



PRIVATE EQUITY PERFORMANCE IMPROVEMENT

# Pathway to Profitability Q&A Series: Rapid Results

The private equity industry is facing unprecedented challenges amidst the current economic environment, with many portfolio companies struggling to maintain profitability in the face of weaker revenues, supply chain challenges, changing labor conditions and rising interest payments.

To help private equity funds and operating partners optimize costs and drive profitability, A&M's Private Equity Performance Improvement group has launched the "Pathway to Profitability" Q&A series. This series aims to address the biggest pain points in the industry and provide practical insights and solutions for private equity professionals.

Our experts will be sharing their expertise on key topics and providing actionable advice to help professionals succeed during these challenging times.



In this edition, we asked Managing Director Carlos Vincentelli to weigh in on how our **Rapid Results Program™** can help address client needs right now.

## **Q1** *How do you help private equity investors drive EBITDA and enterprise value growth within short holding periods?*

We understand the needs of private equity investors and have helped many funds and their portfolio companies create value over the 15 years since we started focusing on the private equity market. Our A&M Rapid Results Program™ is specifically designed to help our private equity clients achieve measurable results in a compressed timeframe by focusing on key performance drivers, such as margin expansion, operations cost efficiency, supply chain effectiveness, operational expenditure (OPEX) optimization, as well as working capital improvements. We are able to quickly intervene and identify gaps, issues and quantifiable opportunities; in close collaboration with management develop an execution roadmap, and work in executing operational solutions that enhance the company's financial performance. We are also able to provide interim management solutions if needed.

## **Q2** *What strategies can portfolio companies employ to mitigate risk and achieve shareholder goals during times of economic uncertainty?*

During uncertain economic times, portfolio companies face the challenge of navigating risk while continuing their value creation journey to achieve shareholder goals. To address this, our A&M Rapid Results Program™ provides a comprehensive approach. We partner with management teams to review and enhance internal initiatives, expand bandwidth and develop contingency plans for quick improvements, ensuring a proactive response to potential disruptions or challenges. By focusing on key performance drivers such as pricing/margin management, manufacturing excellence, supply chain effectiveness and OPEX efficiency, we help companies mitigate risk and achieve their shareholder goals. Clear metrics and reporting, combined with our operational expertise, enable management and shareholders to be nimbler, make faster decisions in uncertain/changing situations and be ahead of the curve when uncertain times change.

### Q3 *What makes the A&M Rapid Results Program™ unique compared to other performance improvement approaches?*

The A&M Rapid Results Program™ stands out due to its unique approach to achieving fast and impactful results, industry and function-specific relevance, and effective risk management. We employ some guiding principles to compress the assessment timeframe and maximize effectiveness.



**Focus and Prioritization:** Before starting a project, we take the time to understand and align with the management team and the portfolio company. This allows us to design a focused and prioritized scope of work that addresses the most critical operational areas.



**Expert Point-of-View:** Our teams consist of highly experienced senior practitioners, averaging 15 years of expertise, who lead with tested hypotheses rather than purely exploratory methods.



**Adapt to the Situation:** In some cases, it's starting early in the investing process and integrating rapid results into the acquisition journey (diligence phase). In others, it's re-focusing the operations after a change in the business. This flexibility ensures a proactive and consistent value creation plan across functions over time.

### Q4 *What measures does A&M take to ensure that portfolio companies maintain the performance improvements achieved through the Rapid Results Program™ over the long term?*

The A&M Rapid Results Program™ goes beyond delivering immediate results. It focuses on sustaining performance improvements over the long term. Our approach begins with investing time upfront to understand the management team and align with the portfolio company. We then implement continuous improvements within the organization, providing training, coaching, and introducing tools and systems for ongoing monitoring and improvement. Working closely with the company's leadership teams, we ensure that performance improvements are in line with the overall strategic objectives of the company, fostering sustained success, and create lasting shareholder value.

### Q5 *What kind of EBITDA improvements have your clients achieved through your performance improvement initiatives, and how long did it take to see measurable results?*

We have helped clients achieve significant EBITDA improvements and enterprise value growth through a variety of performance improvement initiatives. While it depends on the size and specific industry, we typically see EBITDA performance improvement opportunities in excess of 25 percent, in many cases far beyond that. For example, we developed a program with one of our clients yielding greater than 50 percent EBITDA improvement through a combination of margin management, procurement savings, supply chain efficiencies and organizational realignments. Another client saw a 24 percent increase in production, eight percent improvement in quality performance, and 30 percent reduction in materials and WIP-related working capital within 20 weeks. We are proud of the measurable results we have achieved for our clients and are always looking for new opportunities to help drive growth and profitability.

## CONTACT US

Learn more about how we can help you with the A&M Rapid Results Program™



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With over 7,500 people providing services across six continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, leverage A&M's restructuring heritage to help companies act decisively, catapult growth and accelerate results. We are experienced operators, world-class consultants, former regulators and industry authorities with a shared commitment to telling clients what's really needed for turning change into a strategic business asset, managing risk and unlocking value at every stage of growth.

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