PE Operational Value Creation Diagnostic

A practical diligence-to-100-day decision framework | JGSmith.com

How to use this diagnostic

Designed for PE deal teams, operating partners, portfolio CEOs and transaction advisors. Complete an initial 30- to 45-minute assessment using available diligence materials and management interviews. Rate each dimension 0-4, note the evidence, then select the highest-impact actions. This is a decision-support tool, not an audit or valuation opinion.

Scoring rubric

Score	Evidence standard
0 - Unknown	No reliable data or accountable owner
1 - Reactive	Material gaps; issues managed ad hoc
2 - Developing	Basic process and metrics exist; inconsistent execution
3 - Managed	Clear owners, repeatable controls, tracked KPIs
4 - Proven	Validated performance, reliable controls, sustained outcomes

Transaction snapshot

Field	Enter details
Company / sector	_____
Transaction stage	Pre-LOI / Diligence / Day 1 / First 100 days / Exit
Revenue / EBITDA baseline	_____
Sponsor / assessment owner	_____
Assessment date	_____

Use verified baseline periods and distinguish management estimates from finance-validated figures.

Operational value creation scorecard

Rate each dimension 0-4. Enter a short evidence note or data source. Maximum total: 40 points.

Dimension	What to test	Score 0-4
Demand & service	Forecast bias; OTIF/fill rate; backlog; customer concentration	___
Inventory & cash	Excess/obsolete; turns; policy; working-capital release	___
Manufacturing & capacity	OEE; bottlenecks; yield; labor; capex constraints	___
Procurement & suppliers	Spend coverage; contracts; dual-source risk; realized savings	___
Logistics & network	Freight cost; warehouse utilization; service/cost-to-serve	___
Systems & data	ERP reliability; master data; reporting; integration debt	___
Leadership & governance	Decision rights; operating cadence; accountability	___
M&A / separation readiness	Day-1 controls; TSAs; integration dependencies; synergy owners	___
Commercial execution	Pricing discipline; customer retention; SKU profitability	___
Financial benefit controls	Baseline, benefit waterfall, Finance sign-off, sustainability	___

Interpretation (screening guide, not an empirical benchmark)

Total	Suggested response
0-15 / 40	Urgent diagnostic: confirm data integrity and stabilize critical controls
16-25 / 40	Targeted 100-day recovery plan with executive owners
26-33 / 40	Prioritize selective value creation and integration execution
34-40 / 40	Validate upside and protect performance through exit readiness

Unknown scores should be investigated before making investment decisions. A high aggregate score does not offset a critical compliance, safety or liquidity exposure.

Value creation opportunity register

Opportunity	Baseline / evidence	Value hypothesis	Owner / timing
Inventory release	_____	_____	_____
Sourcing savings	_____	_____	_____
Freight / network	_____	_____	_____
Throughput / labor	_____	_____	_____
Service / revenue protection	_____	_____	_____

Separate three benefit states

• **Modeled:** scenario-based potential, assumptions documented.

• **Implemented:** actions completed and operational controls established.

• **Realized / sustained:** Finance reconciles P&L or cash effect and checks persistence.

Critical diligence questions

• What is the largest EBITDA or cash improvement that can be achieved without impairing service?

• Which synergy assumptions depend on systems, facilities, talent or supplier changes?

• What must be true by Day 1, Day 30 and Day 100?

• Where could quality, compliance, labor, customer concentration or TSA dependencies derail the thesis?

• Who owns each benefit, and how will Finance validate it?

100-day action planner

Period	Decision / deliverable	Owner / KPI
Days 1-15	Confirm baseline, critical risks, owners and operating cadence	_____
Days 16-30	Approve value levers; prioritize quick wins and dependencies	_____
Days 31-60	Execute pilots / sourcing / process changes; validate benefits	_____
Days 61-100	Scale proven changes; install dashboard and sustainment checks	_____

Investment committee / operating partner readout

Decision field	Working conclusion
Top 3 operational risks	_____
Top 3 value creation levers	_____
30-day evidence requests	_____
Go / no-go / conditional actions	_____
Next executive review date	_____

Discuss the findings

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leted Assessment

PE Operational Value Creation Diagnostic

Complete the contact fields below and save this PDF before returning it.
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Full name

Business email

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Area of interest

Return the completed assessment

Email: gsmith@jgsmith.com

202-255-1440 (C) | 302-212-4300 (O)

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