

How some private equity investors use management assessments

Private equity investors use management assessments to figure out how best to work with the management of the firm in which they are investing. They can learn about:

- Whether the manager has the cognitive capacity to run a complex organization
- Whether the manager has the judgment, coping, and interpersonal skill to run a complex organization
- Whether the manager will develop the capabilities in the future that will allow him to run the organization as it grows, and if the developmental trajectory of the manager be in sync with that of the firm
- What motivates the manager
- How best to work with the manager to get the most out of him
- How to structure compensation packages that will be “very motivational” to the manager
- Whether (and when) the manager will need to be replaced or require supplementary expertise/capability

In this one-minute [video](#), Jim Bland of HCP explains how he uses the management assessments to reduce risk and improve performance in his firm's private equity investments.

<http://pratchco.com/imagination/client-videos/jim-bland/when-and-why-hcp-uses-assessments>