



Profitability levers

A rapid diagnostic opportunity for portfolio companies



KPMG offers a diagnostic to help portfolio companies quickly identify near-term EBITDA or cash-generation improvement strategies through a rapid, integrated assessment of potentially untapped profitability levers.

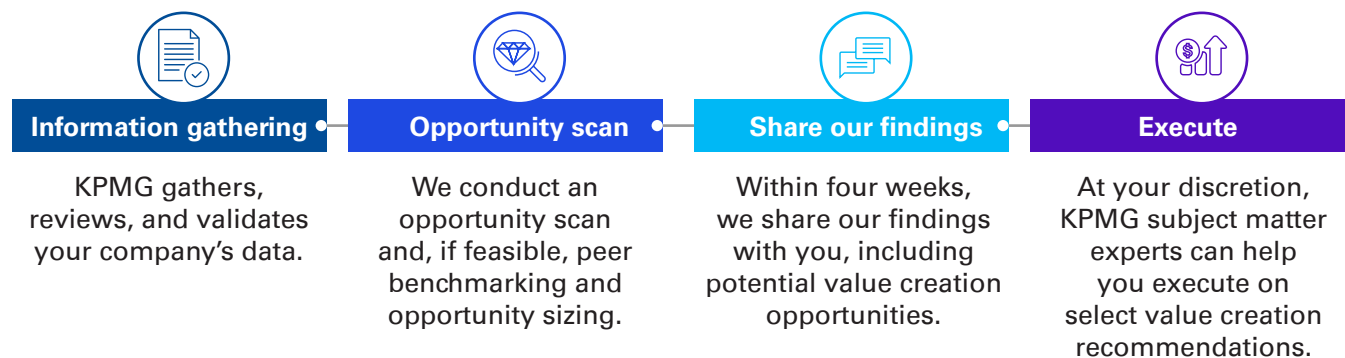
Our approach

Through our diagnostic exercise, we identify and analyze growth, efficiencies, and risk mitigation opportunities across multiple areas of an enterprise and recommend targeted actions for EBITDA and cash-generation improvements.

The diagnostic is conducted by KPMG experts who have deep industry knowledge in the areas of manufacturing efficiency and effectiveness, supply chain and procurement, and engineering, among others. At your discretion, we can also guide you through the execution of potential opportunities that have been identified.

Our hypothesis-based approach combines subject-matter experts with best-in-class data analytics. We identify levers across the value chain, including:

- Commercial (e.g., pricing, discounting, and rebate management, cross-sell, whitespace)
- Operational (e.g., 4-wall efficiency, logistics and distribution, procurement, working capital, Capex)
- Sales, general, and administrative (e.g., organizational efficiency, spans and layers, outsourcing vs. insourcing, third party spend management)



Deliverables from the profitability levers diagnostic include:

- Key observations and challenges identified during the rapid assessment
- Perspective on current state maturity versus leading practices
- High-level quantification of potential value creation opportunities
- Prioritized list of initiatives and preliminary roadmap
- Considerations and next steps

Select KPMG engagement outcomes



Industrial manufacturing: Performed transformation program worth \$20M in incremental EBITDA for a glass manufacturing portfolio company



Rental business models: Identified \$40M of year 1 actionable EBITDA improvement opportunities for an industrial equipment rental business, with additional \$10M upside beyond year 1



Logistics: Identified \$18–29M in synergies for integration of two \$300m+ chemicals logistics companies



Business services: Identified \$30–40M operational and commercial value creation opportunities for a company in industrial temporary staffing space



Distribution: Led synergy assessment and identified \$250M+ synergies for integration of two \$8B+ publicly traded industrial distribution companies



Construction and building materials: Identified up to \$300M of market opportunity and created tools that improve management revenue forecasting for a building materials manufacturing company



Packaging: \$13M of incremental EBITDA improvement opportunities identified for a blown and cast specialty film manufacturer

Case study: White space growth strategy



The challenge

In advance of a public offering, our client needed to improve forecasting of both sell-to and sell-through revenue as well as demonstrate strong growth in subsequent periods. Among the challenges, the client recently experienced subpar revenue growth and operated within a complex distribution environment that created internal data reporting challenges.



What KPMG did

Our client was interested in accelerating growth and more accurately forecasting both short- and long- term revenue growth. To meet this objective:

- KPMG identified a \$300M market opportunity based on advanced market modeling and customer performance analytics, providing tangible lists of priority sales targets.
- We also sized the market, applied advanced statistical techniques, and developed multiple workbooks and models that demonstrated improved forecasting accuracy both monthly and annually.



Results

- \$300M of market opportunity was quantified via tangible lists of specific dealers and distributors, which were provided to sales and business development teams to target efforts and drive higher returns/growth.
- Short-term (quarterly) sales forecasting model improved forecast accuracy from a 6.7 percent variance to a 2.2 percent variance.
- Client is utilizing bottom-up market sizing and annual forecasting workbook in their ongoing revenue forecasting process.
- Key historical drivers of growth and success were identified in order to apply lessons learned to future decision-making and strategy.

Contact us

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