



Seeing the bigger picture

Operational due diligence

Failure to assess the full potential for operational savings and efficiency improvements could leave significant amounts of untapped value on the table. We can help you to identify, quantify and prioritise this value and work with you to then develop and execute plans for realising it.

What we do

- Allow clients to gain a clear understanding of the target's risks across the whole business.
- Evaluate and prioritise the savings potential from operational improvements and then translate these into hard numbers to inform the investment case and price negotiations.
- If cost saving or profit improvement initiatives are already in place, we can assess progress, completion and contingency plans. Importantly we see if more value can be achieved.
- Help you to develop and implement a plan to create maximum value.
- Prioritise value creation opportunities.

How we deliver value

We work closely with both corporate and private equity buyers to provide a tangible estimate of the potential value and advise on key deal issues and opportunities. In particular, we specialise in challenging management's business plans and understanding the potential for rapid operational improvements.

On the sell side, our operational due diligence helps clients to identify potential surprises and sustain pace, control and initiative throughout the sale process.

What sets us apart

We have wide-ranging experience across all industries, with most of our team having worked in frontline operational roles. We have developed a globally consistent methodology, built around a series of value levers in areas such as production, procurement and customer supply, against which we can evaluate and challenge deal opportunities. Our experience and systematic approach mean that we can pinpoint opportunities that others may miss and quantify their financial potential, while working with what may well be limited access to information.

What it's like to work with us

We work as part of an integrated due diligence service that includes operations, finance, sales, HR and IT amongst others. Our combination of unrivalled industry experience and well-honed deal expertise means that we know what to look for in the target business and how the issues can be addressed. We won't waste your time with vague assessments and impractical objectives. Instead, we provide a tangible and actionable view of the potential value opportunity as well as the risks and then stand by you delivering it.

Creating value together – Case study

Understanding where value lies

A private equity firm wanted an expert assessment of whether the ice cream manufacturing business it was targeting was as operationally sound as the vendor asserted. We were able to put all aspects of the target's operations to the most rigorous possible test and come up with a definitive answer.

Assessing the quality and cost-efficiency of the target's operations was a key element of the deal evaluation, helping the firm to judge the potential value and determine the level of a possible bid. As a private label manufacturer, it was particularly important to assess whether the company was equipped with sufficient scale and flexibility to deal with multiple customers and keep pace with new flavours and other innovations in the market. As the business had been built up through multiple acquisitions across a number of countries, it was also important to make sure that operational standards were consistent across the company.

We evaluated all aspects of the company's sourcing, production, staff costs, distribution and service and then compared these against our experience of companies considered best in class. The results showed that the business possessed a generally lean and efficient operating model in line with the vendor's estimation. However, certain areas could have been improved and these formed part of a post-deal operational plan to create value.

Delivering value together

Working in close collaboration with the operations team of the private equity house, we agreed on how best we could support them. Bringing practical industry knowledge and insight meant we could quickly get up to speed and knew what to look for during the assessment. For example, we looked at the track record of profit growth in their acquisitions and could estimate a potential benefit of €10m if they acquired their nearest competitor. They could be confident in the overall results and had a clear view on what challenges lay ahead.

"We enjoyed working with the PwC team and they delivered. Their contribution to the deal evaluation was extremely valuable. Everyone was very proud of the results, including my colleagues."

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