private equity investor, we partner with our management teams. We're bringing something to the table, they're bringing something to the table, and we are set up for a "win-together" outcome. We sometimes see less experienced leaders second-guessing what we say and looking for some subtext that's not there. We're very straightforward. We say what we mean, we mean what we say, and we do what we say we're going to do. It can cause delays when they overthink or try to read too much into a board conversation.

A second factor that can trip people up is coming to the board with problems without bringing potential solutions. We're perfectly comfortable brainstorming and figuring out ways to help, but we also want to see initiative from the management team first and some constructive thinking about solving a problem.

The last pattern I've seen is that, with the private-equity dynamic, there is the potential for an us-versus-them mentality to emerge. That makes it easy for a CEO to say to their team, "Well, the board told me that this is what we need to do." Or, "I would have done it this way, but the board told me to do it that way." In most cases, we're not making any heavy-handed calls. It's usually a dialogue. We decide together, and then the CEO carries out the decision.

But if the CEO always points fingers at the board, that creates two insidious problems. First, it creates a rift where there should be a partnership. Second, it diminishes the CEO's credibility and authority in a way that they may not appreciate, even if, at the moment, it feels like an easy out.

**Q.** Beyond what we've discussed, what values are important to you as a leader?

**A.** I always appreciated leaders from early in my career who gave me a pretty long rope to make some mistakes—not fatal or repeated mistakes, of course—to figure things out. So, I tend to give a fair amount of latitude at the outset of a relationship with an employee. We align on the objectives and ensure clarity on the role, but then I tend to give a fair amount of latitude. If I don't see the level of performance the detail orientation, or the depth of the understanding of the work, then I will get more involved.

But I tend to start with a little bit of a lighter hand. That's important in the investment business because as we're creating great investors, you need to get out there and figure things out to some degree on your own, and you need to have a lot of repetition and exposure to different ways of thinking. How I invest and assess opportunities is not identical to any other individual, and that's okay. There are multiple ways to do things right, and there are multiple ways to do things wrong. So, I start with a fair amount of latitude and a fair amount of autonomy.

We have a shared value system here that is very important to me. We are stewards of institutional capital and partners to management teams in building businesses, so there needs to be a shared respect for our role and how we play that role. We want to bring people onto this team with diverse experiences and backgrounds but no diversity of values.

**Q.** What were important early influences for you?

**A.** I'm a firstborn, and I probably have a lot of characteristics of a firstborn. I tried hard in school and performed pretty well, which was expected of me in my household. I grew up with parents who have incredibly strong work ethics. My dad's an entrepreneur and my mother is incredibly creative, and that was just sort of in the water in our household—you work hard and have a do-it-yourself mentality.

**Q.** What was one of the biggest challenges of starting your own firm?

**A.** The biggest thing for me is that being uncomfortable is okay. You've got to be comfortable with being uncomfortable to learn and grow and do something different and new. For me, doing something different and new was more important than the uncomfortable feeling along the way. So you power through initially and then, as you become more mature, you embrace that feeling in your stomach of, "What am I doing? Do I know what I'm doing? I didn't do that right—how will I fix it?"

You embrace that moment because you know it will be a big source of learning. I'm trying to instill this in my kids—the sooner you get comfortable with being uncomfortable, the faster you'll learn to grow, and that's pretty fun when you get there.

**Q.** How would you complete the sentence, "The hardest part of leadership is..."?

**A.** As a leader, you have to take ownership and responsibility for the outcomes, which means you praise others when things go well and take the blame when they don't. That part is not hard for me. The hard part is dealing with the challenges and digging deeper into the well so that you can maintain the enthusiasm and energy and help other people with the problems and roadblocks they're facing in addition to your own.

You've got to go to that deep well quite often and maintain the resilience and grit to keep doing that day in and day out. As you get into a senior leadership position, that's a lot of what you're doing. You're managing through the challenges, and you're breaking down not only your own roadblocks but also those of your team along the way. To me, that's probably the hardest part of leadership.