

# Accelerating value creation through organisational effectiveness

## Getting on-boarding right

Presentation materials and workshop results

May 2017

# Harder to get risk adjusted returns

With every success,  
it gets harder  
to find the next one



# Leadership and culture cause delays

What are the top organisational risks?  
(% answers)



Source: Humatica 3<sup>rd</sup> Wave Organisational Due Diligence study, October 2015

A man with a shaved head, wearing a purple long-sleeved shirt and blue jeans, is leaning over the open hood of a dark-colored car. He is looking down at the engine compartment, which contains various components like the battery, fluid reservoirs with yellow caps, and the engine block. The background is slightly blurred, showing an outdoor setting.

**Getting under the hood**

**Check the motor  
before accelerating**

**When you get the keys**

**On-boarding  
working together  
for the first time**



# Group Discussion Questions

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Question	Group
How best to test management's ability to deliver the value creation plan during the on-boarding phase?	1
What are the typical challenges with on-boarding a new company's management team? How can these best be addressed?	2
What are the best ways to build a trusting relationship with the CEO and management during the on-boarding phase?	3
How to best clarify expectations in both directions between the management and sponsor? Implicit and explicit? Business and personal?	4

# Q1. How best to test management's ability to deliver the value creation plan during the on-boarding phase?

Results from workshop discussion

## **Review Past Performance, Current Practices and Business Understanding**

- How has the firm performed historically relative to the market?
- What data and KPIs are used to manage the firm? Are they readily available?
- Does management have a good understanding of how the firm makes money?
- Is there a high level of awareness of competitors and differentiators?

## **Assess the Reaction to the Value Creation Plan**

- Does the management team have a good understanding of the VCP?
- Do they react positively to the high ambition?
- Do they challenge select components based on their knowledge of the firm and market?

## **Form a View on the Management Team as a Whole**

- What would the impact of the founder leaving be on the management team?
- Does the team have profiles which work well together?
- Does the team feel real ownership for the business performance?

## Q2. What are the typical challenges with on-boarding a new company's management team? How can these best be addressed?

Results from workshop discussion

### Challenges

- Unclear expectations in the “new world”
- Resistance to (pace of) change
- Relationships to be re-built as dynamic changes from courtship to ownership, and potentially from deal team to operating team
- Change of organisational politics
- Capability gaps from either “missing roles” or management not having the skill-set to take the company to the next level
- Reluctance from management to replace legacy talent within the organisation
- Management fatigue following due diligence process

### Measures to Address

- Communicating to align on the expectations between different parties
- Taking time to develop the relationship through formal and informal interactions
- Explaining the PE firm's typical dynamic and expectations on working norms
- Holding discussions in a forum which gives management the time and ability to buy into the VCP
- Developing 100 day plans with the management team in a transparent manner



## Q3. What are the best ways to build a trusting relationship with the CEO and management during the on-boarding phase?

Results from workshop discussion

- Encourage transparency on both sides
- Back the management team during adversity
- Solve a “Rock-in-the-shoe” issue to gain trust and credibility with the management
- Set clear ground rules and expectations to avoid conflict and misunderstanding
- Establish a clear escalation path for management when things are not going as planned
- Hold collaborative “workshops” with management
- Share due diligence results (where appropriate)
- Determine actions and follow-ups as a group with management
- Active listening to management point-of-view and concerns

## Q4. How to best clarify expectations in both directions between the management and sponsor?

Results from workshop discussion

- Spend time with the management team and make yourself available as much as is required
- Share the due diligence reports and VCP and then get them to play it back
- Explain the new governance structure and rules
- Provide clarity on personal bonuses / incentives and how they link to the business plan
- Discuss in detail how results will be measured – including KPIs (financial and non-financial), cadence, accountabilities, relative importance of time periods

# On-boarding best-practices

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## Build trust

Build trust  
Expectation  
levelling

## Understand

Understand  
competence  
  
Strengths  
+  
Weaknesses

## Plan and Deliver

100 Day  
Initiatives  
  
Implementation

# Go slow, to go fast

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- More time spent up-front to understand the business, leadership competencies and culture
- 2-way process
- Structured approach (with flexibility and options)
- Assertive on transparency
- Hard facts needed to have an objective discussion


# Humatica has been helping PE firms accelerate value creation through improved organisational performance for nearly 15 years


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- Our focus is on improving portfolio company organisational effectiveness by increasing the collective ability to recognise and act on opportunities and risks before the competition
- We utilise specialised analytical tools and benchmark databases to identify strengths and the organisational bottlenecks hindering value creation including:
  - Leadership, management processes and organisational behaviours
  - Organisational structure, roles and interfaces
  - Talent management processes
  - Skills and competencies
  - Collaboration infrastructure
- We work closely with management to identify pragmatic, implementable solutions which accelerate delivery of the value creation plan with minimum risk

# We use diagnostic tools to identify organisational issues, and then work closely with management to define and implement a plan

## Diagnostic Tools

 **accelerate**  
Pre-deal organisational due diligence

 **altus**  
Deep organisational assessment


 **modus**  
Productivity improvement


 **evalox**  
Competency shift

 **Taleva**  
Performance management





## Implementation Solutions


 Organisational due diligence

 100 day transformation planning

 Re-organisation

 Post merger integration

 Salesforce effectiveness

 Process optimisation

# Get in touch if you'd like to find out more...

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