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OFFICE OF THE CFO

Where's My MOIC?

The Value Creation Officer

Amidst private equity's shifting paradigms, success increasingly relies upon unwavering focus and relentless execution against identified value creation levers. Historical value levers like organizational optimization and redesign, footprint and network rationalization, and performance and process improvement, remain necessary arrows in the quiver; but there is a larger opportunity for private equity sponsors to unlock even more value by modernizing the organizational constructs used to pursue value creation at speed.

Most recently, the rise of the Transformation Management Office (TMO) and the appointment of a designated TMO Leader advanced portfolio companies' pursuit of value creation. But even this model has its limitations and can sometimes fail to deliver Multiple on Invested Capital (MOIC) in line with sponsor expectations. While sources suggest that transformations have failure rates exceeding 70%[1], the TMO remains the most prevalent construct for delivering value across business and functional lines.

Reflecting on the successes and shortcomings of the Transformation Management Office, we suggest that there may be a better way. In fact, historical performance creates a compelling case for a dedicated Value Creation Officer (VCO) within a portfolio company's leadership levels.

[1] Kotter, J.P. (1996). Leading Change. Boston: Harvard Business School Press

Structure Dictates Function

As true in business as it is in science, structure dictates function. While Transformation Management Offices are defined to unlock value through combinations of growth strategies, working capital improvement, cost reduction and avoidance, and digital modernization, application of TMOs in private equity environments has its limitations. A modified approach adapted to the needs of portfolio companies may help companies reach their full potential more quickly.

From a structural perspective, TMOs often operate programmatically, addressing an identified set of initiatives on an agreed upon workplan. For some organizations, this level of structure, rigor, and sequencing is necessary and beneficial. However, whereas TMOs often evolve into a supercharged execution engine, the private equity landscape increasingly demands a more adaptive model that allows for greater agility and a maniacal focus on MOIC.

Second, TMO leadership roles often experience varying levels of support and conviction from their C-Suite colleagues. While transformation requires close alignment with CFO and COO agendas in particular, neither the CFO nor COO is uniquely focused on value creation as its singular priority; both may have interests that compete or conflict with transformation priorities.

Role	Primary Focus	Value Creation Limitations
CFO	Financial performance, capital allocation, investor relations	Limited operational implementation expertise; focus on measuring versus creating value
COO	Day-to-day operational excellence, process efficiency	May lack strategic perspective on competitive advantage; limited cross-functional authority

With this, transformation priorities may be incongruent with other C-Suite priorities. TMO leaders invest significant effort and play a substantial role in navigating organizational gridlock, aligning competing interests, and securing commitments for change – all necessary activities, but more prevalent and time-consuming in some companies than others.

The Value Creation Officer, by contrast, provides an alternative solution that complements CFO and COO agendas while concurrently focusing an organization on its highest value opportunities. It comes with a mandate that emphasizes value creation first, as well as strong conviction for navigating organizational constraints and overcoming potential barriers to value creation. It is uniquely positioned to accelerate value and deliver on a sponsor's MOIC expectations.

The Value Creation Officer

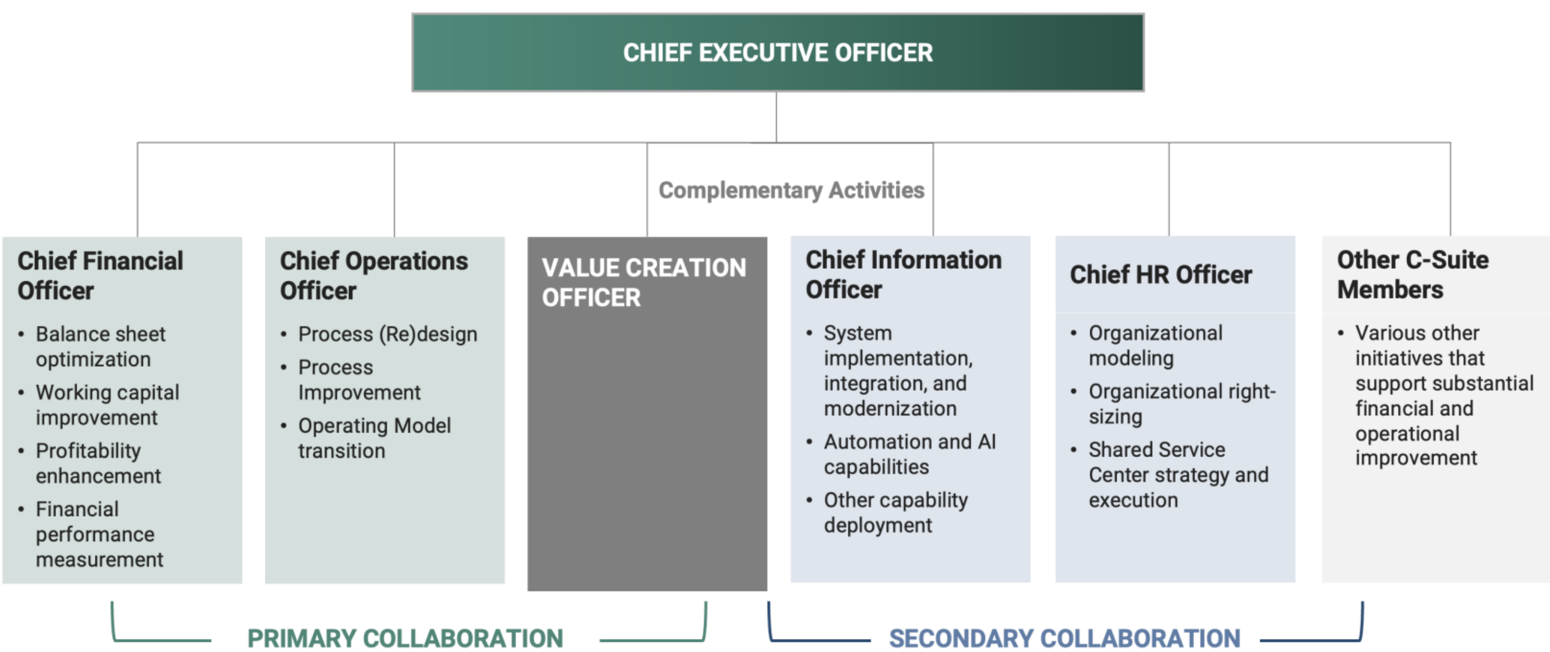
Defined correctly, the Value Creation Officer resembles an experienced operator with a singular focus on value realization. Unlike traditional transformation roles that emphasize process coordination and execution, the VCO operates as the primary architect of value creation with direct accountability for MOIC improvement. It complements the CFO and COO agendas by delivering material financial and operational improvements while also mitigating structural gaps in C-Suite accountability by providing dedicated leadership for systematic value realization. Whereas the CFO and COO operate their respective functions, the VCO enables both to accelerate change.

Several defining characteristics distinguish the Value Creation Officer from its predecessor roles:

- Primary focus on value creation and frequent (re)calibration toward a company's highest potential opportunities (as measured by MOIC)
- Board and CEO-level sponsorship provides sufficient support to quickly cut through red tape and navigate organizational resistance
- Close partnership and complementary support for other C-Suite members
- Elevated expectations of disruption and change tolerance are known and accepted
- Decision-making authority enabled by P&L responsibility and direct reports and/or ability to create functions as needed

Common C-Suite interactions and complementary activities of the VCO are shown below:

VCO Image – C-Suite Interaction



Ongoing Value Realization with Future-Focused Transformation

With a clear mandate to deliver immediate impact, the Value Creation Officer is also responsible for reimagining historical ways of working and introducing new technological advancements. None of these is more important in today's dynamic environment than artificial intelligence. AI holds the promise of automating and simplifying complex workflows, generating internal and external insights, identifying competitive or market opportunities, and fundamentally reinventing how we work. It needs to be a crucible capability both in theory and in practice of the Value Creation Officer.

AI transformation requires sophisticated management that combines technical implementation expertise with business model innovation and organizational change management. The VCO will possess essential capabilities for technical value realization, cross-functional coordination, and systematic performance measurement linking technology implementations to business value creation.

Additionally, the VCO is someone who thinks big and actively pursues transformative AI use cases. According to a 2025 study from the Massachusetts Institute of Technology,[2] 95% of AI pilots fail in part because they "lean on generic tools… [and] are stuck in high-adoption, low-transformation mode." Those that are successful, the article argues, are designed for friction and are embedded into high-value workflows. The Value Creation Officer is perfectly positioned to drive this change.

[2] Snyder, J. (2025, August 26). "MIT Finds 95% of GenAI Pilots Fail Because Companies Avoid Friction." Massachusetts Institute of Technology. https://www.forbes.com/sites/jasonsnyder/2025/08/26/mit-finds-95-of-genai-pilots-fail-because-companies-avoid-friction/

Core VCO Functions

While VCO functions should be adapted to the specific needs of each individual company, most companies share at least some common needs. These can be used as a starting point when defining the VCO role:

Value Opportunity Identification and Quantification

Assess value creation potential across business dimensions

Utilize AI-driven analytics to identify new or emerging value opportunities

Quantify MOIC impact for all value creation initiatives

Value Capture Architecture

Design and implement value realization mechanisms

Prioritize, calibrate, and recalibrate opportunities within a dynamic roadmap

Assign top-down ownership and mandates for selected value creation opportunities

Coordinate across business and functional lines to ensure operational changes translate to anticipated financial improvements

Integrate technology initiatives with business and operating model innovation

Performance Accountability and Measurement

Own MOIC measurement and realization throughout the holding period

Implement leading and lagging indicators that predict value creation outcomes

Incorporate leading and lagging indicators into recurring reporting mechanisms

Balance sustainable value creation vs. short-term performance improvements

Investment Thesis Bridge

Communicate business performance and value creation progress to sponsors, balancing both operational realities and sponsor return expectations

Own portfolio company performance optimization

VCO vs. CTO

The VCO and CTO each have key, but different roles in executing a transformation.

DIMENSION	CHIEF VALUE CREATION OFFICER (CVCO)	CHIEF TRANSFORMATION OFFICER (CTO)
Primary mandate	**Architect and realize measurable value** (e.g., EBITDA, cash, MOIC) by continually prioritizing the highest-return initiatives and removing barriers to value. Identify new approaches and guide daily efforts by organization.	**Deliver enterprise transformation** against an agreed roadmap and targets; emphasis on program governance and execution. Attention to initiatives actions with heavy emphasis on delegation and report.
Role	Embedded colleague, coach, and decision maker. Plays an active role in business functions, participating in team meetings and driving improvements on the ground.	Influencer, supporter, and delegate. Serves as central hub for transformation ideas and initiatives.
Typical reporting line	Reports to CEO/Board with direct sponsorship; complements CFO/COO while holding a distinct value-realization remit.	Reports to CEO/COO; sponsors across functions; may chair Transformation Management Office (TMO).
Approach	Management by behavior (proactive)	Management by metric (reactive)
Scope of authority	P&L authority for value programs; empowered to reallocate capital and talent toward value creation.	Influence across functions; budget and resourcing negotiated via TMO.
Accountability	Financial outcomes: EBITDA uplift, cash conversion, working capital, MOIC; cadence of re-calibration to highest-value opportunities.	Milestones, deliverables, timeline adherence, adoption metrics.
Time horizon	Spans near-term quick wins through scale; persistent focus until behavior changes and value is institutionalized and reflected in exit/value story.	Usually bounded to multi-quarter/multi-year transformation waves.
Operating model	Runs a value office with deal thesis alignment, opportunity funnels, and value scorecards; embeds tech/AI where it accelerates returns.	Runs TMO with workstreams, stage gates, and change management.
Decision rights	Has clear decision rights to cut through red tape; can initiate, stop, or pivot initiatives based on value realization.	Orchestrates and escalates; decisions typically made by functional leaders/sponsors.
Talent	Operators with investment/finance fluency; ability to source/hire critical talent	Program managers, change leaders, lean/process experts.
Metrics & instrumenta-tion	Direct value KPIs (EBITDA, cash, ROIC/MOIC), value backlog velocity, and technology-enabled throughput. Deliver to opportunity	Adoption, timeline, cost, benefits realization as planned. Deliver to target
When to use	PE-backed portcos or corporates seeking accelerated value creation and value at exit, turnaround of stalled programs, a break from a culture unable to realize improvements., or board-ready value narratives.	Enterprise-wide transformation, operating model redesign, large system implementations.
Risks to manage	Role clarity vs. CFO/TMO; ensure governance doesn't undermine decision speed; align incentives to value outcomes.	Transformation fatigue, change resistance, scope creep.

Getting Off the Starting Line

If your company is one of the many that would benefit from the introduction of a Value Creation Officer, we recommend the following approach:

VCO Image – Phased Deployment

PHASE 1	PHASE 2	PHASE 3	PHASE 4
VCO Role Design	**Capability Assessment and Quick Wins**	**Strategic Value Creation Implementation**	**Scale and Optimization**
MONTHS 1 – 2	**MONTHS 3 – 4**	**MONTHS 5 – 12**	**13+ MONTHS**
Define specific value creation mandates aligned with investment thesis	Comprehensive value creation opportunity identification	Major value creation initiative execution	Value creation process institutionalization
Establish success metrics and accountability structures	Baseline performance measurement establishment	Technology and AI investment realization	Exit preparation and value story development
Design compensation framework linking VCO performance to MOIC outcomes	Quick win initiative implementation for credibility building	Performance monitoring and optimization systems	Knowledge transfer and succession planning

While the real benefit comes through execution of a defined value creation program, this approach provides a proven methodology that can serve as a starting point for your company.

The Strategic Imperative

The VCO role reflects private equity's recognition that sustainable returns increasingly depend on systematic operational improvements. As competition intensifies and exit multiples face pressure, the ability to identify and capture value through dedicated leadership becomes the primary differentiator between successful and mediocre investment outcomes.

This is a fundamental shift toward accountability-driven value creation and alignment of portfolio company management with sponsor return objectives. When structured effectively, the VCO bridges the gap between transformation ambition and MOIC realization.

How Ankura Office of the CFO® Supports VCO Implementation to Value Realization

Ankura Office of the CFO® brings together seasoned financial and operational leaders who understand the complex challenges of delivering measurable MOIC improvement. Our VCO implementation approach emphasizes practical execution and sustainable value creation capabilities. The goal is not the process, it is capture the prize, value realization with speed and urgency.

Service Area	VCO Implementation Support
Role Design & Implementation	Define VCO mandates, establish accountability structures, design compensation frameworks aligned with MOIC outcomes
Interim VCO Services	Serve in VCO roles during critical transition periods, provide bridge leadership while companies identify permanent executives
Value Creation Infrastructure	Develop performance measurement systems, establish value tracking capabilities, implement decision support tools

Our practice is distinguished by implementation focus—we measure success by tangible value creation rather than recommendations quality. We engage as partners, aligning incentives with outcomes and adapting approaches to unique organizational contexts.

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