



Private Equity in the New World

RETHINKING
YOUR
OPERATING
MODEL TO
OPTIMIZE
DEAL VALUE



THE PRIVATE EQUITY LANDSCAPE

As vaccination rates rise, and businesses begin the transition back to a “Post-Covid Normal”, the economy is beginning to shift from treading water to a growth-oriented outlook. Corporate strategies the world over have weathered (hopefully) the worst of this unexpected event and are now looking to shift into high gear.

The Private Equity (PE) sector will benefit particularly from this shift. PE-driven investment deals slowed down in early-2020 causing an accumulation of cash on balance sheets, but have since sped up. Unlike 2008, when Limited Partners withdrew from private asset classes too early, investor appetite remains strong. In the technology sector alone, according to Gartner, by 2022, the level of global mergers and acquisitions (M&A) activity will surpass previous record highs from 2018.

It is expected that **successful acquirers will consider the impact on the end-user and ensure that customer experience remains paramount throughout the acquired company's lifecycle.** Acquisition is easy; *integration*, however, is tough, and requires significant change management skills.

PE RECOVERY OUTLOOK:

**PRIVATE MARKETS
TAKE OFF IN K-
SHAPED RECOVERY
WITH VIGOROUS
REBOUND FOR
PRIVATE EQUITY**

**PRIVATE EQUITY
OUTPERFORMS BOTH
OTHER PRIVATE
MARKETS ASSET
CLASSES AND PUBLIC
MARKET
EQUIVALENTS**

**INVESTORS REPORT
INCREASED RISK
APPETITE, IN SHARP
CONTRAST TO 2008**

KEY CONCERNS FOR PRIVATE EQUITY FIRMS



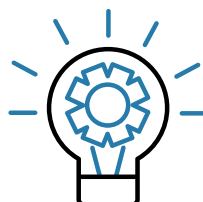
**ALIGNING
CULTURE WITH
STRATEGIC
VISION**



**POST-
ACQUISITION
TRANSITION TO
INTEGRATION**



**HIGH ASSET
VALUATION
ENHANCING NEED
FOR STRONG
RETURNS**



**TRANSITION
FROM LABOUR-
INTENSIVE
ANALOG TO
LABOUR-SMART
DIGITAL**

A MORE SUSTAINABLE OPERATING MODEL

But the ultimate goal is to create value and increase ROI. **The tension between a PE firm's two main objectives of meeting price expectations while delivering satisfactory returns** to investors has thus increased.

Analyzing the target from both a financial and operational angle is the only way to alleviate this tension. Though most firms have teams to conduct financial analyses on the companies that they are looking to acquire, they struggle with operationally maximizing efficiencies and finding opportunities for cost savings.

The Poirier Group's experience working collaboratively with PE firms has led to an abundance of opportunities focusing on this operational side – **financial planning and analysis, accounts receivables and payables, legal, procurement, corporate culture, production, supply chain and logistics, information technology, etc.** Our due diligence process has uncovered 20% to 50% of an employee's time is focused on non-value add tasks. In firms where we have repurposed, outsourced or automated these tasks, we have catalyzed an increased focus on value-add and strategic tasks, **thereby generating, on average, tens of millions of dollars in net annualized savings.**

Specifically, this was done by looking beyond the financial statement and:

- Creating **standard and consistent processes that remove inefficient and inconsistent tasks**
- **Creating clear accountabilities by identifying key owners**, eliminating the guesswork and uncertainty in who will complete a task
- **Reducing non-value-add work** (typically referred to as "fighting fires") and **creating organizational alignment towards a common goal** – achieving overall organization's strategy
- Creating clear communication plans and change management techniques that drive sustainable and scalable solutions
- **Implementing technological solutions to automate repeatable tasks**, minimizing manual and often error-prone work
- **Realigning the leadership team to the larger strategic vision** and helping employees commit to achieving the final vision

DID YOU KNOW:

20% of employees' time spent on non-value add tasks on average
to
50%

ABOUT US



At TPG, our work helps create what PE firms need – **a multi-angle stress test of the investment through a thorough and multi-faceted due diligence process.**

We are a proven collaborator that drives a greater return on your investment; whether you are a PE firm competing for acquisitions, or you are looking to sell an organization whose operations are not yet optimized.

We are the consulting firm to partner with to increase your return on investment. Discover more [here](#).

GET IN TOUCH



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