



Jonathan Chocqueel-Mangan



Jana Klimecki

Investment in management

ACQ's Charlotte Abbott talks to Jana Klimecki and Jonathan Chocqueel-Mangan, co founders of Tyler Mangan, about their specialist approach to management due diligence and their recent role on the Modelzone MBO.

T Tyler Mangan is a specialist advisory firm that works with senior executives and their organisations to help implement strategy successfully.

Jana Klimecki, who leads Tyler Mangan's Management Due Diligence practice, explains: "We know that an organisation's ability to implement strategy is the single biggest driver of shareholder value. And yet strategy execution remains the single biggest challenge for leaders and managers in every organisation."

Jonathan Chocqueel-Mangan, Managing Director, adds: "In a nutshell, we help our clients make good decisions about their investments, their team, their business plan and the best way to implement it."

"We also help to build a capability within the client's organisations that allows them to make good decisions moving forward."

Jana adds: "We do this through our methodology, which we tailor to the individual investments, potential targets or economic opportunities that our clients are interested in pursuing, looking particularly at the management team and their ability to deliver."

Tyler Mangan not only looks at the capabilities of the individuals and the team, they also use their longstanding experience and inside knowledge to help

the decision making process around the investment. In some cases, the firm also helps build and restructure the management team once the deal has been made.

Jonathan elaborates: "We work alongside our clients, providing not just data, but an in depth understanding of their investment. We look to identify practical solutions to any issues that we may find."

Jana continues: "What really differentiates Tyler Mangan from other firms is our response rate. Due to our size, we can be very responsive and flexible, working and conducting management due diligence to very tight deadlines."

Modelzone MBO

LDC, the private equity arm of the Lloyds Banking Group, recently backed a £5.6m Management Buy Out of Modelzone Holdings, the owner/operator of Modelzone. The MBO was led by CEO, David Mordecai, supported by the group's new non-executive Chairman, Terry Norris.

Tyler Mangan conducted the management due diligence for the deal, exploring the capabilities of the proposed leadership team within the context of the investment strategy.

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Jana Klimecki

Jonathan comments: “We were introduced to the deal by Tony Nash at LDC, after working with them for a number of years.

“It was an interesting deal as we needed to gauge whether the management team, could deliver on its short term goals within the business plan prior to completing the deal.”

“At the moment, this is increasingly common, as companies are starting to ask for an “extra check” on the business plan before committing any funds. This is because investment returns are becoming even harder to achieve without the economic tailwind of the last few years.

“These days, companies know that value creation requires far more than a good strategy; it requires a strong management team who really can execute the strategy. In the case of Modelzone, they are a good team who performed well in a tough market.”

Jana explains: “We provide a rigorous assessment of each individual and of the team, and provided feedback to each individual, as well as to the PE firm. On the Modelzone deal, in response to our initial brief, we developed a tailored capability model based on the investment strategy. We then conducted an assessment of each executive against an anchored scale, including the use of selected psychometric profiling tools depending upon the situation. We often take a number of references as well.”

Jonathan adds: “The management due diligence was welcomed by the management team and embraced as an opportunity for objective assessment and advice on development, regardless of whether the deal went ahead or not. It is an example of LDC’s commitment to add value to a portfolio company at every stage – even before the deal!”

As a result of Tyler Mangan’s excellent management due diligence work they were commissioned by LDC once again on the 1st – The Exchange MBO.

“In the Modelzone MBO and 1st – The Exchange MBO, we sat down with the deal team, talking about due diligence solely within the context of the investment strategy, focusing on the deal rather just due diligence in isolation,” concludes Jonathan.

2009 and beyond

So far 2009 has been a good year for Tyler Mangan, as the firm has grown dramatically.

Jonathan comments: “Our growth has been driven in part by our work in the private equity industry and the changing attitude within the sector to management due diligence.

“In the past, private equity firms tended not to focus so overtly on management teams. Now, due to the economic crisis, they really have to.”

Jana adds: “Increasingly management due diligence is being viewed on a par with commercial and financial due diligence, which traditionally hadn’t happened before. We are even being asked to assess teams after the deal is done.

“This trend has led not only to an increase in management due diligence but also post deal due diligence, especially with PE houses who didn’t perform any management due diligence on the target’s management team prior to completion. Now the economy has changed, a lot of private equity houses are realising that they have to change with it, looking at whether the management team put in place at the time of the deal is still suitable in today’s climate.”

Jonathan concludes: “Private equity companies are investing a lot more time in helping and supporting their investments, by working very closely with the management team, in terms of enhancing operational management and supporting growth.

“This is a good example of how PE firms can demonstrate their real long term commitment to creating sustainable value in their investments”. **ACQ**

DETAILS

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clear thinking : decisive action

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