

## WHERE'S MY MOIC?

### Organizational and People Impediments

Investment theses rarely fail at inception. The financial models, market analyses, and growth projections typically reflect sound logic during the diligence process and a clear path to achieve the target Multiple on Invested Capital (MOIC). The execution gap emerges post-transaction, in the transition from theory and planning to implementation.

For PE sponsors, *the* priority for a newly acquired portfolio company is bridging the gap between the firm's investment thesis and the operational realities of the organization. Having the right people in the right roles within an effective organizational structure can help achieve value creation targets and in many cases, also address operational challenges.



## Disentangling People, Process, and Technology

When portfolio companies underperform, distinguishing between people-driven issues and systemic problems is critical yet challenging. Talented individuals may appear ineffective because they are hampered by broken processes, inadequate technology, or lack of direction.

Key questions sponsors should ask themselves include:

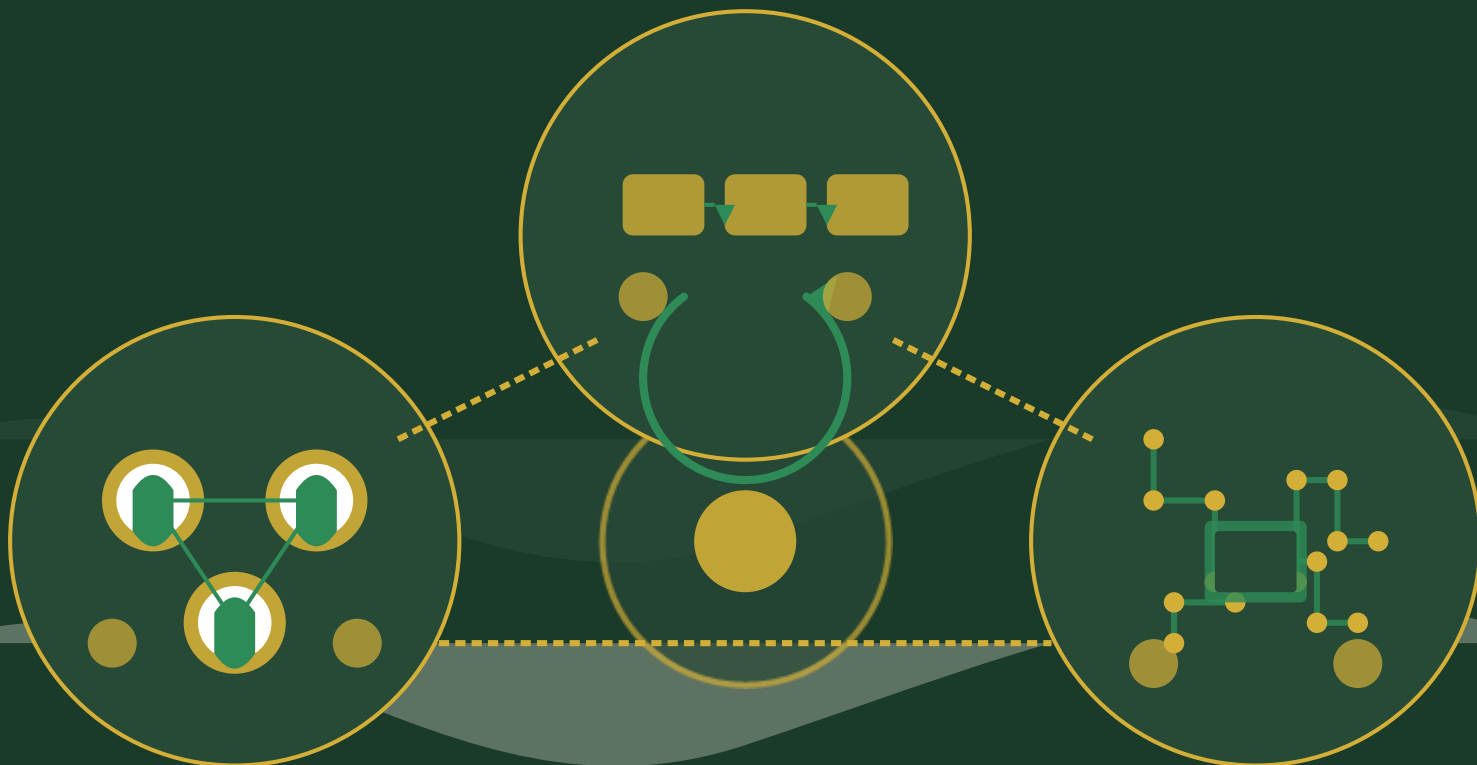
Are performance shortfalls consistent across teams or concentrated in specific functions?

Do high performers hired from outside struggle after joining the organization?

Are employees exhibiting resistance to change or lacking the tools to implement it?

Are employees prioritizing and focusing on the highest value activities?

Are incentive programs aligned with value creation targets?



# Beyond Simple Cost-Cutting: A Strategic Framework

## WHAT WE HEAR FROM SPONSORS

## POSSIBLE PEOPLE OR ORGANIZATIONAL CULPRITS

**Financial reporting is limited and lacks insights**

- The right skill sets and tools do not exist within finance
- Too much time is spent on manual data manipulation and aggregation, leaving little time for analysis
- Information that leadership receives is disconnected from the scope and decisions for which they are accountable

**Revenues are below forecast**

- Performance management KPIs are undefined
- The organizational structure is not optimized to deliver
- Key revenue drivers are not clearly identified or understood; there is a lack of driver-based forecasting

**Leadership cannot explain the root cause of poor performance**

- Silos (both people and data) within the organization impede clear answers
- Limited transparency into drivers of business
- Information is not timely, relevant, easily accessible, or action-oriented to support decisions or influence outcomes

**Strategic initiatives are taking too long; status is unclear**

- Limited feedback loops supporting information sharing across functions and within teams
- Incentives are not aligned; metrics to hold teams accountable are not in place
- Wrong mix of skill sets and team members involved

**Leadership is not aligned on strategic priorities**

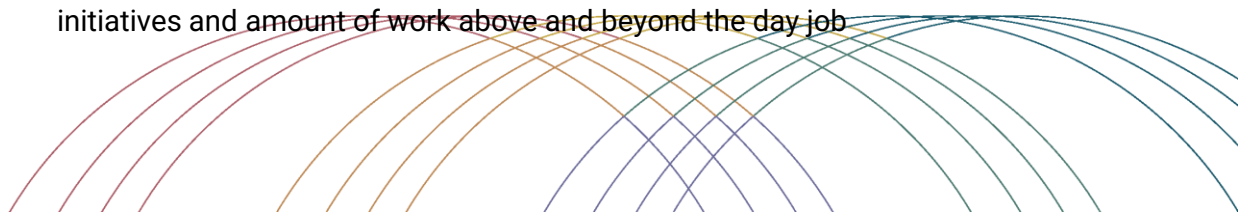
- Disconnect and communication gaps between executive management and field leadership teams
- Ineffective communication between management team and key stakeholders (e.g., board, investors, sponsors)
- Feedback loops to surface information to executives are limited

**Costs for back-office functions are above industry standards**

- People/teams are in high-cost regions
- People/teams are spending an outsized portion of their time on low-value activities
- Problems are solved by adding headcount rather than addressing process inefficiencies or leveraging technology

**The organization is struggling with adoption and change**

- Employees lack visibility into why change is needed or “what’s in it for me”
- Communications are non-existent or untimely
- Teams are suffering from change fatigue due to the number of strategic initiatives and amount of work above and beyond the day job



## Assessing the Finance Function

An assessment of the finance function's operating model is the first step to achieve an efficient and effective finance organization. The assessment should include a thorough evaluation of the organization's current capabilities, including identifying skill gaps, assessing leadership effectiveness, and understanding barriers to performance.

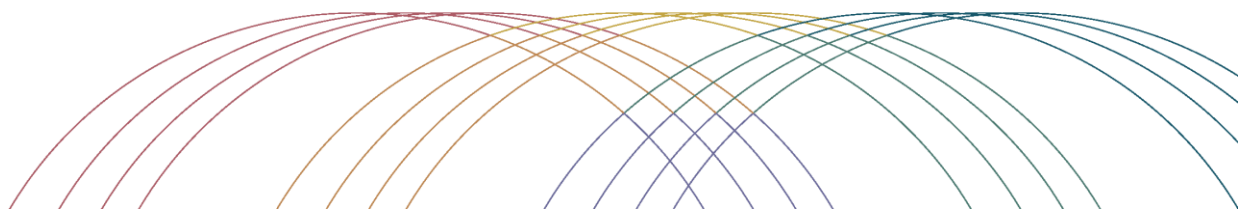
Targeted external support offers a unique perspective and objectivity and can be instrumental in developing an objective assessment of the finance organization.

- **Cross-Functional Perspective:** External advisors operate across structures that historically reinforce functional boundaries
- **Data-Driven Objectivity:** Evaluates performance through an objective lens, leveraging data analysis and factual insights focused on value creation
- **External Perspective:** Leverage experience to provide a new point of view and help avoid blind spots that arise from decision making based solely on institutional knowledge

## The People – MOIC Bridge

The most effective assessments combine quantitative metrics with qualitative insights from across the organization, creating a comprehensive view of organizational health. Further, the assessment should zero-in on the finance organization's ability to serve as a strategic partner to the broader organization as well as an enabler of growth. In other words, can the finance organization – including its people – support the broader organization in achieving the desired MOIC?

Just as CFOs develop Cash-to-EBITDA bridges to track financial performance, assessments of the finance function should incorporate frameworks for measuring how people initiatives directly impact MOIC. This "People-to-MOIC Bridge" quantifies the financial impact of organizational improvements through metrics such as cost of finance per employee, ; potential productivity gains from organizational restructuring; and expected cost reductions from improved spans and layers.



## Implementation of Solutions

The purpose of the assessment is to identify critical challenges and solutions to strengthen the finance organization and bolster its ability to serve the objectives of the sponsor. External advisors can also be supportive of implementation efforts to ensure accountability and speed.

Ensure that transformation programs are set up for success with some key steps:

- **Establish success metrics:** Tie program KPIs directly to MOIC impact and overarching sponsor goals
- **Design discrete, time-bound initiatives rather than an open-ended program:** Clearly outline and align on milestones and key deadlines
- **Develop program governance:** Develop a structure with roles and responsibilities, clear decision rights, escalation pathways, and accountability mechanisms to govern the transformation
- **Focus on enablement:** Position external support as enhancing or upskilling the team's capabilities rather than replacing them
- **Emphasize quick wins:** Intentionally sequence initiatives to deliver visible results within the first 60-90 days to build credibility and demonstrate value, creating positive momentum for deeper structural

## Finance Organization Imperatives

The finance organization can be assessed and improved at any stage, though organizational priorities may shift depending on how long the sponsors have held the company.

### FOCUS AREAS ACROSS THE INVESTMENT LIFECYCLE

Early Hold Period (Years 1-2)	Mid-Hold Period (Years 3-4)	Late Hold Period (Years 5+)
Establishing the right leadership team and determining whether existing leaders can execute the value creation plan	Scaling the organization efficiently, developing bench strength, and refining incentive structures	Focusing on demonstrating organizational scalability, leadership depth, and sustainable performance
Building the right organizational structure	Implementing talent development programs and succession planning for key roles	Documenting organizational capabilities and demonstrating talent retention success
Fostering a performance culture and implement rigorous performance management systems	Enhancing cross-functional collaboration	Articulating how human capital initiatives have directly contributed to value creation

## The Ankura Advantage | Case Studies

### ENABLING FINANCE & ACCOUNTING TO SCALE FOR GROWTH

A PE owned single family rental (SFR) company grew rapidly, tripling the size of its portfolio in about a year. The company struggled with an inefficient organizational structure that inhibited communication between departments and up to leadership. In addition, amidst a large transformation to enable scalability, compliance issues were identified and became public, posing a significant risk to customer and investor confidence.

The company retained our team to assess and improve the organization's risk universe, remediate compliance issues, establish a proper governance structure to facilitate change, and design a future state operating model to enable the finance and accounting functions to scale for growth.

Our diagnostic revealed that while the company had been hiring aggressively, it had failed to establish a performance-driven culture with appropriate accountability mechanisms. Employees had the technical capabilities needed but lacked clarity about expectations and how their roles contributed to value creation. Furthermore, the siloed organizational structure prevented the cross-functional collaboration essential for addressing compliance issues.

We implemented a comprehensive transformation program that began with redesigning the organizational structure to eliminate silos and establish clear lines of accountability. Members of our team served in interim roles including VP of Internal Audit and Chief Accounting Officer, bringing credibility and stability to support the functions as they scaled. Our team also advised on key process redesigns and established company-wide compliance programs to improve accountability and transparency.

As a result, the company experienced improved partnership across finance, accounting, and operations, increased rigor in data and reporting, and a stabilized risk universe. The company was able to engage in a public securitization process, allowing the PE sponsors to realize MOIC potential.

### UPSKILLING A FINANCE ORG PRE-IPO

A global hospitality company sought a return to public markets following a leveraged private equity buy-out and a cross-country headquarter relocation. However, the company's finance and accounting functions lacked clarity in roles and responsibilities as well as the appropriate skill sets to support public company operations. These shortcomings necessitated a reorganization of people and processes before the company would be IPO-ready.

Our assessment revealed that the underlying issue wasn't simply skill gaps, but rather a culture resistant to the discipline required for public company reporting. The organization had talented individuals who were misaligned to roles and operating in an environment that didn't support continuous improvement or accountability. Further, relocation had disrupted institutional knowledge transfer, while the absence of documented processes created inconsistent performance across teams.

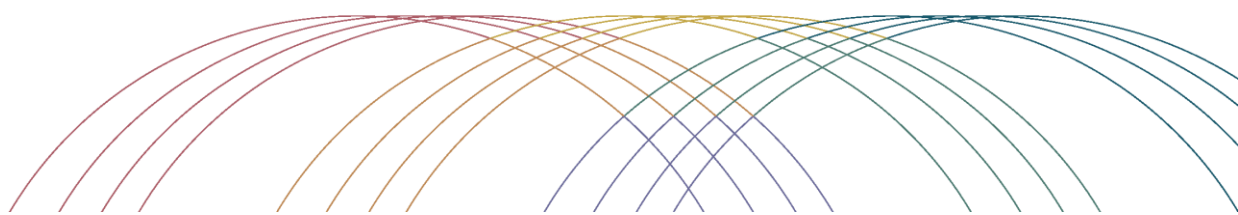
We implemented a cultural transformation program alongside the technical preparations for IPO, fostering an environment where rigorous financial controls and process discipline became core values. This included establishing a "curiosity council" where team members regularly evaluated processes for improvement opportunities and created communities of practice to accelerate knowledge sharing.

The company looked to our team to take on Chief Accounting Officer and Chief of Staff roles on an interim basis while the finance and accounting functions prepared for IPO and instituted accounting policies and governance to support public company requirements. They further engaged our team to fill interim FP&A roles to develop a long-range plan and design a future state operating model for the finance function. While supporting IPO preparations, we integrated and onboarded over 40 new team members and implemented communication protocols to enhance collaboration, awareness, and team cohesion, leaving footprints in the sand to support the team's future success.

## How Ankura Office of the CFO® Supports Clients

Ankura Office of the CFO® brings together seasoned financial and operational leaders who have sat in the CFO's chair and understand the complex challenges of delivering on behalf of PE sponsors. We help portfolio companies bridge the gap between investment thesis and operational reality through targeted interventions that drive measurable results. Our approach emphasizes knowledge transfer, capability building, and ensures sustainable performance improvement long after our engagement concludes.

Org Structure & Talent	<b>Org Design (incl. SSC, BPO)</b>	Design future state org structure with defined spans & layers, implement service delivery strategy, and develop monitoring capabilities.
	<b>Interim Management</b>	Serve in Finance leadership roles and support transformation, transition, hiring, and training.
	<b>Job Descriptions, Roles &amp; Responsibilities, Training</b>	Draft job descriptions, build responsibility assignment matrices, create training materials and facilitate knowledge transfer.
Reporting & Governance	<b>Benchmarking, Cost to Serve</b>	Identify and analyze key benchmarks and implement performance improvement plans.
	<b>Delegation of Authority (DoA), Decision Rights</b>	Analyze, align, and implement DoA and governance models.
	<b>Headcount Analytics, Dashboarding</b>	Develop analytics and dashboards that are integrated with financial actuals and forecast.
Delivery Excellence	<b>Process Ownership</b>	Define process ownership, align underlying activities to requirements, establish process taxonomies, and identify cross-functional interdependencies.
	<b>Tools &amp; Automation</b>	Develop tools and automate manual processes to drive efficiencies across Finance. Enable greater focus on higher value-add activity with technology.
	<b>Transaction Management</b>	Manage complex business integrations (or spinoffs) resulting from M&A or consolidations. Support org and talent strategy through transaction lifecycle.





## How Ankura Office of the CFO® Supports Clients

Our practice is distinguished by its implementation focus – we measure our success not by the quality of our recommendations, but by the tangible value we help create. We engage as true partners, aligning our incentives with your outcomes and adapting our approach to your unique organizational context. The MOIC clock is ticking. You want Execution Certainty™. Let's deliver together, with confidence.



**ELLIOT FUHR**

**Leader of Innovation**

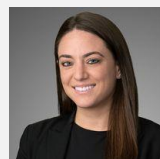
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