

Using management assessments when restructuring

To be even more successful in turning around underperforming companies, you can use a very powerful way to better understand (1) the management they are acquiring (or that they have), (2) whether that management can handle the tasks required, and (3) how to get the most performance out of their management.

You may or may not know Jamie Sprayregen of Kirkland & Ellis, a Restructuring partner. He is known for both energetic client service and for a broad perspective on how lawyers can provide value to their clients. One tool Jamie has used and suggests in his restructuring work is my management assessments.

[Here's what Jamie had to say about the relevant contexts for doing the assessments](#), including firms undergoing restructuring or M&A; capital providers who are hiring people to operate companies they may come to own; and professional services firms. It's less than a minute long.

You can use the assessment internally, for developing talent and lateral hires for your own firm, as well as for portfolio companies.

Credit 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.



If you'd like to learn more about how I could work with you and one of the companies you are investing in, let's spend just a few minutes talking. Please let me know how to arrange that next step, or other step that you deem suitable.