



## **MERGER AND ACQUISITION DUE DILIGENCE MANAGING HUMAN CAPITAL RISK**

### **ASSESSING MANAGEMENT QUALITY**

Most private and equity investors agree that the quality of the management team is the single most important factor when evaluating a buy-out or venture capital opportunity. Poor management is most often the reason cited when expected investment returns fail to materialise, so poor decisions about corporate leadership can have a disastrous effect. It is self-evident that poor decisions about management capability can lead to dire and expensive consequences varying from company failure to severance costs, search fees, and the loss of momentum and growth opportunities. In spite of this, many companies spend less time analysing management capability as part of a formal due diligence than on any other issues.

### **WHAT CAN PCS OFFER?**

As business psychologists, we offer objective advice and a Risk Assessment Due Diligence process aimed at assessing the quality, capability and culture-fit of individual executives who form the management team. The process is managed by highly experienced PCS Business Psychologists with a range of 15-25 years experience. The executives will be assessed individually, and the process will include a combination of in-depth structured interviews complemented by validated objective tests to investigate leadership style, leadership skills, personal effectiveness and critical judgement and analytical thinking capabilities, and many more relevant attributes which impact on a manager's ability to lead a business.

### **WHAT DOES THE BUSINESS EXPECT?**

The business will receive an individual due diligence management capability report with a quantitative assessment of whether the executive is a 'good match' for the role or a 'good fit' with the organisational culture. Other feedback information is offered in relation to:

#### ***Capability to Grow the Business***

- Intellect, judgment, and critical thinking skills
- Strategic vision and planning skills
- Risk appetite

#### ***Capability to Deliver and Meet Targets***

- Focus, organisation and prioritisation
- Compliance and governance skills
- Discipline in monitoring and evaluating standards
- Stamina to maintain momentum and pace

### ***Capability to Lead Teams***

- Direction-setting capabilities
- Motivational impact
- Skills to coach and develop talent
- Preparedness to tackle difficult performance issues

### ***Capability to Inspire the Confidence of Stakeholders***

- Impact, presence and influence to convey credibility
- Communication skills
- Ability to align teams, and build partnerships
- Ability to work collegiately and collaboratively

### **WHAT NEXT?**

If you are interested to discuss in more detail, or to see a sample Risk Assessment Management Capability report, please contact Dr Richard G Ford at [richard.ford@psych-pcs.co.uk](mailto:richard.ford@psych-pcs.co.uk).