

How are your A players actually performing?

Is your PE firm one that focuses on “topgrading” or “hiring only A players” for top portfolio company jobs? The COVID-19 crisis provides a unique opportunity to see whether you indeed have “A” players in your important jobs. It also lets you see whether your approach to hiring portfolio company leaders is adequate, or if it could use a refresh or reboot.

In your portfolio, you might have companies that faced different stresses, and companies that felt similar stresses but responded differently. Demand side stresses varied by industry – some industries (hotels) faced huge demand declines while others (PPE manufacturing) boomed. Some companies found new markets (hotels renting out as quarantine centers) while others didn’t make a shift their competitors had managed, and some organizations ramped up faster than other.

Companies also responded differently to the challenges of meeting customers’ needs in new ways (e.g., remote education or contactless takeout food provision) and to the challenges of organizing work from home. Some organizations have even jumped on the opportunity to move into new markets, to buy competitors or other companies, or to make other changes to position themselves very well for the post-COVID-19 world.

Probably none of this was in your plans. So hiring someone who “has done it before and can do it again” – a standard PE approach – may not have turned up the player needed for this moment. That would be a leader who can see a new challenging situation, figure out a decent way forward, lead a group of people to cope with unexpected adversity, and, ideally at the same time, capitalize on unexpected opportunities. At the same time, they’d keep you informed and work closely with their board.

It's only when the tide goes out that you learn who has been swimming naked. WARREN BUFFETT

Short Term Actions

Unless the situation is dire, you are probably (and rightly) not thinking about changing horses in mid-stream. Maybe you don’t have the ideal leader, but they are the leader you’ve got. As a board director, you must help your board get the best out of him/her. To do this, you need to understand a lot about how this person copes with crisis and how you can help them do a better job as the crisis continues. The COVID-19 experience so far provides some data. But you can learn more and can interact with your CEO so you get the absolute maximum out of them in unexpected conditions. You can do that with a specific psychological assessment described below.

Long Term Actions

Perhaps when filling CEO jobs, you now want to increase your emphasis on how well a candidate will cope with the unexpected. You want someone who can handle what you expect, but also someone who can handle what no one expects. That’s your new definition of an “A” player.

You won’t know if you just review their past, though you can see how they coped with previously unexpected challenges in other jobs. But will they be able to cope with the unexpected in a business that is as complicated as yours?

Post COVID-19, definitely ask candidates, how they responded, how their best competitors responded, how the people they most admire responded, and so on, to see both what you can learn and what they have learned from this experience. You can learn much more though, about their experiences, frames of mind, personality, integrity, stability, resourcefulness, and openness to change from a specific kind of psychological assessment that looks at a person capability for “active coping.”

The good news is that you can tell who is built to change and cope (and who is not) but you have to do the work to sort it out.

The Active Coping Assessment

You are now looking for leaders who are “active copers.” “Active Coping” is being eager and able – emotionally, intellectually, and behaviorally – to successfully confront unforeseen challenges and successfully capitalize on emergent opportunities.

Active copers can and want to deal with obstacles and opportunities. Active copers continually strive to achieve their aims and overcome difficulties, rather than passively retreat or be overwhelmed by frustration. While addressing challenges and seizing opportunities, they cope with stress well, regulate their emotions, control themselves and guide others.

Most people, and even many CEOs, are not active copers. Some people run from problems, some lash out at others, and some passionately wait and hope that problems (or even opportunities) will just go away.

A person approach to life’s challenges develops from their nature and their nurture. Active coping results from the complicated path that takes a person – your CEO or CEO candidate – from birth through their development as a person and then as a businessperson.

Many off-the-shelf tools measure interpersonal skills and intelligence but very few of these tools measure active coping capability. An in-depth psychological assessment helps to get a more accurate measurement of coping (and provides a great deal of other valuable information too). Active coping is a crucial psychological component of more observable skills that lead to good performance. Active coping capability allows a leader to organize and amplify other leadership skills, and to develop new skills when the situation requires them.

WHY SHOULD I AS BOARD MEMBER CARE?

First, so that you hire someone who is really the best for the job as you imagine it and for what you don’t imagine. And whether it is a new CEO or the current one, an assessment will help your board communicate its views to the CEO in a way that he or she can digest and act on. You will learn a great deal with the right kind of assessment. (See [this link](#) for extensive detail.)

Most relevant to the COVID-19 crisis, you can learn:

- How much complexity he or she can handle; and to what extent the Board needs to be involved in strategic planning or crisis response;
- The CEO’s underlying motivations, beyond his or her overt ones, which can help you position communications to foster cooperation and stimulate constructive action;

- Whether (and when) the CEO will require supplementary expertise/capability and how to package that supplemental capability (e.g., executive cabinet, coach).

The assessment provides information that can help you develop the most productive working relationship with him or her.

For more information [contact me](#).