The Use of a Clinical Psychology Method of Assessment to Predict Management Performance

Leslie Pratch

Can private equity investors (investors) increase the odds that the executives running their portfolio companies will perform capably under novel and challenging conditions? For example, how will operating executives respond if energy prices go up 30% in three months or if a significant war breaks out?

The article presents data generated using a clinical psychological method of assessment for nine executives of five portfolio companies of a particular private equity firm. It is one in a series of articles examining the validity of a structural psychological approach to selecting executives. This approach links three components: the operating executive, the strategy, and the execution of that strategy. The article demonstrates one application of this approach; it treats each particular situation concretely, in its own terms, without trying to draw general conclusions from the observed facts.

Private equity-backed firms, because they have huge debt loads, have unforgiving time spans for achieving goals and low tolerance for variability in performance. Investors depend upon management to manage the operating business unit to meet investors’ desired financial returns. Most private equity investors regard the quality of management to be a crucial factor in a portfolio company’s success or failure. Predicting how management is likely to perform under highly stressful conditions is one of the most difficult evaluations investors must make.

Typically, private equity investors look at what an executive has done in the past. To validate what executives claim about themselves, they may also conduct interviews and check references. That approach relies mostly on measures of past performance. On its own, however, past performance is inadequate to forecast the future. As Warren Buffett (and the SEC) has reminded us, past performance is no guarantee of future returns. Measures of past performance confound individual capability and situational factors. How an executive has performed in the past may not predict how he or she will perform in the future—especially as industry and organizational conditions change.

To predict how an executive will perform under novel or challenging conditions requires a model that takes into account the dynamics of the executive, the strategy, and the operating environment. Knowing the effects of each component with a high degree of detail can strengthen investors’ confidence that executives can perform as required.

Previously a series of articles that I wrote with Jordan Jacobowitz presented a psychological model for predicting leadership in rapidly changing conditions. These articles were based on research I led that was funded by the University of Chicago.
Graduate School of Business. That research was the first systematic effort to identify in advance individuals with the psychological resources needed to be successful business leaders. Subsequently, we conducted one of the first and most extensive empirical studies into the personality characteristics of successful CEOs of private equity–backed firms.

A central feature of our model is a construct called active coping (see Appendix A). Active coping is the individual’s readiness to adapt resourcefully and effectively to challenge and change. The theory of active coping as developed and promulgated by Joel Shanan\(^4\) derives from the ideas of David Rapaport,\(^4\) Carl Rogers,\(^5\) and other “ego” and “self” psychologists.\(^6\) Active coping is manifested in the individual’s propensity to strive to achieve personal aims and to overcome difficulties, rather than passively retreat or be overwhelmed by frustration. Active coping predicts the behavior and success of individuals when the setting—the characteristics of the environment in which the individual may have to behave in the future—cannot be fully specified in advance. For top management roles, the environment is especially complex and difficult to predict.\(^7\)

Individuals with the greatest likelihood of performing successfully in top management roles will be those who can respond in an adaptive manner to emergent, dynamic, and complex situations. This means that investors choosing executives for such roles need to assess their readiness to acquire new skills and strategies for coping with novelty.

Here, techniques borrowed from clinical psychology can help. These techniques, combined with customary management evaluation tools, can increase the accuracy of executive selection and the likelihood of positive returns by establishing whether the executives who will drive portfolio company performance will execute successfully the company’s strategy in complex and uncertain operating conditions. The initial formulation of this strategy is a product of investors’ skill combined with their understanding of the executives who will have to implement it. Investors and the portfolio company executives will have to adjust to respond to changing circumstances.\(^8\)

As noted above, an executive’s past performance is partially the result of happenstance, that is, factors extraneous to and uncontrolled by him or her. I would not infer that an executive’s past success does not automatically imply the capacity to succeed in a new environment. Rather, I disentangle the role of chance and circumstance from the executive’s objective past and ongoing ability to function under conditions of challenging uncertainty. I tease out the particular talents that worked for the executive in the past and discuss the circumstances under which those talents might not work in the future.

Just as investors evaluate a company to understand the underlying basis for its earnings growth, I assess an executive to explain and predict individual performance. I measure performance success against the degree to which the executive has met the requirements of his or her role. Those role requirements follow from the thesis articulated by the investors, and elaborated and accepted by management. A prediction of how the executive will function in that particular management role emerges from an analysis of the person, the organization, and the environment.

A clinical assessment method allows one to assess the underlying psychological forces that lead to success or lack of success among already high-achieving individuals. Examining the dynamics of the person–firm–environment interaction makes it possible to set forth scenarios in which an executive’s underlying psychological tendencies might present risks—or opportunities—to investors who can provide appropriate support and incentives. A clinical method also indicates ways to structure and manage the relationship between the investors and the operating executive.

Here, I will focus on how closely predictions generated by this method were born out in reality. First, I describe the characteristics of the data, then the findings. The Amplification section will discuss how characteristics of my model uniquely lend themselves to predicting performance under uncertain conditions.

**METHOD**

**Population and Procedures**

I looked at assessments I performed between 2002 and 2006 on behalf of a single private equity firm. This firm’s investors had actual performance data against which to compare indicators from my assessment. The firm makes control equity investments in companies where its experience and resources can be applied to accelerate earnings growth through aggressive investment management plans. It typically does not make turnaround
or venture investments. Limiting the analysis to assessments performed for this one firm eliminates variability among investment styles of different firms and focuses on companies where management capability is an important factor in the success of the investment.

This article compares my assessment findings to the executives’ actual performance. Investors provided measures of firm and executive performance two years, three years, and, in two cases, five years after my initial assessment.

Before making an assessment, I attempt to understand the specific demands of the environment in which the executive will perform. I ask what investors hope to achieve by making the investment—how they plan to create value—and the executive’s role in implementing strategy. This information is important in understanding and interpreting the psychological assessment.

After making an assessment, I prepare a formal written report. The report looks at competencies and capabilities organized around four factors that bear importantly on the executive’s ability to perform as required. These factors encompass significant domains of individual capability: Judgment, Influence, Management, and Personality. Appendix B defines these domains.

My assessment uses standard clinical assessment techniques adapted to address concerns of interest to investors. In particular, investors need to be confident of an executive’s ability to adapt to new conditions that they did not anticipate at the time of the investment.

The circumstances of the assessments varied in two ways. First, at the time I made each assessment, the private equity firm may or may not have already invested in the company. Second, the executive may have been part of an incumbent management or an outside candidate to fill a management role. In most cases, my assessment occurred in parallel with other diligence efforts prior to a deal. In two cases, my assessment took place when investors were contemplating adding an executive to an existing portfolio company.

Each psychological assessment lasted approximately four hours with the executive and followed the assessment strategy and data collection techniques described in Appendices C and D. The executives understood that the assessment was to provide information to investors regarding the executives’ capability and leadership style as these concerned their fit with the management role. Each executive’s test outcomes provided the basis for my conclusions and recommendations about that person.

In the spring of 2008, I interviewed the investment professionals responsible for overseeing the deals. I had also monitored the executives’ performance through discussions with investors at prior intervals, roughly one and two years after my initial assessment.

Exhibit 1 details the general protocol used to collect data on the predictive validity of the assessments. Section 1 of this exhibit describes the particular deal. Section 2 documents investors’ evaluation of each executive’s performance. Section 3 details the assessment procedure and recommendations. Section 4 documents how well the assessment predicted each executive’s actual performance.

**Company and Executive Characteristics**

Exhibit 2 summarizes information regarding the companies included in this study. The companies fell into three industry groupings: distribution, industrial products, and business and consumer services. Investors’ involvement fell into four categories: start-up (one company), growth (two), recapitalization (one), and revitalization (one). The first company (Company A), conceived as an acquisition vehicle, had not yet made its first acquisition at the time I assessed the CEO. The other companies ranged from approximately $70 million to $450 million in revenues. Companies D and E have not had an exit yet but investors are satisfied that the investments are doing well and will be profitable.

The sample comprised nine married Caucasian men. Each had at least a college degree. The mean age was 48 years, ranging from 37 to 58 years. Overall, the sample included five CEOs; one CFO; two vice presidents of sales and marketing; and one vice president of product distribution. Of the five CEOs, prior to the investments, two had never held the office of CEO. Three executives, including one CEO, were founders or co-founders of the companies in question.

**DATA**

**Deal Performance**

My method seeks an understanding of the process of success or failure. Although I do not propose to explain returns on invested capital as a simple function of portfolio
**EXHIBIT 1**

**Follow-up Protocol**

The exhibit shows the basic form used to gather information from investors regarding the operating executive’s performance relative to the demands of his or her role.

<table>
<thead>
<tr>
<th>1. <strong>Deal Information</strong></th>
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</thead>
<tbody>
<tr>
<td>What was your investment thesis when you went into the deal?</td>
<td></td>
</tr>
<tr>
<td>Did your thesis prove to be true? If it changed, how did it change and why?</td>
<td></td>
</tr>
<tr>
<td>What metrics, including returns, did you use to assess deal performance?</td>
<td></td>
</tr>
</tbody>
</table>
| Please rate overall deal performance: | 1. Loss  
2. Not looking great: possible loss  
3. Okay: should return original investment  
4. Good  
5. Home run |

<table>
<thead>
<tr>
<th>2. <strong>Operating Executive Information</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Executive and Role:</td>
<td></td>
</tr>
</tbody>
</table>
| Please describe the executive’s contribution to the overall performance of the deal: | 1. Made no contribution  
2. Was a factor  
3. Was partially responsible  
4. Was one of the keys to its success  
5. Drove the success of the deal |
| What were the top three criteria for his or her successful performance? |  |
| How successful was the executive in meeting those expectations? | 1. Not at all successful  
2. 20% successful  
3. 40% successful  
4. 60% successful  
5. 80% successful  
6. 100% successful |
| Explain: |  |
| What strengths did the executive show? |  |
| What weaknesses did he or she show? |  |
| What functional skills did the executive need in order to maximize performance? |  |
| What other factors affected the ultimate outcome, independent of the executive? |  |

<table>
<thead>
<tr>
<th>3. <strong>Assessment Procedures</strong></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>What did investors want to find out?</td>
<td></td>
</tr>
<tr>
<td>What were the referral questions?</td>
<td></td>
</tr>
<tr>
<td>What did I recommend?</td>
<td></td>
</tr>
<tr>
<td>Did investors carry out these recommendations? If not, why not?</td>
<td></td>
</tr>
</tbody>
</table>
company management, I do want to identify the role investors ascribe to management in a company’s success or lack of success. Exhibit 3 presents data about deal performance and each executive’s contribution to it. In the first case (Company A), I can only look at how the executive performed and whether my assessment described how he functioned. He is my first case study (“Jack”). I could not evaluate the deal in terms of performance because the investors to whom I limited this analysis decided not to sponsor Company A. In the case of the two companies from which the investors had exited, the original prediction proved to be correct. In these cases, the primary metric used to assess performance was cash-on-cash returns, and the secondary metric was internal rate of

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**EXHIBIT 1** (continued)

<table>
<thead>
<tr>
<th>4. Accuracy of Assessment Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Did the assessment identify weaknesses that were born out over time?</td>
</tr>
<tr>
<td>Were there unidentified weaknesses that surfaced?</td>
</tr>
<tr>
<td>In light of the operating executive’s actual performance, how accurate was the assessment? How well did the assessment indicators match the executive’s on-the-job performance (i.e., once hired or the deal was done)?</td>
</tr>
<tr>
<td>1. Not at all accurate</td>
</tr>
<tr>
<td>2. 20% accurate</td>
</tr>
<tr>
<td>3. 40% accurate</td>
</tr>
<tr>
<td>4. 60% accurate</td>
</tr>
<tr>
<td>5. 80% accurate</td>
</tr>
<tr>
<td>6. 100% accurate</td>
</tr>
</tbody>
</table>

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**EXHIBIT 2**

Portfolio Company and Investment Thesis

This exhibit shows the nature of the investment, the investment thesis, and if it changed, how it changed.

<table>
<thead>
<tr>
<th>Company and Nature of Investment</th>
<th>Industry Group</th>
<th>Investment Thesis as Reported by Investor</th>
<th>Changes to Investment Thesis As Reported by Investor</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Start up</td>
<td>Distribution</td>
<td>Create an acquisition vehicle to consolidate the relatively smaller businesses in a fragmented distribution industry</td>
<td>The investors who subsequently did the deal deemed the idea for the business a good one but that it would require a different CFO and a new management team to make and integrate acquisitions in a mature industry.</td>
</tr>
<tr>
<td>B. Growth, retrenchment, and rebuilding</td>
<td>Industrial products</td>
<td>Extend profitable niche focus in highly competitive industry through acquisition and generate incremental profitability through operating improvements.</td>
<td>“The company benefitted more from the market growth than we had anticipated. The fact that all boats were rising helped our strategy more than we expected.”</td>
</tr>
<tr>
<td>C. Recapitalization</td>
<td>Business and consumer services</td>
<td>Increase asset utilization, balance capital spending with long-term industry supply and demand expectations, and grow and diversify the company’s revenues organically and through acquisitions.</td>
<td>“We underestimated the ability to raise prices: we grossly underestimated the deferred maintenance of [the company’s] customers.” As the economy recovered, demand for the assets leased grew, and the price of material for making these assets rose, making possible increased utilization and higher prices for leasing assets the company already owned.</td>
</tr>
<tr>
<td>D. Revitalization</td>
<td>Business and consumer services</td>
<td>Improve the company’s basic operations; focus management on U.S. centers and core products; reposition the business to a new operating concept.</td>
<td>The company sold a non-core division, its non-U.S.-based operations, and its manufacturing products in order to focus on its core business. The management team was in place to shift the paradigm from an athletic to an entertainment model.</td>
</tr>
<tr>
<td>E. Growth</td>
<td>Business and consumer services</td>
<td>Continue the company’s top-line growth; transition from founders to professional management; add products that would benefit from the company’s distribution model.</td>
<td>Revenue growth rate continued at 35% a year; compounding on bigger and bigger numbers; margins have held steady. The company’s leadership has almost completely transitioned.</td>
</tr>
</tbody>
</table>
returns. Companies D and E have not had an exit yet but investors are satisfied that the investments are doing well and will be profitable. Investors rated three of the five companies as “home runs” in terms of overall investment performance (Companies B, C, and E) and rated the performance of one company as “good” (Company D).

**Executive Performance**

Exhibit 4 summarizes the data on the executives’ performance. I asked investors to describe each executive’s contribution to the overall performance of the deal. In two cases (“Mack” and “Wayne”), the executive (in those cases, the CEO) “drove the success of the deal.”
**EXHIBIT 4**  
Performance Criteria Used to Evaluate the Executive

The exhibit displays the criteria investors used to evaluate the operating executive’s performance; investors’ assessment of how the executive performed in relation to those criteria on a scale ranging from 1 (“Not at all successful”) to 6 (“100% successful”); investors’ opinion of the executive’s strengths and weaknesses; and the functional skills investors considered necessary for the executive to perform.

<table>
<thead>
<tr>
<th>Operating Executive</th>
<th>Criteria Investors Used to Evaluate Performance</th>
<th>Executive’s Performance Relative to Criteria</th>
<th>Executive’s Strengths</th>
<th>Executive’s Weaknesses</th>
<th>Functional Skills Needed to Maximize Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. CEO (“Jack”)</td>
<td>Make acquisitions Integrate them Achieve synergies in a mature industry</td>
<td>Not at all successful Lost credibility with first investor group which did not go forward with him; subsequent investor fired him within the month</td>
<td>Verbally very intelligent Knowledgeable about the particular industry and experienced doing M&amp;A transactions</td>
<td>Not collaborative Ignored investors’ explicit directives in first targeted acquisition Could not initiate projects</td>
<td>Identify and woo targets Make the acquisitions and integrate them</td>
</tr>
<tr>
<td>2. CEO (“Mack”)</td>
<td>Provide leadership Create a sense of urgency Create an action plan</td>
<td>100% successful “He provided a leadership function that was missing, he created a sense of urgency and an action plan. He knew where there would be low-hanging fruit and he grabbed it.”</td>
<td>Leadership Implementation Focus: he said, “People I’m here with you, we got to focus now, here’s what we got to do to get out of this mess.”</td>
<td>“Not the sharpest tool in the shed, a basic blocking-and-tackling kind of guy.” His breadth is narrow. “He knows there are 4 or 5 things companies [in this space] do wrong, and he fixes them.”</td>
<td>Taking complex pieces of information and zeroing in on what matters.</td>
</tr>
<tr>
<td>3. CEO (“Wayne”)</td>
<td>Utilization: the timing and allocation of new capital investment Managing the growth expanding organization</td>
<td>100% successful “He was conservative, very analytical, on top of the numbers, serious, humble.”</td>
<td>Drove operational change and growth A strategist Proactive: the management team beat plan every month</td>
<td>If investors had to attribute a weakness to him, it would be that his cautiousness meant he did not terminate a manager quickly enough.</td>
<td>Strategy Driving operational change and growth</td>
</tr>
<tr>
<td>4. CEO</td>
<td>Tireless work ethic Ability and willingness to drive change throughout the organization Hands-on management style</td>
<td>100% successful “He is outstanding. He is dedicated, his work ethic is amazing, he is where he needs to be, he is on top of the high-level detail and is tireless about getting after it. He was good at saying ‘here are all the things we have to fix before we get people in the door’ and is very good at measuring the results along each of those lines.”</td>
<td>Management team building: “He has made 1,000 hires and all of them have been good (except one, the CFO). He has turned over all the centers, all the regional and district managers. High-level operational strategy and openness to change: “There was a ton of heavy lifting the company had to do and he was not afraid to upset the apple cart. He anticipated it, had plans in place to do it.” “Positioning the company to be more attractive 2–3 years down the road.”</td>
<td>“Finance is not his area” Investors thought he misjudged the CFO and was too slow to replace him (although the CEO had his reasons for the timing of his decision).</td>
<td>Management team building High-level operational strategy Business strategy: Big Picture company positioning</td>
</tr>
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</table>
## Exhibit 4 (continued)

<table>
<thead>
<tr>
<th>Operating Executive</th>
<th>Criteria Investors Used to Evaluate Performance</th>
<th>Executive’s Performance Relative to Criteria</th>
<th>Executive’s Strengths</th>
<th>Executive’s Weaknesses</th>
<th>Functional Skills Needed to Maximize Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. CEO</td>
<td>See through the leadership transition</td>
<td>80% successful</td>
<td>“More of a coach than a leader; he doesn’t desire the limelight or even the control. He steers people in the right direction.”</td>
<td>“No significant progress on new growth avenues”</td>
<td>Management team building</td>
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<td></td>
<td>Not upset the folksy culture that fostered success</td>
<td></td>
<td>“High grades on transitioning the leadership and on not upsetting the culture.”</td>
<td>“Sales and marketing is not his strong suit”</td>
<td>Develop sales and marketing</td>
</tr>
<tr>
<td></td>
<td>Perpetuate and accelerate the growth profile of the business</td>
<td></td>
<td>“Only a B on accelerating the growth profile.”</td>
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<tr>
<td>6. CFO</td>
<td>Direct IT</td>
<td>100% successful</td>
<td>“He is unbelievably hardworking. He stepped into more responsibility than anyone anticipated. He absorbed the roles of two founders, is fully devoted to business efficiency and productivity, is good at conflict resolution, high integrity, is very direct and straightforward.”</td>
<td>“Not a self-promoter”</td>
<td>Enhance current organizational efficacy</td>
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<td></td>
<td>Provide data to the sales force and manufacturers</td>
<td></td>
<td>“He has been put in a position where his point of view is more influential and he’s done well with that.”</td>
<td>“He can articulate his point of view and be persuasive when necessary but that is not his strong suit.”</td>
<td>Develop a long term view of how to expand the business</td>
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<td></td>
<td>Coordinate HR in areas such as payroll</td>
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<td></td>
<td>Deal with almost all financial matters of the company, such as pricing and (financial) documentation</td>
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<tr>
<td>7. VP Product Distribution</td>
<td>Getting product to customer Training his replacement</td>
<td>100% successful</td>
<td>“He is grooming his replacement.”</td>
<td>“Not a strategist but he understands it and is capable of executing it”</td>
<td>Hire and train his replacement</td>
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<tr>
<td></td>
<td>Fitting into more professional management structure</td>
<td></td>
<td></td>
<td></td>
<td>Fit into more professional management structure</td>
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<td></td>
<td></td>
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<td></td>
<td>Continue delivery service at high rates of customer satisfaction</td>
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<tr>
<td>8. VP Sales and Marketing</td>
<td>Develop new customers Train his replacement</td>
<td>20% successful</td>
<td>“Post close, he was useful in some ways but most of the forward momentum was created by others. He failed as VP of Sales and Marketing.”</td>
<td>“Had remorse for selling and did a number of things early on to undermine the credibility of the new President. He would not conform to any traditional management structure.”</td>
<td>Management skills</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Sales and Marketing skills</td>
</tr>
<tr>
<td>9. VP Sales and Marketing</td>
<td>Sales To fit in and conform</td>
<td>100% successful</td>
<td>“He’s done sales well and has fit in and conformed – and then some.”</td>
<td>“Administrative part of the job is a weakness: ‘he is not a classic manage-by-the-numbers Sales VP’”</td>
<td>Develop a sales force and manage them</td>
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</table>
In four cases, the executive “was one of the keys to its success.” I asked investors to define the top three criteria for the executive’s successful performance and to evaluate how well the executive had fulfilled those expectations. In six of nine cases, investors deemed the executive 100% successful in meeting their expectations. In one case, the investor rated the executive as only 20% successful, and in another case, 80% successful. (Note: these are the ratings of executive performance, not the ratings of the accuracy of the assessment. The latter follow in the next paragraph.) Investors decided not to go forward with supplying acquisition capital to the first executive, Jack. Overall, investors rated the eight executives whom they could evaluate relative to their success in carrying out the expectations for their roles as generally very effective.

Assessment Accuracy

Exhibit 5 lists the questions investors wanted the assessment to answer and the conclusions and recommendations generated by the assessment. Exhibit 6 reports whether weaknesses identified by the assessment were born out; whether any weaknesses not identified by the assessment surfaced; whether investors were surprised by how the executive behaved; how investors rated the accuracy of the overall assessment; and the accuracy of particular indicators. Ratings of accuracy ranged from “1” (“Not at all accurate”) to “6” (“100% accurate”). In eight of the nine cases, investors indicated that the assessment identified weaknesses that were born out over time. In one case, investors indicated an unidentified weakness that surfaced as they were completing their exit; however, this weakness, which broadly concerned social integrity, was an area investors had not explicitly asked me to assess. The executive’s shortcoming led me to expand my methodology to consider this area. I refer to this issue in the second case study, Mack, and discuss it in the Amplification below. Overall, investors rated five of the nine assessments as 100% accurate in predicting how the executive would perform, and they rated four as 80% accurate.11

Situations of 80% Accuracy

What were the nature and basis of inaccuracies in the four 80%-accurate situations? In one of the cases (Executive 9 in Exhibit 6), I thought the executive’s performance would be less than outstanding never developed. I think the investor related to the executive’s active, sociable, successful demeanor, which my report had described; however, my report also indicated underlying coping vulnerabilities. It pointed to evidence on the less conscious levels of behavior that the executive simply denied the existence of serious problems in order to seem to cope. He could seem to cope as long as nothing actually threatened him—or as long as he could avoid perceiving the threat.

My report and feedback to the investor stated that the executive’s reliance on denial of threats as the foundation for the ability to cope in an active, constructive fashion was a considerable underlying weakness, which might undermine his performance should it become impossible to ignore threats. During the two years the investor observed this executive, the executive never encountered the threats that might have exposed his vulnerabilities. Consequently, the investor’s observations did not bear out this portion of my assessment. The potential remains that those risks could still emerge. As of now, I cannot say if this portion of my assessment will turn out to have been right or wrong.

In the second case (Executive 4 in Exhibit 6), my judgment was wrong in one circumscribed area, underestimating the CEO’s competency. I rated the CEO as very strong in all areas except applied strategic vision. The investors rated him as very strong in this area, too, and I agree that my standard was too high. In these two cases, I underestimated the executives’ future capability.

In the third case (Executive 5 in Exhibit 6), no real discrepancy existed between my report and the investor’s observations.

In the fourth case (Executive 2 in Exhibit 6; Mack), the investors said the report was accurate; however, an unidentified weakness emerged that potentially could have posed risks to positive returns. I will explore the case later in this article.

Recommendations and Investor Role

Section 3 of Exhibit 1 notes the areas investors wanted my assessment to probe and the conclusions and recommendations that the assessment generated. In all cases, the investors accepted and implemented the recommendations.
EXHIBIT 5
Questions Investors Asked and Conclusions and Recommendations from the Assessment

The exhibit lists the questions investors wanted the assessment to answer and the conclusions and recommendations generated by the assessment.

<table>
<thead>
<tr>
<th>Operating Executive</th>
<th>Questions Investors Wanted the Assessment to Answer</th>
<th>Conclusions and Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. CEO (Jack)</td>
<td>See Case Study One</td>
<td></td>
</tr>
<tr>
<td>2. CEO (Mack)</td>
<td>See Case Study Three</td>
<td></td>
</tr>
<tr>
<td>3. CEO (Wayne)</td>
<td>See Case Study Two</td>
<td></td>
</tr>
<tr>
<td>4. CEO</td>
<td>Can he lead a revitalization effort?</td>
<td>He would make a capable CEO of the company. His strengths as a leader of a team of operating managers are exactly what the company appears to need at this point in its history. He is detail oriented, pragmatic, and action oriented. He is more likely to succeed in situations where he can determine the company’s future. If hired, he needs careful instructions regarding roles and responsibilities. Then investors should allow him to do what is required for him to deliver on expectations. Once free of rigid authority, he behaves in a responsible and determined way. Although pragmatic and disciplined, he is not naturally strong at standing apart from day-to-day activities to discern alternative big picture scenarios or develop a vision for the future. A related concern is he may act before understanding the full dimensions of a problem because he would prefer to avoid the conflict a full airing of the problem would raise. When he sees this blind spot, he acknowledges it and confronts it head on to resolve it, but his general tendency is to avoid confronting conflict.</td>
</tr>
<tr>
<td>5. CRO</td>
<td>What is his leadership style?</td>
<td>He possesses the business skills and personality to be a successful CEO of the company. If he becomes CEO, he needs to develop a strategic plan for growth that includes not only optimistic visions for the future but also a plan to transition in new managers and especially to create contingency plans for possible reactions by competitors.</td>
</tr>
<tr>
<td>6. CFO</td>
<td>What are his capabilities as CFO?</td>
<td>He is a talented executive, competent in the technical and financial aspects of his role. He is sensitive, empathic, and honest. He works hard and effectively. He prefers to highlight the positive and minimize the negative. He tends to hold back his competitive, aggressive, and self-assertive side in deference to the need to avoid conflict and confrontation, particularly with authority figures. His accommodating and compromising predispositions may let other, more forceful leaders take the reins from his hands.</td>
</tr>
</tbody>
</table>

| What is his motivation to lead? |
| What is his judgment regarding organizational change and strategic vision? |
### Exhibit 5 (continued)

<table>
<thead>
<tr>
<th>Operating Executive</th>
<th>Questions Investors Wanted the Assessment to Answer</th>
<th>Conclusions and Recommendations</th>
</tr>
</thead>
</table>
| 7. VP Product Distribution | As one of the founders, will he accept a new president?  
How motivated is he to continue to do what he has been doing?  
What are his general strengths and weaknesses with respect to a management role? | He is a caring, ethical, highly experienced, industrious, and determined individual who has played a key role in the success of the company over the past eight years. He has built and directed effectively its delivery division and has garnered the respect and appreciation of its customers. He is motivated to remain with the company and contribute to its growth after the change of ownership. He is hopeful the company’s basic humanitarian values and customer-orientation will remain intact.  
Given his limitations as a strategist, he should continue directing the delivery division as the company grows. His leadership should be invaluable in gradually augmenting the size and capacity of the service to handle growing demand. He has neither the desire nor skill set to take on a higher-level managerial role in the company. He should begin actively selecting and training the person to succeed him. |
| 8. VP Sales and Marketing | He transitions out in two years. What is his motivation to praise his direct report? Does he want to retire? Is that what causes him to praise this direct report?  
The person did not seem overly impressive to investors. | He is an experienced, creative, successful, personable, industrious, and perceptive individual who has played a key role in the success of the company over the past eight years. His career has seen a shift from working in highly organized and large organizations to the relatively unstructured and casual community-like setting of the company. He has prospered in the latter framework, wherein he could freely put his creative bent to profitable use. Psychologically, he is shifting even more to the call of an inner world that is seeking creative freedom, self-expression, and pleasurable experiences. The key issue is how to use his expertise while training his successor and establishing a plan for continued sales growth. |
| 9. VP Sales and Marketing | Is he as capable as his superior portrays him?  
How would he function as head of sales and marketing? Does he have the ambition, strategic thinking, and management capabilities to perform well in that role? | He is an ambitious “go getter” but operates most effectively when he has clear goals and considerable autonomy. Highly invested in the current business model, he envisions the company continuing on its current course. Although such a view may be tactically correct, he has tunnel vision when it comes to imagining challenges and threats to the business. He fails to engage in strategic thinking that embraces the complexity of changing markets. He is weak in conflict resolution and teamwork. These deficits become liabilities as the company expands. He lacks the capability to manage change flexibly. He would be most valuable if he were to continue in his current role, which optimizes his strengths. If he were to assume the position as overall head of sales and marketing, he would need oversight to facilitate communication and anticipate problems. |
EXHIBIT 6
Accuracy of Overall Assessment

The exhibit reports whether weaknesses identified by the assessment were born out; whether any weaknesses that were not identified by the assessment surfaced; whether investors were surprised by how the executive behaved; how investors rated the accuracy of the overall assessment; and the accuracy of particular indicators. Ratings of assessment ranged from 1 (“Not at all accurate”) to 6 (“100% accurate”).

<table>
<thead>
<tr>
<th>Operating Executive</th>
<th>Did Assessment Identify Weaknesses Correctly?</th>
<th>Did Any Unidentified Weaknesses Surface?</th>
<th>Were There Any Surprises?</th>
<th>Accuracy of Overall Assessment</th>
<th>Accuracy of Particular Assessment Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. CEO (Jack)</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>100% accurate</td>
<td>“Spot on”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Appeared weak at managing the press</td>
<td>Deviant, adulterous affair with a female subordinate was a surprise.</td>
<td>80% accurate: “the only thing the assessment missed was his potential to stray.”</td>
<td>Very accurate</td>
</tr>
<tr>
<td>2. CEO (Mack)</td>
<td>Yes. “He is not an overly intelligent individual but with the right guidance, he would focus on success and be a very hard worker.”</td>
<td>No</td>
<td>No</td>
<td>100% accurate</td>
<td>Very accurate</td>
</tr>
<tr>
<td>3. CEO (Wayne)</td>
<td>Yes. “He is cautious and doesn’t want to make a mistake. He might have been too slow to terminate a manager who came with an acquisition.”</td>
<td>No</td>
<td>No</td>
<td>100% accurate</td>
<td>Very accurate</td>
</tr>
<tr>
<td>4. CEO</td>
<td>Yes. His general tendency is to avoid confronting conflict.</td>
<td>No</td>
<td>“The effort he has given has been extraordinary.”</td>
<td>80% accurate</td>
<td>Underestimated his strategic thinking</td>
</tr>
<tr>
<td>5. CEO</td>
<td>Yes. He is more likely to rely on his intuitive, pragmatic sense than on ability to see abstract patterns.</td>
<td>Investor noted the CEO avoided conflict with a founder, who sought to undermine the CEO.</td>
<td>“Ultimately, he was a low-risk choice to run the business. He is good at mentoring others.”</td>
<td>80% accurate as rated by the investor though no real discrepancy existed between the report and what the investor noted</td>
<td>He may be more able to think through complex patterns than assessment indicated.</td>
</tr>
<tr>
<td>6. CFO</td>
<td>Yes. “He is not a self-promoter though he will assert his point of view if called upon to do so.”</td>
<td>No</td>
<td>“Pleasant surprise”</td>
<td>100% accurate</td>
<td>Very accurate</td>
</tr>
<tr>
<td>7. VP Product Distribution</td>
<td>Yes. “He is not a perceiver and planner of complex possibilities.”</td>
<td>No</td>
<td>“Exactly as advertised, no surprises, he has done exactly what I expected.”</td>
<td>100% accurate</td>
<td>Very accurate</td>
</tr>
<tr>
<td>8. VP Sales and Marketing</td>
<td>Yes. He does not even know how think about interpersonal conflict; he will exit a situation rather than promote his ideas.</td>
<td>No</td>
<td>No. “He was a disappointment.”</td>
<td>100% accurate</td>
<td>Very accurate: “Not a team guy. He wasn’t able to do a specific job that was accountable to the rest of the organization.”</td>
</tr>
<tr>
<td>9. VP Sales and Marketing</td>
<td>Yes. “He is sarcastic when he doesn’t agree with you.”</td>
<td>No</td>
<td>“Skills on the sales side were a positive surprise, as were some leadership skills. He has grown. He is strong with complex selling challenges.”</td>
<td>80% accurate</td>
<td>Investor thought report underestimated strategic thinking, team building, and conflict resolution. He gets along well with the new President, who has empowered him.</td>
</tr>
</tbody>
</table>

THE USE OF A CLINICAL PSYCHOLOGY METHOD OF ASSESSMENT TO PREDICT MANAGEMENT PERFORMANCE

WINTER 2008
I want to stress that investors were active participants in making the assessments useful. The assessment is not a theoretical exercise predicting the phases of the moon. The investors played a vital role by using the assessment findings in working with the executives to get the best out of each individual. They took the time to understand the assessment methodology in general and its specific application to portfolio executives. They challenged my logic where my observations did not match their experience but they respected my judgment. Their professionalism supported the integrity of the process. They helped me to develop a consistent approach to communicating written information that struck a balance of fact, inference, interpretation, and conclusion. They also requested that I give each executive feedback on his psychological assessment to help bring about the executive's enhanced effectiveness on the job.

In the next section, I present three case studies of individuals (whose names I have changed) to illustrate the many factors that determine the outcomes. In each case, my hypotheses and conclusions derive from an analysis and interpretation of the executive’s responses to the battery of psychological assessment techniques described in the Appendix C.

Case Studies

Jack was the CEO of a start-up (Company A in Exhibit 2) exploiting opportunities in a rapidly consolidating but still highly fragmented distribution industry. He was a successful, smart corporate lawyer with a mergers-and-acquisitions background in this industry.

Jack’s start-up enjoyed no important advantages in terms of technology or marketing. The strategy was to identify good targets and to close deals at attractive prices. The competition was extremely rigorous because several of the industry’s global players were pursuing the same strategy. Management capability was therefore crucial, and Jack was part of a management team with formidable strengths.

Investors had already agreed to supply Jack’s company acquisition capital when they asked me to assess him. They cited doubts about his leadership because his earlier positions (as a lawyer) had all been transaction-oriented in their responsibilities.

Here is what the assessment showed:

He is especially weak when working with others. He is not good at generating goals or overcoming obstacles. He does not easily tolerate ambiguity; the more poorly defined the problem, the more passive his coping.

Jack becomes extremely anxious when confronted by matters that require him to take initiative, improvise, or be decisive. At such times, he is unable to withstand the tension that would accompany seeking a full understanding of issues and working to resolve them. In an effort to get rid of problems that vex him, he offers facile, simplistic solutions that gloss over crucial details. As a result, he forecloses options when he would be better off stewing and developing effective solutions.

This kind of passive coping compromises the quality of his judgment to the point that would put his business at risk. Unfortunately, the issues most likely to make his business successful—such as finding targets at attractive prices and handling them in a timely manner—are precisely the issues likely to bring out his passive coping.

Here is what I told his investors: Jack has a narrow expertise, and beyond this range, his coping breaks down. If his company were to run into difficulty—if it missed deadlines, timetables, or forecasts—his passive coping would interfere with the venture being as successful as it needed to be.

As investors worked more closely with Jack in his first negotiation with a seller, they saw the poor judgment my assessment had highlighted. They put on the brakes by withdrawing their funding. Fortunately (for Jack), another private equity firm did the deal. Unfortunately (for Jack), investors at this firm quickly judged him as unlikely to be able to integrate acquisitions and fired him within the first month. The company has thrived under the successor CEO, who revamped the entire management team.

Jack is an example of the assessment correctly identifying a failure. The next case, Wayne, is an example of correctly predicting potential for success.

Wayne was serving as COO of a company that the investors planned to acquire (Company C in Exhibit 2). He had said that he would leave the company if the new equity sponsors did not promote him to CEO when ownership changed. The investors wanted to know of significant issues that they should be aware of with respect to his leadership and management skills. Could he establish himself as the CEO—a major strategist and the executive driving operational change and growth?
As detailed below, the assessment answered with a definite “Yes!” Two years later, the investors sold the business. They rated Wayne as an “outstanding” CEO who beat his budget every single month they owned the company. Investors attributed the success of the investment to two factors. The first was the economic cycle: “The wind was not just at our back; it was howling at our back!” The company had excess capacity, had already paid for the asset it leased, and customers’ demand for the asset was greater than expected. Those issues coupled with Wayne’s leadership made the company successful (see Exhibit 2).

Wayne is an example of not being able to rely on past performance to predict future leadership. He had never been CEO before. (The reader will infer from what follows the general framework I use to communicate my findings in terms of the Judgment, Influence, Management, and Personality factors mentioned previously.) The following is what I reported to investors regarding his strengths and weaknesses.

Wayne’s performance on the various measures of cognitive ability indicates that he is extremely intelligent. He is a logical, sequential, and quick thinker. He possesses the ability to think through alternative scenarios in a sophisticated way. He possesses the readiness to think flexibly in the face of contradictory evidence. As a complex thinker, Wayne is able creatively to bring disparate pieces into a meaningful whole. This synthesizing quality gives rise to a well-developed ability to see patterns, which, in turn, fuels the speed with which he makes decisions. He also has the maturity to live with the fact that he has made mistakes, and having made mistakes, he tries to learn from them.

Wayne also has social intelligence. His responses to the various assessment instruments indicate that he has insight into himself and is aware of what transpires around him. His readiness to perceive and integrate internal and external sources of information should allow him not only to formulate effective business strategy but also to motivate and work well with others in executing it. To the extent that his intuitive decision-making biases him to take action without a full consideration of evidence and counterarguments, Wayne appears to solicit the viewpoints of others before making final decisions. This is an admirable quality and evidence of a sophistication and maturity in his functioning. Wayne’s style encourages constructive conflict as a way to explore fully opportunities and problems and to resolve them.

Unusual for an executive in his late 30s, Wayne has a mature identity as a leader. He sees himself as a father figure, at times encouraging, forgiving, and empathic toward his subordinates, at other times critical, reprimanding, and willing to mete out deserved punishment. Related to Wayne’s maturity is his serious and pragmatic style. He accepts basic social values. He plays by the rules. He seeks others’ input and makes decisions after consulting them. He prefers that his subordinates accept his leadership without his having to invoke the formal authority of his role. He wants the support of his team while clearly seeking out the responsibilities as leader.

It is important to Wayne’s self-image that he be perceived as a good person. He does not easily handle criticism that appears to question (or that he construes as questioning) his morality or his fundamental decency as a person. One of the few weaknesses in Wayne’s functioning is that he becomes defensive when he fears that others have judged him as having done something bad. His need that others perceive him in a good light makes him slightly rigid and less open and creative than he could be. It also makes him dependent on superiors for recognition and praise.

Wayne’s management style rests on a belief that his personal values apply as much to subordinates as they do to him. He pushes himself to take advantage of business opportunities and to do the best he can, and he expects the same of others. He does not tolerate subordinates who do not live up to expectations. He will not hesitate to be critical and is a demanding boss. He requires integrity, reliability, and competent performance in others. He does not tolerate mediocrity or dishonesty.

Wayne’s tendency to be somewhat rigid does not interfere with being pragmatic. He understands bottom-line pressures and responds to them in a way that is appropriate for the success of the business, which includes dismissing subordinates who do not meet expectations or are otherwise dispensable.

Wayne is likely to demonstrate the leadership that investors expect. He possesses the emotional resources to cope with the demands of the CEO role, both now and in the future. Wayne is extremely ambitious and believes he is now at a point in his career where he is ready to run an organization. I agree. Wayne has no noteworthy deficits in his leadership. Indeed, he is more than eager to demonstrate his capacities to lead. Investors’ role in working with Wayne should emphasize supporting him so that he can live up to his own high expectations.

To that end, I had one set of recommendations.

Investors should be as explicit as possible with Wayne regarding expectations, goals, timetables, and resources he will have available (now and in the future). He has a tendency to get touchy when presented with demands or expectations that were not previously established. Because he is so conscientious,
he tends not to respond well to what he perceives as vague and poorly defined expectations. It is in these situations that Wayne is likely to be defensive. Investors should couch their criticisms to minimize the chances that he feels perceived as a bad person. Wayne seeks recognition and support without being needy or exhibitionistic. He is a conscientious and moral person. It is important to him that others recognize those qualities in him. He would like investors to value his achievements in the same moral terms he understands himself. He might like financial rewards but would also like others to see his skills and ability to grow the business. Investors should give him appropriate feedback if things are going well, and encourage him to keep up the good work.

I described Wayne as a conscientious but pragmatic and bottom-line-focused executive. I predicted that he would do what it took to help the company be successful, achieving expectations in a moral way. This is exactly what he did. The one potential weakness I pointed out was that Wayne was sensitive to criticism and did not want to make a mistake. Investors related this characteristic to the observation that he could have been quicker to terminate a manager who came along with an acquisition. “[Wayne] is conservative and doesn’t have a quick trigger finger and will make sure it’s the guy who can’t succeed as opposed to the position. Ultimateley we let him do what he thought was best.”

The company (Company B in Exhibit 2) was underperforming and needed to change to move to its next level. Investors found what appeared to be a desirable candidate in Mack. Their primary question was whether Mack had the leadership, industry knowledge, and capability to run a $250 million business. Investors also wanted to verify third-party reports and their own observations that Mack was single-mindedly focused on work, both to understand their source and to gauge how long they could depend on it. They also wanted to flesh out how he would work with the existing management given that he would be part of a program of change.

The description below is what I reported to the investors.

**Mack has strong industry background and a history of turning around under-performing businesses. He is strongly motivated to achieve and succeed in a CEO role. He is honest and reliable. He is demanding, hard working, and has high standards. He expects no less from others. He is extremely competitive.**

Cognitively, Mack approaches the world in simple, black-and-white terms. This means that ambiguity and nuance are invisible to him. He prefers not to think in terms of abstractions. His style is to apply a familiar heuristic to problems he has previously encountered. Learning for him is a matter of practical training rather than having a conceptual understanding.

Mack’s approach to business problems is to break them into discrete, bite-sized pieces, line them up in a familiar way, and from there to devise a solution based on what has worked for him in the past.

However, his way of seeing the world does not allow for creativity. His implementation is mechanical and without intuition. He tends to shut out important human feelings such as doubt and compassion, which, in many cases, might lead to easier ways of achieving his goals. This hard-charging, over-confident style has implications for how Mack is likely to relate to subordinates and directors.

Mack’s perception of reality presupposes all problems will conform to his ability to solve them. He determines the solution and attacks without further thought whether his solution is reasonable or whether others would agree. He lacks empathy. That others might not see his solution as appropriate or adequate is not a consideration. In this sense, Mack’s management is deficient.

What allows Mack to succeed is that he is an exceptional copier. He is intensely driven and self-confident. In the face of challenge, he does not blink. He is direct, aggressive, and focused.

In many ways, Mack’s talents are more as COO than as CEO. An excellent implementer, he will need close oversight from the company’s directors to review and monitor his proposed plans. Conceiving strategies and understanding trends are not Mack’s strengths, and his directors will have to help him.

Mack is an authoritarian leader. He sees only the task before him, for which he sets the direction for others to carry out. He positions himself at the center of all corporate initiatives. His style is rigid. He expects subordinates to execute in a logical, let’s-do-it manner. If others resist, he assumes they are wrong and will not compromise.

Mack tends to see his subordinates as occupying functional slots designed to contribute to the execution of his solutions. In this sense, any single manager is interchangeable and replaceable. Mack is not interested in deeper relations with subordinates. This means also that he is not particularly interested in their perspective; he is not interested in their understanding; he is not interested in what they have to say beyond information he needs.

Mack has a superficial, constricted understanding of leadership. He distances himself from his emotions by using logic and
assumes that others will approach issues in the same mechanical, reactive way. When others have more nuanced views, Mack’s pushy style may engender struggle and conflict.

Not especially interested in what others have to contribute to his understanding of a situation, he is likely to impose his will on subordinates without consulting them or assessing what they might contribute. To the extent Mack’s managerial reforms represent much-needed medicine, he does nothing to make it taste better or go down smoother.

This is not to say that his style will be unsuccessful.

Based on my assessment, I made two central recommendations.

One, Mack operates best within a chain of command. He sees the board as his superior. He expects directors to give him clear directives he can implement, which he then imposes on his subordinates. Directors need to devise corporate strategy without Mack’s meaningful participation. Mack tends to tune out open-ended discussions that do not translate well into action plans. In such discussions, Mack will probably not participate actively, as he has little to contribute. He will not regard directors as advisors to consult or as a sounding board with which he will debate important matters of policy. He is not interested in these concerns. Once he understands a strategy, however, he will work hard to implement it.

Two, the board needs to involve itself in any matter involving the softer side of corporate culture because Mack is neither interested nor capable. Who are the key informal leaders? Whom should he accommodate? Where should Mack compromise? These are the kinds of issues he prefers to ignore, and to the extent he has to deal with them, his handling is likely to be ham-fisted and hard-hearted. Before he acts in a potentially irreversible way, the board should approve important changes in management. Mack will act quickly, often without a deep understanding of the full dimensions of the problem. His abrupt way of imposing decisions tends to fray human connections. It will destabilize the company more than is good. On matters that are likely to have significant impact on morale, Mack would benefit from thinking through how changes will affect others. The board has to act as the control rod and slow him down.

To the extent his responsibilities are within his circle of competence, Mack is likely to be successful. He will do virtually anything to deliver on his commitments. Investors, however, need to keep in mind his range of competence is limited. They need to treat Mack as an executive officer, one who will implement a corporate strategy as conceived by his superiors on the board. Outside this circumscribed role, he is not likely to function as well. Critical thinking and exercising nuanced judgments to exploit opportunities are not Mack’s strengths and the board will have to assume these responsibilities.

After investors exited the company and five years after I had conducted my assessment, I learned that Mack succeeded as I had predicted. As investors prepared to exit, however, one of Mack’s female subordinates complained that he had sexually harassed her. Investors concluded that Mack had had an affair with her. The investors said the complaint did not diminish the financial returns of the deal but that it potentially could have had a negative impact.

One Total Investment Story

Examining the total investment story of Company B, where Mack was CEO, illustrates how the investors, the operating executive, the assessor, and extraneous factors interact to produce a beneficial result.

A basic assumption I make is that investors can influence a portfolio company’s operations in ways that lead to consistently superior returns. To exert such influence, investors develop an investment thesis, stipulating how, with their support, a particular company can accelerate earnings growth. For example, the family owners of Company B sought institutional ownership to facilitate an estate-planning transaction. When the investors acquired a majority interest in the company, they planned to work with the family to extend the company’s profitable niche focus and to generate incremental profitability through operating improvements. Two years later, however, owing to a general economic downturn, the market for the company’s product experienced a three-year decline in unit volume. In response, senior management, with support and oversight from the investors, undertook several initiatives to improve performance and reinvigorate sales growth.

These initiatives included recruiting a 25-year industry veteran whom I assessed before investors made him CEO. As CEO, he quickly identified several areas for operational improvement, cost savings, and revenue enhancement. His implementation of an aggressive strategic plan yielded positive results, as I had forecasted. When the industry recovered, the company emerged with market leading positions, low-cost manufacturing, a lean organization, and a talented and aggressive sales team. Outstanding execution by the CEO had resulted
in the company becoming an attractive platform from which to build a national competitor. Investors sold the company to a financial sponsor. The successful exit generated superior returns to investors.

AMPLIFICATION

This article presents data generated using a clinical psychology method for nine executives assessed on behalf of a particular private equity firm. It examines the degree to which assessment indicators predicted executives’ subsequent performance as judged by investors. By focusing on portfolio executives of a single firm, we eliminated much of the noise that diminishes the ability to generalize findings of studies that look at manager characteristics across different firms in different operating environments.

My findings and the illustrative case studies support the validity of a clinical assessment method. Investors believed that my assessments of the executives were very accurate. The findings indicated high overall accuracy for predicting both success and failure. Investors’ evaluation of predictive accuracy is congruent with what I have heard from other investors whose experiences were not included in this study. My clinical method succeeded in identifying individuals with little likelihood to succeed at the task expected of them, as illustrated in Jack’s case. It succeeded in indentifying individuals with the potential to succeed as CEO, even though they had no prior experience in the role, as illustrated by Wayne. It accurately identified the weaknesses in executives who required supervision or accommodation by the investor.

I learned at least two ways in which future assessments could be made stronger. First, in the case of Mack, I identified interpersonal callousness but did not pursue its meaning or sources to the end—the possibility that he might have an affair that could put the company at risk. Investor feedback regarding Mack’s sexual indiscretion reinforced my belief in understanding the total person when selecting executives. However, it normally would be impossible to draw out information that would lead to a reliable prediction that an executive would have an affair with a subordinate. I did become more aware of the need to explore the integrity of every executive I assess. I have improved my model to try to capture this potential scenario.

Second, in one case where the investor gave the assessment a rating of 80% accuracy, the source of the diminished accuracy rating was circumstantial: The environment did not generate challenges that would cause the weaknesses I identified to show up. The weaknesses did not emerge during the 22 months that investors observed this executive. I warned about a potential threat that did not materialize. In this case, I learned to emphasize to investors the nature of the predictive process inherent in my working model. That is, I identify both manifest and latent personality dispositions. The latter dispositions may show themselves under conditions where the individual’s characteristic defenses break down. Vulnerabilities I flag may be potential risk factors that remain unexpressed if circumstances continue to support the individual’s defenses.

I identify potential risk factors by using projective techniques. Projective techniques tap underlying desires, motives, and fears of which the individual may not be aware and which indirectly shape the individual’s everyday behavior. These tendencies become manifest only when the individual’s defenses against them become unstable. Two conditions may precipitate such a breakdown: situational (arising in the external environment) and developmental (arising from maturational processes within the individual).

As an example of an environmental precipitant, take a salesperson who feels anxious with authority figures. Such a person may develop a self-image as independent and not requiring guidance. He may seek work where he lacks close supervision. He thrives under a department head who eschews formal authority. The company transitions to institutional ownership, a new president takes the helm, and suddenly the salesperson must report to a more directive boss. The anxiety that he formerly kept at bay by avoiding authority figures now undermines his effectiveness.

Developmental shifts may also release previously contained psychological conflicts. For example, a person who learned in his formative years to defer to authority, and in doing so lost confidence in his ability to lead, may choose work that does not require him to command others. This person needs to defer to authority to maintain his psychological equilibrium. He may perform well in a supportive role, such as CFO. If thrust into a role requiring him to be the ultimate authority, he, too, may develop inhibiting anxiety.
As I have indicated, whether potential strengths and weaknesses materialize depends on a number of factors, including environmental circumstances that emerge over time. Some predictions may take time to materialize, and luck, good or bad, is always a factor. Prediction at best can be only probabilistic, not certain. As my cases illustrate, circumstances surrounding private equity-backed firms generally change over time, frequently in ways that are hard to predict. One cannot rely on static models that assume circumstantial stability. However, this is not to say that we have no tools to address uncertainty. This is a central theme of my work.

Active coping is a crucial psychological component—a prime mover—of more observable skills that lead to success. Active coping is central to my model for predicting leadership. To the extent that executives are active copers, they will have the underlying ability to develop means to confront and resolve unexpected challenges and setbacks. Knowing that plans never play out as expected, investors reduce their risk by selecting executives with sufficient active coping to deal flexibly and effectively with the unexpected. It is when circumstances change unpredictably that an individual’s latent weakness—or untested strengths—may emerge.

To tap surface and latent personality functioning, I use a combination of psychological assessment techniques, which measure behavior in both structured and unstructured situations. This multi-method approach allows me to develop a structural psychological view of the individual. The most effective executives show consistent active coping across all situations and levels of their psychological functioning. Their personality structures are stable and resilient, endowing them with the readiness to lead at the time of its greatest need.

Some of the cases I presented demonstrated how management and investors together reacted to unexpected changes in market conditions. It is important to think about the process of success or failure in terms of addressing a constantly changing environment.

I do not rely on a model that seeks to explain a wide variety of situations in general, one-size-fits-all terms. I do not seek to establish the average effect of one powerful variable on a large set of companies. Rather than establish the average effect, I seek to tailor-make a fit. I try to understand the process, the complexities of interaction among person, organization, and the outer world, and optimize the success of predictions over time.

I argue that investors can increase predictive accuracy across many individual, possibly highly idiosyncratic situations by assessing the process and many particulars rather than relying on fixed generalizations that use a parsimonious set of variables.

A note about evaluating the accuracy of probabilistic predictions: It is rarely possible to compare one method to other methods in controlled studies. The best one can do is conduct longitudinal field studies, as I have done in this article, to determine whether predictions bear out over time; and when they do not, to investigate why and make appropriate modifications to improve future predictions. That is the essence of an empirically oriented clinical approach.

Another element of my method and its validation is that the predictions themselves become part of the process. Findings and recommendations can actually change the behavior of the executives assessed and the investors who sought the assessments. I am also assessing the impact of my conclusions in this process. If investors follow my recommendations, they can alter the degree of their executives’ success or failure. The model, then, participates in the dynamics that it is predicting.

There are limits to investors’ judgments as measures of executive performance or assessment accuracy, but in the social sciences, it is impossible to control the settings enough to establish cause-and-effect relationships.

CONCLUSION

I evaluated nine executives. The investors subsequently informed me that I had achieved a high overall success rate in predicting their performance. I conclude that my clinical method can increase investors’ chances of making a good hiring or investment decision.

Investors regard themselves as capable of evaluating the prospects associated with uncertain markets, but the investment’s success depends on management’s capability to deliver on those prospects. As skilled as investors are at evaluating managerial expertise, many have not relied on the most sophisticated methods available to improve the robustness of their hiring decisions. This suggests that investors are assuming more risk than they realize. The method described here seeks to reduce that risk. The evidence indicates that it succeeds.

Investors have a forward-looking approach to evaluating technology and markets but often use a backward-looking approach to evaluating the quality
of management. They focus on experience, credentials, and other factors gleaned from interviewing or reference checking. They exclude individual personality factors that bear importantly on the executive’s capacity to function in highly uncertain operating conditions.

Moreover, the executives likely to receive scrutiny from investors are individuals who have already excelled on the very criteria on which investors seek to make hiring or investment decisions. The winnowing that first brings them to the attention of investors (e.g., executive recruiters and industry contacts) means that superficially, at least, all candidates will appear capable. This artifact of selection limits the range of behaviors exhibited by those executives and makes it more difficult to identify individual differences that will predict the quality of an executive’s future performance. Investors need not limit themselves in this way.

My clinical method is the most reliable available of forecasting an executive’s likely functioning under conditions that investors cannot reliably predict. For example, when the business is under stress, do its executives have the flexibility to respond appropriately? This can occur when market conditions turn down, as in the case of Company B, or when a business must respond to an unexpected opportunity, as in the case of Companies A and C. The CEO of Company A did not meet the challenges. The CEOs of Companies B and C did. I identified these differences accurately.

My method taps a level of behavior that is difficult to observe among executives who are candidates to be CEOs for the first time. This allows me to make fine-grained distinctions among superficially similar individuals. I saw that Wayne, the CEO of Company C, would be an extremely capable CEO even though he had never been CEO before. His experience had not yet tested him in the ways that would lead investors to have confidence in his ability to handle future and unknown challenges unless a method were available that would enable investors to see the seeds of his budding capability. I saw that Jack, the CEO of Company A, would flounder, despite his intelligence, industry knowledge, and technical expertise.

To choose a manager is to make a prediction. My clinical assessment method adds substantial independent information that reduces the “prediction error” of top management selection.

**APPENDIX A**

**COPING BEHAVIOR AND COPING STYLE**

The purpose of this appendix is conceptual clarification. It emphasizes that since Freud, the activity-passivity dimension has been central in the analysis of personality in general and of ego functioning especially.

The concept of coping originated within the context of clinical work and research on stress-induced etiology of psychopathology and psychosomatic disorders, prevention, and treatment. The term “coping” first appears in the 1958 edition of the Comprehensive Dictionary of Psychological and Psychoanalytical Terms. There, it is defined as “action that enables one to adjust to the environmental circumstances” and not expressive behavior. In this definition, coping is a mechanism of adjustment, presumably goal-oriented, but a reaction to an array of external stimuli. This definition ignores the valence of circumstances, whether positive (challenging or potentially satisfying) or negative (essentially threatening immediate satisfaction of basic needs and/or potential for further development). It also views coping as a reaction to a specific situation and fits the Zeitgeist of logical positivist behaviorism prominent during the 1950s in the United States. It is within this orientation that coping or similar terms appear in experimental work on stress and related topics carried out mostly on rats and college freshmen. This approach was not very helpful in understanding the complexities of human coping behavior, even under relatively simple conditions.

The most important roots of the concept of coping style reach back through the psychosocial movement of positive mental health and mid-century psychoanalytically oriented ego psychology to Freud’s last definition of the ego (published in 1940), which read:

> The principal characteristics of the ego are these: in consequence of the relation which was already established between sensory perception and muscle action, the ego is in control of voluntary movement. It has the task of self preservation. As regards external events it performs the task of becoming aware of stimuli from without, by storing experiences of them (in memory), by avoiding excessive stimuli (through flight), by dealing with moderate stimuli (through adaptation), and finally by learning to bring about appropriate modification in the external world to its own advantage (through activity). As regards internal events, in relation to the id, it performs the task of gaining control over the demands of the instincts by deciding whether...
Erikson assigned to the ego:

This definition presents the ego as a complex system of behaviors, operating on the basis of the integration of previous experience in a way that permits a reality-oriented use of earlier development in the process of coping with novel situations. The definition implies a sense of time and a changing reality, which are necessary conditions for delay of satisfaction. Voluntary control of movement and of instinctual demands as well as learning to modify conditions of existence are basic preconditions for adequate ego functioning. The ego is depicted as an active system and not passive in the sense of mainly reacting to internal or external pressures. It is a central integrating and steering mechanism able to answer problems arising at different levels of development or in any act or experience. This definition contains most of the essential elements of the ego psychology of Heinz Hartmann\(^\text{18}\) and ultimately David Rapaport.

The most important common denominator of these thinkers and later proponents of ego psychology is the idea of ego autonomy most clearly advanced by Hartmann since the 1930s, positing that the ego is not to be regarded entirely as an active and passive system, and integrating and steering mechanism able to answer problems arising at different levels of development or in any act or experience. This definition contains most of the essential elements of the ego psychology of Heinz Hartmann\(^\text{18}\) and ultimately David Rapaport.

Approximately 30 years after Freud’s last definition of the ego, Eric Erikson assigned to the ego:

The domain of inner agency safeguarding our coherent existence by screening and synthesizing in any series of movements all the impressions, emotions, memories, and impulses which try to enter our thought and demand our action and which would tear us apart, if unsorted and unmanaged \(\ldots\)^\text{19}

Erikson condensed this statement to say that the ego’s overall task is to turn passive into active. The meaning of active and passive in this context is similar to that of Rapaport, who viewed passivity as a state of “uncontrolled drive demand both in its helplessness \(\ldots\) and in its effortless passive gratification,” whereas activity is “a state of ego control both in its defensive \(\ldots\) and executive aspect.”\textsuperscript{20} Rapaport also stressed the relativity of the activity-passivity polarity as well as the fact that most of our actions and experiences are actually a result of some combination of both. It follows that not all defensive operations are passive under all conditions, nor does action always represent activity. Activity and passivity then refer only partly to overt observable behavior. Mostly, these terms refer to unconscious parameters of ego functioning. They also reflect the extent to which the ego has achieved autonomy in terms of independence of energy supply—that is, in some ways they mark developmental progression or regression as well.

A group of authors who started to work on this topic in the late 1950s and early 1960s were concerned with clarifying the distinction between defense mechanisms and coping, both of which were regarded as ego mechanisms, neutral by themselves.\textsuperscript{21} Among the first to use a concept of coping in the context of developmental personality research, Lois Murphy drew a distinction among coping devices, defensive behavior, and automatic reactions. Her definition tended to view any effortful attempt at “mastery” as coping. Since the late 1950s, David Gutmann has also treated coping in terms of mastery,\textsuperscript{22} which he views as mostly internal, as a technique bridging unconscious processes and demands from the socio-cultural environment.

During the early to mid-1950s, interest in the relationships among personality, perception, and thought led to experimental work on cognitive styles or control and their role in the process of adaptation, mental health, and illness. These authors sought to identify principles of organization that could subsume a number of dimensions of the person-environment transaction. In that sense, their theorizing is a forerunner of work on coping behavior as a principle or style of functioning.

In contrast to these previously mentioned approaches, the concept of coping developed by Richard Lazarus and his co-authors over the last three decades\textsuperscript{23} emphasizes the observable and consciously controlled aspects of the coping process. Endorsing a phenomenological approach, they stress the role of cognitive appraisal and strategies in the coping process, toughened off by a specific situation “appraised” cognitively (i.e., rationally) as stress or challenge. The process ends with the removal of the stressor and/or the feeling of being “taxed.” According to this approach, the coping process refers to a narrowly defined stretch of time and/or circumstances, hassles, or “life events.” By the logic of this position, the same situation is not likely to occur again, and if it is, it is unlikely to be perceived subjectively or appraised as it was in the past.

This approach is useful for describing coping “strategies” understood as “person in encounter.” The definition, however, does not refer to the parameters of the person or the encounter. It is too situation-specific and too depersonalized to predict longer and more psychologically meaningful periods of human development. Although no one doubts that situational factors affect and interact with subjective
perception, longitudinal studies of adult development and aging show that stability is the norm, rather than change for personality parameters such as coping style (Shanan [1985]). Shanan conceptualized coping style as a manifestation of ego functioning. Coping behavior does not refer only or even primarily to overt activity but mostly to intrapsychic emotive-cognitive processes. Overt behavior is part of a process initiated by an apperceptive phase.

**Active Coping**

Conceptually, *active coping* is a characteristic of a psychologically healthy personality structure. Individuals who possess such personality structures can tolerate the tension inherent in perceiving internal and external events that may be challenging, threatening, or conflict-arousing. Moreover, they maintain the ability to formulate and implement strategies to meet or resolve the challenges, conflicts, or threats they encounter. These strategies, which operate consciously and unconsciously, seek an adaptive balance between external environmental demands, regulations, and constraints on the one hand, and psychological aspirations, needs, and morals on the other hand.

Active coping is manifested in the propensity to strive to achieve personal aims and overcome difficulties rather than passively retreat or be overwhelmed by frustration, whether the problem originates in the self or in the external environment. Active coping relates to a relatively stable, albeit complex, psychological orientation across time and circumstance. It is not meant to predict situation-specific, consciously decided-on strategies of handling problems. Neither is it viewed as a trait in the narrower sense of the word. Cognitive, behavioral, and trait constructs of coping focus on situation-specific dimensions of individual functioning. Within that temporal framework, human behavior is essentially fragmented and reactive to either fixed, methodical, or in many respects, mechanical inner thoughts or dispositions or to externally imposed pressures and reinforcements. In effect, the person has no choice but to respond in a predetermined, limited manner. But such a circumscribed mode of response is characteristic of passive coping, an inclination to submit automatically to internal or external demands.

Active coping, by contrast, implies the potential to transcend these compulsions and to select consciously and unconsciously from among an array of possible responses the one that seems most constructive in maintaining the sought-after balance between self, including one's values and beliefs, and environmental demands. In many cases, the response selected is a novel one, created for the unique situation that the individual encounters. Active coping contributes to healthy personality growth and adaptation by optimizing an individual’s response to a specific problem and by fostering continuing psychological complexity, differentiation, self-confidence, and resourcefulness. Success and failure, if integrated into the personality structure, create an expanded experiential knowledge base that makes possible subsequent coping activity.

Active copers feed on experience; they not only store their experiences and their reactions to them, but also synthesize these experiences into their psychological organizations. This integrative activity contributes to the structural complexity of the psychological system. In turn, the system becomes more competent in its capacities to tolerate tension and devise new strategies for adaptation and growth. This adaptation and growth leads to more effective management and leadership, and from that to better organizational performance.

**APPENDIX B**

**OVERVIEW OF OUR COMPETENCY DOMAINS**

The competencies we assess encompass four significant domains of individual capability: Judgment, Influence, Management, and Personality.

**Judgment** includes the technical, professional, intellectual, and creative competencies that enable individuals to make sense of the world around them. Can they see the forest for the trees; analyze complex data; break problems down into their component parts; reach logical conclusions; and generate alternative and new solutions so that they can understand, assess, and determine what needs to occur? Traditionally, assessing this area involves looking at academic and professional qualifications, career history, and psychometric tests. High-level competencies within the Judgment domain include pattern recognition, intuitive decision-making, applied strategic vision, and openness to change.

**Influence** includes the communications, interpersonal, persuasion, and political competencies that enable managers to work effectively with and relate to colleagues and customers: explain, persuade, sell, cajole, network, negotiate, and lobby so that they can successfully influence others and gain their support to get things done in their jobs. This area has to do with influencing and gaining support in non-hierarchical circumstances. In this domain lie personal impact, networking skills, organizational influencing, and conflict resolution.

**Management** encompasses competencies needed to produce results through other people: planning, organizing, scheduling, monitoring, and controlling work; developing, counseling, and directing people; building teams; and resolving conflicts to ensure services are delivered, results are produced,
and projects are completed. High-level management competencies include strategic leadership, management team-building, business effectiveness orientation, and product and process knowledge.

**Personality** includes the personal traits and tendencies such as drive, self-confidence, decisiveness, tenacity, flexibility, coping, and resilience. These qualities enable individuals to meet and overcome the stresses, challenges, conflicts, and obstacles that may affect performance in the other three domains of competency.

### Appendix C

**OVERVIEW OF OUR ASSESSMENT APPROACH**

We take what psychologists call a structural look at personality. We examine relations among different levels and functions of the individual’s self, including motives, coping, interpersonal style, values, and integrity. Such a view allows us to begin to frame where instabilities in the individual’s psychological make-up can translate into adaptive problems at work. Our assessment strategy uses a combination of objective and projective techniques. Objective techniques refer to self-report statements classified using psychometric procedures. Projective tests reflect more indirect, symbolic, and covert ways of self-expression that frequently are beyond the range of a person’s understanding. Using a combination of objective and projective techniques allows us to observe how consistently the same conceptual variable (e.g., coping, motivation) appears across different levels of an individual’s consciousness.

We characterize levels of consciousness in terms of the degree of awareness the individual possesses of personality strivings and functioning, ranging from overt and consciously controlled to covert and less consciously controlled. Behaviors that appear one way at levels subject to the individual’s conscious control often operate differently at deeper levels, where the individual has less (or no) control over their expression. Such discrepancies indicate that the individual is in a state of intrapsychic conflict or personality disequilibrium. Strivings beyond the range of the individual’s awareness may influence conscious feelings, cognitions, and actions.

This appreciation of personality structure and dynamics is important to understand when making predictions about an executive’s future performance. We describe our assessment method in depth elsewhere (e.g., Pratch and Jacobowitz [2004]; Pratch [2001]; Pratch and Jacobowitz [1998]; Pratch and Jacobowitz [1996]).

To assess the structural dimensions of the self, we use three instruments: a self-report objective personality test to measure motivational tendencies at a surface level of personality functioning; a semi-projective sentence completion technique, which elicits a more spontaneous presentation of self; and a projective story-telling technique, which taps covert, indirect, and less-conscious revelations of self. Information gathered using these three instruments taken together allows us to determine the congruency or stability of an individual’s personality. Are the individual’s coping abilities, manifest either behaviorally or in a self-reported way, congruent with other motives or drives—or are they in conflict? Knowing this is important because if the personality system is in conflict, the individual’s behavioral style may break down over time and cause instability in his or her performance as a manager.

### Appendix D

**DATA COLLECTION TECHNIQUES**

**Business Role Diagnostic**

In accord with the assessment approach in Appendix C, our first step in the assessment is to understand the business culture and the job. We interview the investment professionals to understand the role’s relationship to corporate strategy. What is the operating environment and what is the business model? What are the critical imperatives of the role? What is the team the candidate would join? This information helps us understand the business culture and context in which investors expect the executive to operate. At different times, different organizations require different kinds of leadership. The assessment of an executive is particular to the kind of company, its stage of development, investors’ needs and interests, and the threats and opportunities the company faces.

**Intelligence, Work Skills, and Experience**

When executives come to us for an assessment, they have already met investors’ screens for industry knowledge and functional expertise. Even so, we will begin by again reviewing the candidate’s CV, asking him to explain inconsistencies, anomalies, turning points, and career highlights. This knowledge helps us build an understanding of the individual’s work skills and intellectual abilities. To provide a formal measure of general intelligence, we use an empirically validated non-verbal assessment instrument intended to make distinctions among already very bright individuals.

**Personal History Interview**

We conduct a personal history interview, asking about the executive’s formative developmental experiences and education. We also ask about his or her current family situation and aspects of his or her life that can affect professional
functioning. By examining the executive’s ability to balance and integrate different areas of life, we are able to develop a holistic view of his or her functioning. The personal history also allows us to identify the presence of salient developmental issues that may influence future behavior and which can facilitate or inhibit managerial functioning critical to the company’s success.

**Structural Personality Assessment**

Finally, we assess personality structure and dynamics. We examine relations among different levels and functions of the individual, including motives, coping, interpersonal style, values, and integrity. Such a view allows us to begin to frame where there may be instabilities in the individual’s psychological functioning that can translate into adaptive problems at work.

Thanks foremost to the investors who provided the impetus for this study and contributed to the painstaking review of the data and the drafts of this article. Thanks also to a number of other individuals who read portions of the article and gave me useful advice. I am also especially grateful to Emile Karafiol and Jim Schrager. I would like to thank all these individuals for their encouragement and careful critique. I appreciate the special effort all these individuals made as this article progressed.

**ENDNOTES**

1. There is a time dimension in defining failure or success: the longer the interval between assessing predictor variables and measuring outcome variables, the greater the chance that outcomes could deviate from expectations. Individuals change and conditions change.

2. In Pratch and Jacobowitz [1997], we present the conceptual and methodological framework. In Pratch and Jacobowitz [1996, 1998, 2007], we report the empirical findings of the Chicago research. In Pratch and Jacobowitz [2004], we report the findings of our research into the personality characteristics of successful CEOs. This research was the first systematic empirical investigation of the personality, developmental, and cognitive characteristics of CEOs whom investors judged as having been highly successful when leading companies in the investors’ portfolios. The primary criterion for success was return on invested capital.

4. Rapaport [1957].
5. Rogers [1961].

6. The ego—or the equivalent in these theories to the central organizing agency of the personality—must fulfill the following functions: 1) deal with (suppress or express, directly or indirectly) the biological and basic drives and needs of the person, such as sexuality and aggression; deal with (cultivate, change, tolerate, or defend against) external environmental challenges and threats; 2) deal with the individualized desires, skills, and needs of the self—those aspects of motivation that extend beyond biological gratification and physical survival; and 3) coordinate the means of achieving the first three functions in a manner that creates a relatively stable identity with an adequate sense of esteem and accomplishment.

7. See the work of social scientist Elliott Jaques [1996] for analysis of the factors that differentiate levels of work in organizations. Obviously, as one moves higher in a managerial hierarchy, the most difficult problems to contend with become increasingly complex. The biggest problems faced by the CEO of a large corporation are vastly more complex than those that are encountered on the shop floor.

8. Change may be more prevalent in private equity-backed companies because investors enter into ownership with a clear thesis for how, with their involvement, the company can accelerate earnings growth. My model is much more broadly applicable than to merely a private equity context, as all organizations must adapt to change and require individuals who are open to change.

9. All executives allowed me to use the information gathered during their assessment for research into the relationships among personality, development, and leadership effectiveness. I have eliminated identifying information, including changing the names of the executives and characterizing the investments in general terms, omitting specific investment returns.

10. Investors’ judgments are necessarily interpersonal judgments. In this study, investors evaluated how well my predictions correlated with the performance they perceived.

11. Again, we note that the ratings of accuracy are necessarily judgments by human beings. We can see no reason or evidence that investors would rate the assessments as more accurate than they actually found them.

12. Many of the early psychologists who studied leadership began their work in the OSS during World War II and when the war ended, became academics. For example, Stern, Stein, and Bloom [1956] discussed the ease of prediction in invariant conditions as well as the principle of multi-potentiality—there is no one set of traits and abilities that predicts performance on complex tasks. Shanan [1973] also emphasized the probabilistic nature of making predictions to performance on complex tasks and argued for the inclusion of an approach subsuming specific traits and abilities under broader, more enduring parameters of personality functioning (see Appendix A). Indeed, managerial studies suggest that effective executive leadership depends on the ability to respond in an adaptive manner to emergent, dynamic, and complex

See Pratch and Jacobowitz [1997].

Grinker and Spiegel [1944].

English and English [1958].

Jahoda [1958].

Freud [1940], p. 15.

Hartmann [1958].

Erikson [1968], p. 218.

Rapaport [1967], p. 541.

These authors included Kroeber [1963], Haan in conjunction with others [1977], and Vaillant [1971].

Gutmann [1990].

Lazarus and Folkman [1984].

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