

Management assessment leads to action and improved ROI

A good management assessment can help you understand the person behind the more easily observable track record and activities. Below is a much-abbreviated version of an actual report I sent to the investors who had hired me to assess a potential CEO whom I call “Mack.” It will give you a flavor for the difference the assessment can make in maximizing ROI (and minimizing anxiety in investors).

THE HAPPY CASE OF MACK

Mack had turned around underperforming operations but had never been CEO. His 25-year industry record looked good to the investors who had bought a large, family-owned company with plans for dramatically improving its performance.

The investors were concerned, though, about Mack's ability to lead a billion dollar business. And they were interested in how he would work with the founding brothers (who would stay as operating executives) and other top managers through the wrenching change program.

My report on Mack

Mack is strongly motivated to succeed as a CEO. He is honest, reliable, hard working, and extremely competitive. He has high standards for himself and for others. Cognitively, he is limited. He is not a great thinker. He sees in black and white, without noticing ambiguity or nuance.

Mack is rigid. His implementation is mechanical and reactive, without intuition or feeling. Supremely self-confident, he presumes that all problems will conform to his ability to solve them. He expects subordinates to execute in a logical, let's-do-it manner. If they resist, he assumes they are wrong and he will not compromise. He does not consider that subordinates might not agree with his solution.

Mack succeeds by being intensely driven and self-confident. He responds to challenges directly, aggressively and with focus. Unfortunately, this style also means that Mack will likely cause conflict during the change program that a more listening, nuanced leader could avoid.

My recommendations

Mack operates best in a chain of command. He wants clear directives from the Board to implement and impose on subordinates. Mack won't see trends and conceive or adjust the strategy; you (investors) will have to devise corporate strategy. Then Mack will work hard to execute it.

You will also need to monitor the other managers' morale as Mack bulldozes over them to achieve your goals. Mack is neither interested nor capable in the softer aspects of organizational culture. In dealing with such issues, he will likely be ham-fisted and hard-hearted; he will fray human connections and will destabilize the company. On the many matters likely to significantly affect morale, you will have to act as a control rod and force Mack to think about how changes would affect others. You will need to develop relationships deeper within the organization to know how employees accept or reject Mack's directives.

Mack is not a perfect fit, but he is capable of doing what the organization requires.

Outcome

The investors addressed Mark's deficiencies, and his style and their guidance proved an effective combination in a turnaround situation. Investors created the strategy and told him to implement. They also monitored his impact on the organization, stepping in to communicate changes in ways others could accept. His implementation of an aggressive strategic plan yielded costs savings and revenue enhancements. The strategy and Mack's outstanding, focused execution transformed the company into attractive platform on which to build a national competitor.

Four years after hiring Mack, investors sold the company to a financial sponsor. They called the investment “a home run,” having earned a return of 4.4 times their invested capital.

Conclusions that can be drawn

The assessment provided investors insight and confidence about what it would take for Mack to succeed. They understood what they needed to do, based on Mack's managerial strengths and weaknesses. That awareness led them to provide him strategy in bite-size pieces he could implement, and to mitigate the effects of his hard-charging style.