



PARK SQUARE
EXECUTIVE SEARCH

CEO Interview Series

Team Building in Private Equity-backed SaaS Companies

Chuck Moeling

*Chief Executive Officer
Baxter Planning*



Kate Cook: We appreciate you making time for us Chuck. How about getting this started by providing us with some background on Baxter.

Chuck Moeling: Baxter Planning was a 45-person, founder-led, Austin-based company when I joined as CEO. I came in as the first chapter of the business was concluding, during which our founder built the company for 20+ years and got it to sufficient financial scale to consider bringing on institutional investors. Importantly, the founder acknowledged that achieving the full potential of the business would require both professional investors and management.

Thus began Chapter 2 of Baxter's story when Polaris Growth Fund (PGF) became a majority investor in early 2018 and recruited me as CEO. The mandate at that time was to build the go-to-market engine, retool the infrastructure of the businesses, build out the executive team, and selectively pursue M&A.

Caity McGuirk: What did the executive team look like when you joined?

Chuck Moeling: PGF had just recruited the company's first professional CFO. Our go-to-market model needed to be upgraded because our customer contracts were immature and didn't appropriately reflect the B2B enterprise focus of the business. We also saw an opportunity to engineer our technical infrastructure for growth, especially migrating from self-hosted to AWS, and this demanded we recruit a seasoned technical leader to engineer this transformation.

Caity McGuirk: How did you determine what timing was right to make leadership changes?

Chuck Moeling: PGF was a great partner and brought a strategic, patient, long term view to their investment, which enabled me to address the go-to-market and technology needs in parallel. I knew I needed to reconstruct the leadership team to facilitate us achieving our goal of an exit in 3-4 years, however, given the size and stage of business, I knew I couldn't change the whole executive team at once and keep the trains running. Instead, I tried to keep some leadership continuity and looked to find ways to utilize our existing leaders in creative ways. For example, the president of the company was ambitious to be CEO someday, but he didn't have sufficient go-to-market experience to be a serious candidate. I was able to convince him to become our CRO and let me coach him on how to build out a go-to-market engine, which is what the company needed and got on board with that.

With these foundational elements addressed, we successfully doubled our ARR over 3 years with this ELT in place.

This revenue growth triggered the start of Chapter 3 at **Baxter**, which was marked by executing a transformative acquisition versus the original plan, which would have been to seek an exit. With this acquisition, and on the heels of Covid, Baxter went from being an Austin-centric business to a truly global company with additional offices in Spain and India, and a globally distributed workforce.

Kate Cook: What did the senior team look like at the start of Chapter 3 and with the acquisition, how did your priorities shift when it came to thinking about talent?

Chuck Moeling: We needed leaders capable of executing this global transformation, which was beyond my current team's capabilities. With our acquisition, we were going to be hard pressed to continue achieving our 20% YoY growth trajectory. Overnight, our sales target essentially doubled as the acquisition brought products, technology and customers but not the corresponding sales capabilities. Given this change, we recruited a new CRO who could manage a globally distributed team of 30 to 40 individuals and who had proven experience managing a go-to-market function at a larger scale and throughput.

Kate Cook: What about financial leadership?

Chuck Moeling: We also had to make a change in CFO in favor of someone with experience standing up business operations for a global company. We also wanted a CFO with proven deal experience. We recruited an individual with ties to our PE sponsor, PGF, to be the company's new CFO. He had solid operational finance experience combined with a strong transactional background.

"I knew I couldn't change the whole executive team at once and keep the trains running. Instead, I tried to keep some leadership continuity and looked to find ways to utilize our existing leaders in creative ways."

“Businesses win by capitalizing on their players’ strengths, not focusing on remediating weaknesses, and this is especially true at the leadership level.”

Kate Cook: When did Marlin come into the picture?

Chuck Moeling: During this third chapter, we again doubled ARR over 3 years, and this marked the beginning of Chapter 4 of Baxter’s growth story. By this point, PGF had been the lead investor for 6 years and it was time for a new and larger investor to fund our continued growth strategy. Following a rigorous process – anyone who’s been through an exit knows what I’m talking about – we brought on Marlin Equity Partners last year. They’re an excellent fit for Baxter and we cemented a relationship that had been forming for 3-4 years. With Marlin, we have set a new five-year strategic plan that looks to accelerate the value we deliver to customers following a single product to multi-product platform transformation. This strategy promises to more than double the size of the business.

Caity McGuirk: Did your thinking about how to organize your senior team change once Marlin became your sponsor?

Chuck Moeling: Similar to prior growth chapters, Marlin and I discussed the organizational changes that would be required to execute on our strategy. We had to evolve from a smaller group of ELT leaders, who had broad skill sets, to a broader executive team with more focused functional specialization. For example, we split responsibility for product and technology from being led by one individual, to having distinct product and engineering leaders. We made a similar change with our go-to-market leadership by splitting marketing and sales into two roles and elevated customer leadership, resulting in a CMO, CRO and CCO, respectively. We also recruited a new CFO with prior experience in the Marlin portfolio. Finally, our tenured people and culture manager was elevated to a VP-level on the ELT. Frankly I was probably late making this change given the business impact this leader had made during Chapters 2 and 3. The Marlin investment helped highlight this need and I am thrilled with the elevated role here.

Caity McGuirk: How do you determine which leaders are a fit for where the company is now, and where it is headed?

Chuck Moeling: I look at each of my executives first within the context of their strengths rather than their weaknesses. I try to orient my leaders around a set of goals and objectives that the business currently has and call upon them to tap into their strengths. I learned this “strengths focused coaching” approach earlier in my career working at Bain, and it’s paid huge talent dividends. Businesses win by capitalizing on their players’ strengths, not focusing on remediating weaknesses, and this is especially true at the leadership level. As you can tell, I like the “chapter” metaphor, and this nicely aligns with reassessing a leadership team against the growth framework every 3 or so years, especially around transformative inflection points like new investors or a major acquisition. I’d also call out that from a self-awareness perspective, this reflection also includes evaluating myself.

Kate Cook: As you reflect on the run you have had with Baxter Planning so far, do you think there is anything regarding team building that you would have approached differently in hindsight?

Chuck Moeling: I think Jack Welch had a saying about his biggest mistake being taking too long to make a leadership change. My current Chairman at Baxter also has a similar statement about never having been accused of moving too quickly on a leadership change. I’d echo those sentiments, but this is easier said than done. I fundamentally think being a great coach and team builder requires extra commitment to see leaders through tough times, and this often manifests in changeouts taking too long. I think it’s the downside to the upside you get from being committed to your team. So, yes, I have definitely been guilty of letting the wrong performer stay in the seat too long. It’s always tough to make those decisions with appropriate speed. Earlier in my career, in my early days as a manager, I had to rehire three people I had fired, so I have paid for acting too quickly. As I’ve grown and managed more senior leaders, I’ve been more committed, cautious and thoughtful when considering executive changes, and I think if I had to be self-critical I would say I have been a bit too cautious on that front.

“I fundamentally think being a great coach and team builder requires extra commitment to see leaders through tough times, and this often manifests in changeouts taking too long. I think it’s the downside to the upside you get from being committed to your team.”

“You have to intentionally engineer ‘moments’ of organizational reflection and evaluation because they don’t naturally present themselves. Leaders must stop and really assess the team at critical milestones. You build a great team to go win a specific season, and you must know when that particular season starts and ends.”

Kate Cook: Any other lessons learned so far?

Chuck Moeling: In terms of lessons learned, I have developed a hypothesis that the executive team that got us to the successful conclusion of one chapter in Baxter’s story is unlikely to be the same team that gets us to the conclusion of the next chapter. It is reasonable to expect an executive is the right person to get you from one chapter to the next, but I don’t believe you can reasonably expect anything beyond that. When they end up being a fit for multiple chapters, that’s gravy. I see many businesses take a more evolutionary approach, versus this ‘chapter’ based framing, resulting in executive teams ebbing and flowing naturally as a company scales. That might fit in other spaces, but my perspective on growth-oriented PE in the software world is that business leaders are better served by being more holistic and deliberate with regards to team building and the specific chapter a business is in. You have to intentionally engineer ‘moments’ of organizational reflection and evaluation because they don’t naturally present themselves. Leaders must stop and really assess the team at critical milestones. You build a great team to go win a specific season, and you must know when that particular season starts and ends.

Caity McGuirk: Any final reflections on building and scaling teams, especially in the technology market in which you operate?

Chuck Moeling: A very seasoned and successful PE investor once commented to me “Chuck, we never sell the businesses we buy,” and what he meant was, the business at the end is so different from what the PE firm bought that you would be hard pressed to connect the dots to what it looked like at the start of the hold. As CEO, it is critical to let that knowledge drive your decision making regarding the team you field to lead that transformation. I’m very wary of ‘administrators’ – they won’t drive the transformation required to deliver a great story. You need world class position players working with you to successfully execute that next chapter. PE is expecting a transformation, which requires consistent, thoughtful change and forward progress over the course of their hold period, and you need a team who can execute to achieve that.



Aaron Lapat,
Managing
Partner

Aaron provides executive talent management counsel to CEOs, boards, and investors. He leads searches with leading private equity firms and their portfolio companies. His vertical expertise spans the technology sector, from software and cloud, including AI and Big Data; to technology enabled services. From a functional perspective, Aaron's search engagements focus on the CEO and C-suite, including commercial, technical and financial leadership.



Kate Cook,
Managing
Partner

Kate partners with Chief Executive Officers, board members and investors to recruit executive leaders in the technology ecosystem. Kate has experience recruiting across the C-suite with an emphasis on go-to-market, finance, and technology executives. Her industry experience is centered on working with B2B enterprise software and tech-enabled services companies. She has worked with the portfolio companies of growth equity, venture capital and private equity firms across the US, as well as in Europe and Asia.



**Sean
Cantarella,**
Partner

Sean leads executive level searches for private equity sponsors and their portfolio companies, as well as growth-oriented public companies. He is experienced working with software and technology-enabled services businesses. Sean places Chief Executive Officers and their direct reports, including senior leadership in the finance, technology, product, and commercial functions.



**Caity
McGuirk,**
Principal

Caity develops and manages candidates through the search process and works closely with our clients across the SaaS, tech-enabled services, and infrastructure sectors to ensure searches run flawlessly from launch to closure. Her functional experience includes recruiting board members, CEOs and C-suite executives across the finance, commercial, and technical disciplines. Caity is also Head of Candidate Development, where she manages the recruitment, training, and development of Park Square's Associate team.