

# Value Creation in the First 100 Days

Evaluating administrative, core-focused, and innovation strategies for lower middle market software or tech-enabled services businesses





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# Exec Summary

- 1 The first 100 days following an acquisition or change in leadership are critical. Value creation plans during this time often take elements of three different approaches
- 2 **Establish the Foundation:** Avoid significant administrative changes until the value proposition is clearly defined. Standardizing processes and systems is difficult without a well-understood purpose.
- 3 **Improve the Core:** Most firms center their value creation initiatives around these activities. Frequently cited activities include:
  - Increased investigation in areas that were flagged in due diligence
  - Understand revenue pipeline from lead to close
  - Investigate patterns in customer churn
  - Evaluate market dynamics (if not in due diligence)
  - Evaluate opportunities for pricing improvements
  - Talent acquisition and performance management
- 4 **Thesis-Shifting innovation:** Firms under-invest in disruptive growth because of exit-driven incentives and the perceived difficulty to manage innovation. Explore processes to generate, review, and prioritize new ideas

“We hammer home the idea of a ‘fast start’ – we found that our companies that improve their enterprise value in the first 100 days **exit faster** and average **double the MOIC** of their slower starting peers.”

Commercial Lead, Middle Market Private Equity Firm

**Change is accepted** in the first 90 days – thereafter it becomes much harder.

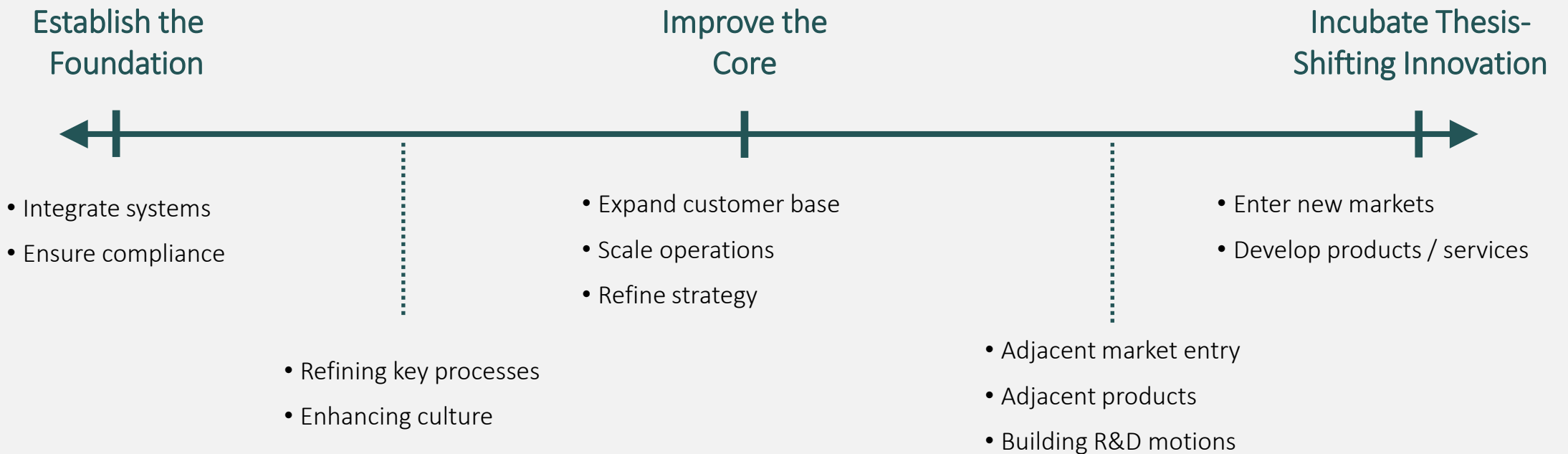
VP of Ops, Lower Middle Market Private Equity Firm



# Goal and Overview

Use this research and framework about the first 100 days of value creation to align management, deal teams, and operating partners on the type of projects to select

## Sample value creation activities, grouped by strategy



# Establish the Foundation

Provide stability, risk management, and proven methods of operating during a time of transition

## Common Scenarios

- Acquirer has proven playbooks that emphasize standardization
- A strategic or larger acquirer has signaled interest, but requires increased professionalization
- “Move fast and break things” doesn’t scale at company’s maturity
- Company is a platform with add-ons identified



### Management and Board

### Sales / Customer Success

### Marketing

### Product / Delivery

### Shared Services

## Common Activities

- Review legal and regulatory compliance
- Conduct risk assessment
- Establish clear communication channels

- Establish sales reporting processes
- Establish/improve CRM
- Evaluate sales/marketing motions

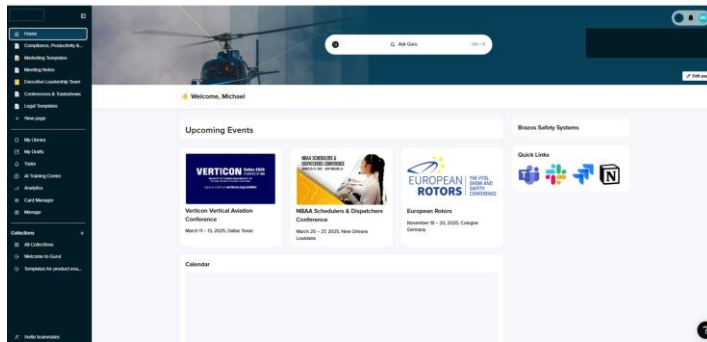
- Implement a rebrand
- Audit marketing performance
- Emphasize current marketing content

- Understand engineering and ops structures
- Prioritize tech debt and migrations
- Establish performance metrics

- Review HR policies and procedures
- Assess IT infrastructure and security
- Improve reporting processes

# Case Study: Establish the Foundation

A focus on new systems and processes during integration can level a team quickly, but potentially at the expense of culture



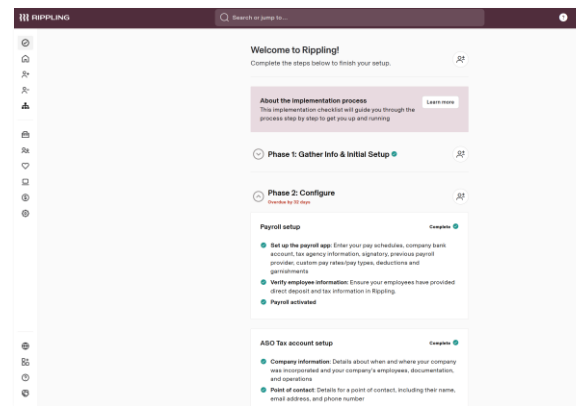
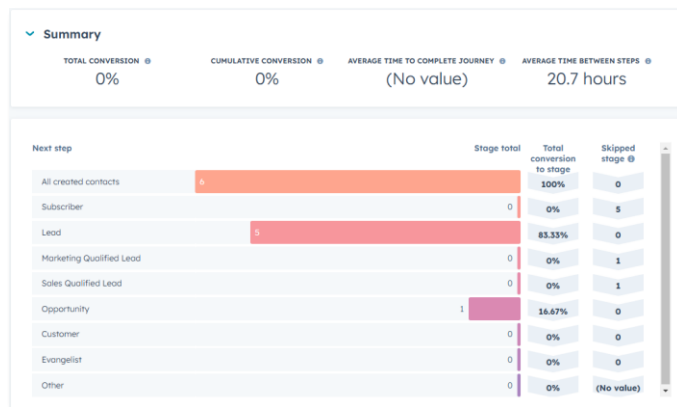
Running topics for quarterly Meeting

- Add segmentation confirmation or analysis to review
  - History v. feed wing
  - Defence focus

ExecComm Agenda

	Audience	Description	Participants	Sales Ops	ExecComm
1/29/25	HR (Hiring/Resourcing)	<ul style="list-style-type: none"> <li>Process Tracking</li> <li>Analysis (TW)</li> <li>Are we too</li> <li>Is there a fit</li> <li>Refining it</li> <li>Candidates</li> </ul>		Sales v- Marketing	Exec
	Upcoming Events (HCR)	<ul style="list-style-type: none"> <li>Running HCR and</li> <li>Strategic</li> </ul>			<ul style="list-style-type: none"> <li>New Business Brief (TN + DG)</li> <li>Account Management Brief (TN)</li> <li>Product Brief (TW)</li> <li>All outstanding topics</li> </ul>
	Pressing Ad Hoc Topics	Purpose	Why are we having the meeting (Agenda)	- Refine sales hygiene/tools	
	How do we get it	Process	How is it conducted		
	New product	Product	Outcomes	Varies	Varies
	None other	Meeting Owner	Creates socializes agenda; responsible for	M2	Propose to do a running Word
	JIT and has (S2) G	Comments			Private
	Cloud hour	Agenda Link		Sales Ops Agenda.docx	
10/28/24					

Refine recurring agenda items and approach to this meeting (M2)



## Overview

### Situation

A lower middle market sponsor building a platform identified the need for system and process standardization within the first 100 days of ownership

### Solution

**Implement new sales technology and processes** including CRM, lead gen workflow, and pipeline management  
**Professionalize finance** including banking, expense management, payroll, and accounts payable  
**Acquire new talent** by identifying and hiring heads of marketing and finance

**Improve intra company communication** through agenda and meeting improvements, role definition, and intranet

### Impact

After 100 days, company is positioned to grow inorganically. Moreover, sales rigor has been established and process inefficiencies have reduced

### Drawbacks

System and process changes generated unease for outcomes that weren't immediately appreciated

# Improve the Core Business

Drive sales improvements, identify opportunities for efficiency, and improve product/delivery

## Common Scenarios

- Business is operating well, but could use improvements in key areas
- Most 100 day plans heavily include these activities



### Management and Board

- Implement performance management systems
- Build/evaluate leadership team
- Evaluate/set strategy

### Sales / Customer Success

- Expand sales teams and territories
- Develop new sales channels
- Improve Sales/CS collaboration and selling

### Marketing

- Invest in additional marketing channels
- Build brand awareness
- Identify community or loyalty plays

### Product / Delivery

- Adjust product/service with eye to new markets
- Optimize delivery processes for scale
- Improve product reliability and quality

### Shared Services

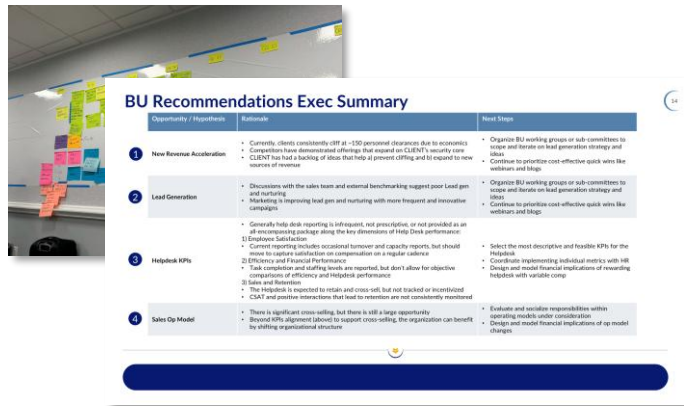
- Upgrade data infrastructure and analytics
- Implement talent management approaches
- Improve financial reporting processes

## Common Activities

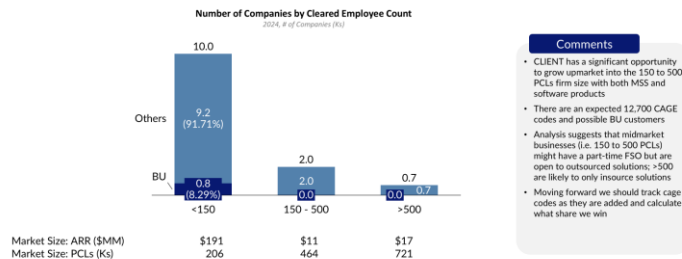


# Case Study: Improve the Core Business

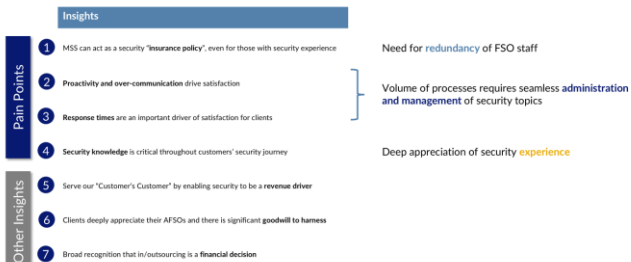
Identifying and enhancing core elements of the business's strategy often yields positive yet incremental results in short periods of time



CLIENT owns significant market share in a competitive market with opportunity to grow upmarket



There are eight key insights gleaned from conversations with current and former BU customers



The BU team has created a backlog of ideas to acquire/retain customers and these are early signs of the most impactful

Title	Category	Description
Webinar	Marketing	Do webinars on FOCL change conditions, DCSA assessments, etc. to improve lead generation and (maybe someday) individual training sessions for a fee
Fingerprints	Fingerprints	Change fingerprinting pricing for clients (no longer free) or non clients (increased price)
Ad hoc services/Consulting	New and Redesigned Offerings	Evaluate several different opportunities to expand and/or repackaging MSS service offerings
SecCon Data Services	New and Redesigned Offerings	Charge clients for importing and uploading documents at go-live and/or building self inspection workflows
Winback campaign	Marketing	Reconnect with customers who churned 3 months ago with new offerings that might meet new needs
Public Trust support and guidance per agency	New and Redesigned Offerings	Provide templates for non MSS clients to support public trust initiation
Discount for term lengths	Pricing	Offer discounts if customers are willing to commit to larger term lengths
Customer Feedback loop	Customer Feedback Loop	Implement tighter feedback loops from customers (current and prospective) including review solicitation, reputation management, monitor third party sites, promote testimonials, new product feedback, and NPS
PLG Through SecCon	Tech	Identify cross-sell opportunities in SecCon software e.g. when a key client looks at a certain report adjacent to MSP, we reach out
Recruiting	New and Redesigned Offerings	Offer recruiting and training services to recruit for/train AFSO for Industry (non clients or clients about to insure)

Draft opportunity sizing has been conducted for "New and Redesigned Offerings" and "Fingerprints" in the Benefits Assessment section

Sources: 1) Rankings are conducted using simple Impact and Effort scores (1 to 10) 2) Further analysis below

## Overview

### Situation

An incoming CEO of a lower middle market software and tech-enabled services business needed a deeper understanding of priorities

### Solution

Developed baseline competitive intelligence through competitor review, market maps, and market share analysis

Conducted interviews of churned customers to identify unaddressed customer needs and business unit gaps

Identify new revenue opportunities by canvassing employees and developing a pipeline of innovation ideas

### Impact

Through analysis and an ELT offsite, aligned team on a cross-organization roadmap of initiatives. Increase business units' revenue growth by 5% within 6 months

### Drawbacks

Exploration of several areas of the business didn't leave clear communication of organization's initiatives; difficult to continue innovation activities based on current priorities

# Thesis-Shifting Innovation

Incubate risky, innovative efforts even if they may be sharp pivots to current strategy

## Common Scenarios

- The industry is undergoing significant shifts
- Company is a market leader and can separate from competition
- Company's capabilities pair well with new markets



### Management and Board

### Sales / Customer Success

### Marketing

### Product / Delivery

### Shared Services

## Common Activities

- Create incentives that permit innovation
- Establish experimentation culture
- Create third party innovation partnerships
- Build leads with innovators in new markets
- Pitch prospective products for feedback
- Identify early adopters
- Monitor market trends routinely
- Create thought leadership in new areas
- Develop targeted campaigns for new offerings
- Build rapid prototyping/testing capability
- Need finding with cutting edge technologies
- Robust pipeline of R&D (failures + successes)
- Culture of learning and improvement
- Develop agile and flexible processes
- Additional data infrastructure investments

# Discussion: Thesis-Shifting Innovation

Many value creation projects deemphasize innovation because of perceived risk and limited reward. However, there may be ways of instilling innovation culture from Day 1

Sample Activities	Effort (h)	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11	W12	W13	W14
Market Analysis	40 – 80														
Innovation Capability Audit	20 – 40														
Strategy Definition / Refinement	20 – 60														
Initiative Identification, Screening, Prioritization	20 – 60														
Establish Recurring Innovation Process	10 – 30														
Innovation Talent Acquisition	5 – 60														
Culture, Org, Performance Changes	20 – 80														

**Illustrative**

## Comments

- Launching innovation and product capabilities can create “green chutes” that attract higher multiples at exit. Effective screening processes stage gate R&D investment
- This roadmap is meant to be one part of a larger integration plan
- Market analysis could be a part of a larger value creation initiative. At the very least, it should be shared throughout the organization
- “Innovation Leads” or other similar roles are often great fits for founders or prior owners/managers

# Mitigating Factors and Discussion

Scenario-specific factors might affect recommendations for how Sponsors and PortCos conduct their value creation initiatives

## Factor

What are notable successful and unsuccessful first 100 days?

How do value creation plans shift thematic approaches by  
Firm's current priorities?  
PortCo-specific challenges?  
Approach to actively managing PortCos?

What are the most frequent hindrances to successful value creation in the first 100 days?

For the first 100 days to be "successful" does approach or pace matter more?

How do you structure teams to ensure delivering a successful value creation plan?

## Insights

- "Pace is true for successful and unsuccessful 100 days; difference is how it's managed"
- Smaller companies require more foundation-setting
- Vista & Thoma require standardization; 100 page playbook
- PortCo's key challenges dictate agenda
- "[Our] current model breaks down as we scale."
- "Need a software tool to keep people on track – Monday.com type"
- "Time kills ideas, change acceptance and returns."
- "Approach. Pace can be nervous energy. Sustainable change requires thought and buy-in."
- "Operating partner drives, pulling SMEs in as necessary"
- "Board members haven't been able to drive effective growth"
- IMO is the quarterback to keep operating partners on track.

# Thank You

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