

What Do You Look for in a Senior Executive?

Last month's newsletter introduced an approach to assessing prospective portfolio company managers efficiently, during due diligence and in subsequent waves of management team building. This month, we take a closer look at the competencies because much of your assessment will focus on determining the competencies managers possess.

The competencies encompass four significant domains of individual capability:

1. Judgment
2. Influence
3. Management
4. Personality

1. **JUDGMENT** includes all of the technical, professional/ intellectual and creative capabilities that let people make sense of the world around them – to 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 be done. People with good judgment can recognize patterns, make good intuitive decisions, act strategically and successfully, and change their approach when their approach proves suboptimal. Organizations have traditionally assessed Judgment by looking at academic and professional qualifications, career track record and psychometric tests.

2. **INFLUENCE** includes the communications, interpersonal, persuasion and political competencies that allow someone to work effectively with clients and colleagues: to explain, persuade, sell, cajole, network, negotiate and lobby so that they can successfully influence others and gain their support to get things done. Influence involves gaining support while lacking formal authority. Personal impact, networking skills, organizational influencing and conflict resolution are all parts of influence.

3. **MANAGEMENT** covers project and people management – planning, organizing, scheduling, monitoring, and controlling work; developing, counseling, and directing people; building teams and resolving conflicts so as to ensure services are delivered, results are produced, and projects are completed on time.

Management competencies are needed to produce results through other people. High-level management competencies (i.e., those appropriate for senior management roles) include Strategic Leadership, Management Team Building, Business Effectiveness Orientation, and Product and Process Knowledge.

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

The Competency Framework identifies a broad range of behavioral dimensions that make up successful management. The actual requirements of the position should drive the decision about the relative importance of each type of competency. Frequently private equity investors overemphasize intellectual requirements of a job and underemphasize personality requirements.

HIGHER AND LOWER TIER COMPETENCIES

Private equity investors seeking senior leaders for portfolio companies should seek evidence that candidates have the higher level competencies listed below, or at least have the potential to develop those higher level competencies. (Both solid middle managers and candidates for senior leadership positions should possess the lower level competencies.)

Base Level	➔	High Level
Judgment		
Analytical thinking	.....➔	Intuitive thinking
Simple problems and tasks	.....➔	Complex and ambiguous problems
Concrete issues	.....➔	Concrete issues
Influence		
Direct involvement and influence	.....➔	Indirect involvement and influence
Building, managing, sustaining low-level internal relationships	.....➔	Developing high-level internal and external relationships
Overt agendas	.....➔	Covert agendas
Management		
Short-term perspectives	.....➔	Longer-term perspectives
Tactical views and responses	.....➔	Strategic views and responses
Task and project completion measures of success	.....➔	Budgeting, marketing, and bottom-line measures of success
Personality		
Personal ambition and commitment to success	.....➔	Team and group leadership for business success