

M&A READINESS SERIES OF PODCASTS: **What Matters: Talent Assessment in M&A Transactions for Private Equity Sponsors**

Speakers:

Jeff Cox, Global M&A Transaction Services Leader
Dr. Pat Shannon, Leadership Development

Jeff Cox: Welcome to today's podcast on Talent Assessment. My name is Jeff Cox and I am the global M&A transaction services leader for Mercer. Today I'm joined by my partner and colleague, Dr. Pat Shannon, who is one of Mercer's experts in leadership development. Pat thanks for being here. Why don't we get started?

In your leadership assessment work, specific with Private Equity sponsors, tell us what the outcomes are – what clients get out of independent expert resource like Mercer?

Pat Shannon: Jeff thanks for the opportunity to talk about leadership assessment. What a PE client gets from Mercer is an in-depth, unbiased, deep “read” on a leader they are considering for a significant role in one of their portfolio companies.

Private Equity firms are smart and, in our experience, they do a very thorough job of vetting leaders. But it's typically through the filter of the transaction or deal they are pursuing. They don't spend as much time thinking about what sort of leader a person will be – for example, how will this leader build a senior team, grow innovation, manage a key departure, or develop a new relationship, even build a culture, **In short, what are the leader's top strengths and development areas or potential de-railers?**

Jeff Cox: Pat - Let's go a little deeper. What's does the process look like and how much time does it take?

Pat Shannon: Jeff, It's no surprise PE clients move fast and we need to flex to their schedule. Typically, they have a short window in which they want us to meet with a leader, develop our report and discuss our recommendations. So far, we've been able to meet their aggressive timelines.

Our process includes three steps:

First, it's getting clear on the leadership role and competencies or expectations. We also want to understand the context: are they trying to grow the business 2x, maybe pursue inorganic opportunities, build innovation, reduce costs or, in some cases, bring a playbook that includes all of that.

Next, we conduct this assessment. This includes a two to three hour in-depth, individual career discussion with each leader. We make it a comfortable experience – we don't grill them, we give them an opportunity to share their successes and discuss their challenges that they have encountered in their career. At the same, we'll also have the leaders complete a 40 minute self-report, leadership style, online inventory to gain a deeper understanding of their personality attributes – what drives them, what might hold them back.

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In the third step, we prepare a comprehensive report including an “at a glance” one page summary of our findings and recommendations. This covers strengths and development areas to become an even stronger leader. In most cases, we reconnect with the leader to share our summary insights in a brief coaching session. And even though these are typically experienced leaders with strong resumes, our coaching has been very well received.

Jeff Cox: Thanks Pat - What would you say to other PE sponsors who are interested in talent assessment?

Pat Shannon: I love the “who before what” line from Jim Collins who wrote *Good to Great*. And thinking about who needs to be on the bus – before you decide where the bus is headed -- is particularly appropriate for Private Equity. These firms absolutely have to get the leadership and talent equation correct. Talent assessment brings valuable information to these critical decisions.

Jeff Cox: Pat thank you very much, we truly appreciate your insight. And of course I want to thank our listeners for joining our podcast today.