

# INSIGHT2PROFIT Q&A: Continuous improvement in an uncertain market

*INSIGHT2PROFIT is the go-to partner for private equity firms and investment banks. From due diligence to portfolio value creation to exit strategy, we bring our pricing expertise, data analytics and proprietary technology to create competitive advantages and margin improvement throughout the investment lifecycle.*

**Given the broader macroeconomic environment and occasional market jitters, what is your broad take on the sentiment of the companies you work with? Are businesses battenning down hatches or are they more optimistic?**

Right now, if you asked 10 businesses their views of 2020, you may get 10 different answers. With tariffs, Brexit, US elections, labor signals, manufacturing production, etc., sentiment is hard to read. While there are clearly real factors at play, the companies with which we work are focusing on their fundamentals: creating customer value, removing inefficiencies from their processes and more clearly aligning customer incentives to the right behaviors. Leaders are hungry for quality information on the health of their businesses, so they don't make decisions with bad or incomplete data.

**Let's turn to PE firms. As you engage with PE portfolio companies or get contracted by PE firms as part of a transaction, what is general PE sentiment in the market?**

With dry powder growing and deal flow slowing, competition for deals is at an all-time high, causing multiples to continue to rise. We are seeing many PE firms shifting to be more operational in their approaches to generating value in their businesses. This includes evaluating pricing, customer profitability, cross-selling, product profitability, inventory management and more. We provide our clients throughout the PE space with profit optimization—supporting firms in their buy-side evaluations via our Quality of Pricing (QoP®) due-diligence offering and assisting sponsor-backed businesses as the teams work their value creation and improvement plans.



**Terry Oblander**

Chief Growth Officer  
INSIGHT2PROFIT

*With over 15 years of experience working with senior executives, he is passionate about helping businesses run better and unlocking hidden profit opportunities. Terry has deep experience with PE firms and their portfolio companies to improve both top-line and bottom-line performance.*

**As of late, has there been any material shift in the types of services or the priorities of PE firms that you work with, as well as their portfolio companies? It seems there is a burgeoning number of PE firms utilizing third-party service providers such as INSIGHT2PROFIT. Any broader thoughts around that?**

We are seeing more PE firms prioritizing initiatives that have clear paths to continuous improvement rather than a one-time impact. Continuous improvement ensures that core competencies are being built to provide advancements and improvements to our clients' businesses to drive ongoing profit growth. Too often our past experiences with consulting firms can be described as: "They were really smart, gave us a nice PowerPoint, but when they left, so did the energy and impact." We think continuous improvement is a healthy trend, and third-party service providers will need to be more implementation-focused and offer technology solutions to augment their existing playbook.

**Could you walk us through some recent or in-progress examples of how you are working with a PE portfolio company in order to improve its performance? Especially given the broader economic and market climate, feel free to go into detail regarding whether PE firms and their portfolio companies are focusing more intently on how robust their metrics are given any detrimental impacts.**

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In 2018, at the recommendation of its financial sponsor, we were asked to evaluate the pricing maturity of a global medical device manufacturer. After a quick evaluation of its market, pricing performance, value drivers, systems and processes, we recommended that the company needed to quickly execute a price change in order to maintain profitability. For years, the manufacturer absorbed cost increases without passing along these increases to customers. The INSIGHT2PROFIT team built and implemented a dynamic pricing engine that took into consideration customer, product, order and performance metrics to calculate a target price. We worked hand-in-hand with the client team to review price recommendations and build communication plans. A good deal of change management needed to be done, as the sales team was skeptical about implementing a price increase in the medical space given the pressures on cost management. The business executed the price changes flawlessly and saw a transformational increase to EBITDA. We are still actively engaged with this client with a quoting tool that is embedded in its sales process, and we are leading a transformation of the company’s inventory replenishment systems in order to ensure appropriate working capital to sustain their growth trajectory.

**Within B2B, how does your approach vary across segments such as manufacturing and logistics, especially in the current market environment?**

Every business is different, and you must take the time to get to know what makes each company special and how it wins in its marketplace. Our discovery process enables us to go into great depth, quantitatively leveraging our profit-optimization solutions to identify gaps while partnering with leadership to understand qualitatively the intangibles that make changes possible. While there are clearly themes that we see in different segments with regards to opportunities, the real value is created by tailoring a solution to each customer in order to help them realize their competitive advantages.

**Please feel free to expand on any of the topics raised above or address any that have not yet been broached.**

We see PE firms accelerating their buy-side diligence for attractive targets by maximizing the data room to evaluate businesses and demonstrating their interest and certainty of close to the seller. INSIGHT’s QoP<sup>®</sup> services leverage our proprietary analytics platform and strategic pricing expertise to provide clarity on commercial opportunities and risks to improve EBITDA. Further, on the sell-side, PE-sponsored portfolio companies are preparing for exit earlier in the hold cycle. As such, they are bringing in advisors like INSIGHT well in advance of the sale to drive EBITDA growth for enterprise value creation and lay out a roadmap of future opportunities for the next buyer to realize post-acquisition.



**QUALITY OF PRICING<sup>SM</sup> THE SPEED TO CLARITY YOU NEED DURING DUE DILIGENCE.**

Get a deeper understanding of what’s driving growth – and why – with Quality of Pricing (QoP<sup>®</sup>) from INSIGHT2PROFIT. In as little as two weeks, QoP can reveal margin improvement opportunities and risks, as well as an actionable roadmap, delivering the confidence you seek. Post-close, our expert team will partner with you to help you execute the plan for continuous improvement and long-term financial impact.

[Learn more at INSIGHT2PROFIT.COM](https://www.insight2profit.com)