

# Private Equity Check Up

*“Many companies have sold-off themselves or divisions to private equity firms only to see the profitability and value of the organization skyrocket. You can get this value, too!”*

Why is it that Private Equity Firm are unlocking enterprise value where companies have failed? It doesn't have to be the case. A Private Equity Check Up can identify the levers to value and launch an organization on the road to capturing that value.

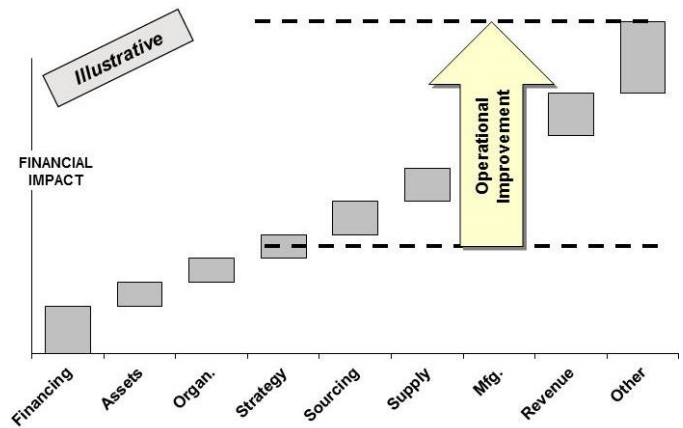
So what does a PE Firm do after acquiring a business? We know their first steps:

- Focus the portfolio by shedding unprofitable businesses
- Incentivize the management team through an ownership stake (managers are often required to place substantial personal capital at risk)
- Replace key executive positions

Today, leading PE firms play more activist roles to unlock enterprise value beyond what is possible with financial re-engineering with a focus on several key levers:

- **Sales Force Effectiveness:** overhaul the sales program, incentives and training to increase the top line.
- **Pricing:** develop a deeper understanding of the product / service value proposition and establish a more analytically-based price structure.
- **Sourcing:** in addition to vendor rationalization, exploit both supply and demand levers to optimize 3<sup>rd</sup> party spend
- **Supply Chain:** optimizing the entire supply chain to improve flow, raise on-time delivery and reduce working capital requirements.
- **Manufacturing / Operations Excellence:** leveraging tools like Lean and Six Sigma to shorten cycle time, eliminate waste and reduce costs.

- **Support Service Streamlining:** matching overhead activities to customer need with a significant cost reduction



The typical PE Firm uses internal and external experts over a 3 to 9 month period to diagnose, train and help the organization start to capture value.

This process and approach is available to non-PE owned organization as well – executive commitment and leadership is all that is required.

Of course, once the PE Firm has fine-tuned the organization, they begin looking to build a growth engine again.

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*Lion & Stutz is dedicated to assisting companies to achieve their full potential through practical solutions. Our size ensures that experienced consultants are personally involved on a daily basis.*

