



10x Foundations Diagnostic

See the Execution Risks Traditional Due
Diligence Misses.

Birch Strategic Services



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For Private Equity and VC firms acquiring SME and lower mid-market businesses (£5m–£14m turnover), traditional due diligence answers one question: What is this business worth today?

It does not answer the question that actually determines your return on investment: Can this operating model and this team execute our growth thesis?

The **10× Foundations Diagnostic** is a rapid, pre-acquisition assessment that looks beyond the data room. It measures the gap between the intended operating model (what the founders tell you) and the lived operating model (how the business actually functions). It surfaces the operational constraints, the leadership-employee disconnects, and the true capacity of the delivery engine before you commit capital.

The Blind Spot in M&A

Roughly half of all PE-backed companies fail to achieve their initial investment case within three years. The failure is rarely the financial model; it is almost always execution.

Traditional diligence relies on documentation and management presentations. It is structurally blind to:

- **The Leadership-Employee Disconnect:** Does the staff actually understand the strategy the C-suite is selling you?
- **The Illusion of Capacity:** Is revenue delivered through scalable processes, or held together by the heroic efforts of a few burnt-out individuals?
- **The "Grow as We Go" Trap:** What enabled the business to reach £5m is often exactly what will choke it at £15m. Have they outgrown their own operating model?

When these risks remain invisible, you overpay for unscalable assets and spend the first 18 months of your hold period fixing foundations instead of creating value.

What We Measure: The Three Pillars of Scale

10× Foundations Diagnostic assesses the business as a complete system, testing whether today's design can support 10× growth without fracturing.

- 1. Strategic Clarity.** We test whether there is a shared, actionable understanding of direction that genuinely guides day-to-day choices. We look for alignment on the Ideal Customer Profile, the core value proposition, and the boundaries of what the business will not do.
- 2. Financial Visibility for Growth.** We do not replicate financial diligence; we assess financial maturity. Does the leadership team truly understand margin by product? Do they use forward forecasting to make planned, rather than reactive, decisions?
- 3. Operational Capacity & Delivery.** We assess the five critical components of the delivery engine:
 - › **People & Role Clarity:** Is capability systemic or held in individuals' heads?
 - › **Decision & Accountability:** Where does authority sit? Is the founder a bottleneck?
 - › **Process & Ways of Working:** Does work flow smoothly or require constant manual fixes?
 - › **Systems & Technology:** Do tools enable scale or create friction?
 - › **Information & Visibility:** Can teams access the data they need to move fast?

How It Works

We do not just interview the CEO. We listen to the system.

- 1. Document Review:** We establish the baseline of what the business claims to be.
- 2. Dual-Perspective Surveys:** We anonymously survey both leadership and the wider staff to surface the perception gaps. (If leadership scores strategic clarity at 4.5 and staff score it at 2.1, you immediately know where the execution risk lies).
- 3. Structured Workshops & Interviews:** We facilitate targeted sessions to move beyond surface symptoms and identify the root causes of operational friction.
- 4. The Structural Maturity Profile:** We deliver a board-ready report detailing exactly what will break first when you attempt to scale, where the leadership team is blind to operational reality, and what foundational rebuilds must be factored into your 100-day plan.

The Outcome

Stop paying a premium for businesses that require a complete operational rebuild. Price the risk accurately. Avoid the "grow as we go" trap. Build 100-day plans that actually accelerate value creation.

Contact Birch Strategic Services today to discuss embedding the 10x Foundations Diagnostic into your next deal.

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