



**THE PROACTION<sup>SM</sup> GROUP<sup>LLC</sup>**

## **We Are Masters of the Middle Market**

Operational experts  
delivering 3x – 10x  
ROI value creation  
in manufacturing,  
distribution and  
business services.

[www.proactiongroup.com](http://www.proactiongroup.com)

# Private Equity

## The check you write and the check you get.

Buying a business, steering it through a transition of rapid performance improvement, and selling it for high multiples is the name of the game.

Sounds simple enough, yet most don't think about how it's done. The investment thesis includes exciting changes like consolidation of businesses, adding a sales force, or breaking into new markets. Rarely does the to-do list include operational improvements.

Operational improvements are largely ignored because they are pedestrian. Labor is often a small percentage of sales. Why care about that? The equipment works, the people are there. Are operational improvements really going to have a positive impact?

### YES!

Our operational expertise with any given company results in an increase of 50-100% EBITDA through improvements related to modest growth. Many fail to realize that an improvement here and there adds a lot to the bottom line. The key times to influence a company's understanding of operational performance and implementing operational performance are strategic.

We Are

**THE PROACTION<sup>SM</sup> GROUP LLC**

We are seasoned Operations experts who deliver 3X – 10X ROI by providing deep and insightful discovery assessments. We translate insights into actions that are designed to achieve rapid performance improvement and increased EBITDA, working capital, competitive differentiation, and organizational effectiveness.

Our DeepView™ Operational Diligence provides industry leading transparency and clarity around:

- Supply Chain Challenges and Vulnerabilities
- Leadership Appraisal Capabilities to Assess Change Management Abilities
- Evaluation of Operational Systems to Support the Investment Thesis
- Real-time Insight of the Industry's Market and Its Customers
- Data Validation and Generation of Data Where Data May Not Be Available

Our assessments include implementation plans, management guidance and interim leadership as needed.

## Buy-Side Operational Diligence

Closing deals is tough. Despite going into a deal with eyes wide open, you will always be limited to what people want to show you.

The ProAction Group is a relationship bridge between the seller and the buyer. We couple our DeepView™ Diligence methodology with measured care and vulnerability. We engage sellers with genuine appreciation for a company's history and a desire to understand why the company operates the way it does. We acknowledge the good and plan for where the gains are to be claimed.

Before you buy that company, we will bring clarity to key questions:

- Do you trust the estimate of capacity in operational scalability?
- Are there key people who are not capable of achieving the plan, or impediments to the growth of the management team?
- Is Operations making use of the information system that's available?
- Are there lurking capital expenditures you may not know about?
- If the wrong person quits, will it tank your company?
- Are you reliant on a volatile supply chain or supplier?
- Is the company reliant on tribal knowledge and lacking standard work process and documentation?
- Do we have to rebuild the machines, or replace them to make your processes relevant compared to competitors?
- Is the management team fully committed to an ineffective approach to running the business?
- Are you setting the state for a successful transition? Good news travels fast, bad news travels faster.

Understanding ahead of the close what it will take to rapidly improve performance will provide clarity around what it will take to satisfy your investment goals. You'll know the days and dollars it will take to start planning for the check you'll get upon exit.

## Operational Assessments

Even when things are going well in an organization, there's always room for improvement – small operational changes can lead to opportunities for big gains.

Whether a company is newly acquired, has stellar performance or is an ongoing concern – there is an opportunity to do more and claim that hidden value.

We can:

- Help an underperforming company quickly determine the problems and solutions to get earnings back on track.
- Assist a performing company to uncover likely efficiencies to be made with the people and equipment already in place.
- Engineer fluid launches for new products and services to capitalize on marketing opportunities.
- Provide interim leadership to work with the existing team to guide them through operational improvements.
- Create stable processes for highly variable outputs that need re-evaluation.
- Commandeer equipment that is producing waste or sitting idle.

# We Do 3 Things

1

## Conduct a Pre-Close Operational Diligence

- Like a QofE, but with a focus on Operations
- Quantify “how much more will you make when you run it right?”

2

## Implement

- Drive initiatives to increase EBITDA and to improve your position in the market.
- Guide your management team to scalability.
- Get rid of the pain.

3

## Revitalize Stale or Stagnate Portfolio Companies

- Do you have one portfolio company that requires more thought and effort than all the others combined?

## Service Packages

### Operating Diligence

- Get ahead of Plan
- CIM Review
- Pre-LOI Buy-side Assessment
- Post-LOI Operating Diligence
- 100 Day Plan

### Portfolio Company Assessments

- Opportunity Assessment
- Growth and Improvement Planning

### Implementation

- Implementation Projects
- Interim Staffing

### Virtual Operating Partner

- Comprehensive Team Support



9-BOX

### 9-Box™ Turn and Earn

Our proprietary 9-Box™ tool uses your data to identify and highlight actionable improvements to inventory levels, pricing effectiveness, customer profitability and SKU rationalization. We profile inventory in segments based on volume and volatility. The segments are based on Sales, transactions, gross margins and inventory. These views allow for differentiated inventory strategies by segment, as well as identifying pricing inconsistencies and customer management opportunities.



## THERE ARE NO SURPRISES IN YOUR DEAL OR PORTCO WHEN WE PROVIDE *THE KNOWING*

Knowing the enterprise value that is *really* there,  
and what it will *really* take to generate value.

Our 30+ years of experience with hundreds of companies are principled,  
passionate, and humbly confident doers that know how to get the job done.  
Don't set yourself up for a surprise in your deal – know now.

### Core Functional Capabilities



#### Manufacturing Operations

- Lean enterprise/Lean manufacturing
- Outsourcing/asset rationalization
- Quality systems
- Inventory and materials management

#### Supply Chain Management

- Strategy development
- Supplier development
- Asia/global
- Logistics (freight, warehousing, planning)



#### Commercial Operations

- Pricing strategies, processes, and disciplines
- Customer and product profitability
- Channel strategies and management
- Sales & operations planning (S&OP)
- Product development process

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Contact us today for tips, ideas and best practices for  
conducting Operational Diligence and Maximizing  
the Value of your Portfolio Companies.

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