Anatomy of a leadership diligence: term sheet to check

A composite pre-close read, sanitized, drawn from four diligences run inside a software PE firm's portfolio years. Deal shape for this walkthrough: software platform, management team staying on, a thesis that needs the team to become something it has not yet been.

POINT OF VIEW 3 PAGES · 6 MINUTE READ FOR **DEAL TEAMS AND OPERATING PARTNERS WEIGHING THE READ**
AUGUST 2026 THOMAS IGEME

THE ARGUMENT IN ONE PARAGRAPH

Leadership diligence answers the question the data room cannot: can this team carry this thesis? Most deals answer it with a few partner dinners and a reference call, which is a read of charm and history. The version below scores the team against the specific thesis being underwritten, produces a risk profile in a form the deal team can read before the check is written, and refuses on principle to tell you the future. We ran it on four acquisitions inside a fund. The consistent lesson: teams look different scored against the actual plan than scored against "good executive."

01

METHOD

Two refusals, stated before the window opens.

Day 0: the ask, and what we refuse

The ask usually arrives as a grade: tell us whether this is an A team. We refuse it twice, out loud, before any money moves. The first refusal is prophecy. The best-placed executive still meets chance, so what we deliver is a risk profile: the specific risks this team is holding, given what the plan requires. A named risk can be priced, tested, developed against, or built around. A grade can only be agreed with.

The profile is the deliverable

The second refusal is starting before the thesis can be scored against. If the memo states an outcome, the first day is spent with the deal team restating it as a mechanism: how the money is supposed to be made, and what must become different for it to be made, decomposed into the three to five critical moves the plan depends on. Every session, every input, and every finding that follows is read against those moves. A team scored against anything less is being scored against "good executive," and that is the read the standard playbook already buys.

02

MECHANISM

Every artifact named here is real.

The shape of the window

Two weeks standard, scoped to the deal calendar when it is tighter. The read compresses the same architecture the portfolio system runs post-close.

Days 1 to 2	Days 3 to 7	Days 8 to 11	Days 12 to 14
The mechanism locked. The thesis restated as how the money is made; the critical moves agreed with the deal team, in writing.	Structured sessions with each executive, disclosed and invited, plus references pointed at how they operated inside their last environment.	Three input families assembled per leader: intrinsics, outcomes in the function's own currency, and how work flows through their organization.	The risk profile per leader and the team read, delivered in a form the deal team can read, before the check is written.

The third input family is the one assessment franchises structurally lack, and it is the one that separates a leader who narrates well from a leader whose organization executes. You cannot learn how work flows through an organization by interviewing a person about themselves, which is why the sessions ask about decisions and handoffs and where effort pools, and why the references are aimed at the people who lived inside that flow.

PORTFOLIO YEARS: FOUR PRE-CLOSE DILIGENCES

The most revealing session question is the transition question: if the thesis works, what has to be materially different about your organization a year from now? The right shape describes what breaks, what capabilities have to be built, and what they personally stop doing. The wrong shape describes the current system, executed harder. One answer proves little. The pattern across a leadership team is the read.

03

EVIDENCE

A risk profile per leader, then the team read.

What comes back

Each leader's profile names the risks held against the moves, what each risk implies for the first hundred days, and what capability may need to be built around the seat. Every finding carries a confidence label from the same three-tier ladder the audit uses: strong signal, emerging pattern, hypothesis to validate. A deal team can act on a labeled finding because it knows how much weight it bears, and a diligence window is exactly the wrong time to discover that inference was being presented as fact.

The standard the whole read has to clear is that it returns information the resume did not. Sometimes that is harder on a celebrated executive, when the operating evidence shows their way of winning is one the thesis cannot afford. Sometimes it clears a seat conventional diligence flagged, because the organization they built already works the way the plan requires. The shape of that finding, in both directions, is worked as an illustration in The Green Number. A read that can only confirm the resume is adding process.

> **PRE-CLOSE, THE PROFILE GOES TO THE DEAL TEAM ALONE**
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> Post-close, the same profile is shared with the executives it describes, and the team's response becomes part of the ongoing read: sharing a gap is the cheapest way to close it, and a gap that does not close writes a precise search brief. That mechanism, and the system around it, are in The Portfolio Talent Operating System.

04

METHOD

The plan, then the read. Two objects.

After the check

Two things follow the wire, and they are different objects that share a calendar. The 100-day plan is a setup device, set before day one: who owns what in writing, which seats get evaluated and by when, which rituals transfer and which die, what the executive team reports monthly. The 100-day read is the first honest look at trajectory: whether decisions are changing, whether the organization is responding, whether capability is being built against the risks the diligence named. The read tells you direction. It does not prove an executive can scale, and it cannot cleanly judge a leader while the system around them is still being repaired, so the sequencing rule holds: repair the system enough to see the person, then judge the person against the thesis.

The diligence also leaves a baseline. The gaps it names are the first things the post-close audit re-measures, which is how the fund learns whether the team is closing distance or holding it, while the fix is still a scheduling conversation.

05

BOUNDARY

Three conditions rule the read out.

When not to buy this

Where the thesis cannot be stated as a mechanism and the deal team has no appetite to state one, there is nothing to score against, and the honest first move is the statement itself. Where the decision is already made and the diligence is being bought to bless it, the read becomes cover, and cover is cheaper elsewhere. And where the window is too short for structured sessions with the actual team, we say so and decline, because a leadership read assembled from references alone is the charm-and-history read wearing our letterhead.

If the team under your next term sheet has only been read over dinner, the two-week version of this read fits inside most diligence windows. Ask for a date at thomas@tlpartners.biz.

This walkthrough is a composite drawn from four pre-close diligences run inside a software PE firm, so you can see the shape of the work without anyone's confidential findings. The post-close sibling is **Anatomy of an Audit**. The system both instruments live inside is **The Portfolio Talent Operating System**. Full library at **tlpartners.biz/library**.

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