

Private Equity Commercial Excellence Insights — Success for Mid-Market Value Creation

WASHINGTON, DC, UNITED STATES, June 26, 2024 /EINPresswire.com/ -- [Cortado Group](#), a Go-To-Market (GTM) consulting firm focused on value creation in private-equity-backed portfolio companies, released a Commercial Excellence Insights report available for review now.



Cortado Group conducted primary research, as well as direct interviews with private equity managing directors to gather commercial excellence insights. Managing directors from 41 growth firms were surveyed in the U.S. to learn from their perspectives. Woven within the survey, Cortado embedded the common constraints routinely observed in value creation for private

“

75% of the battle is talent.”
*Drew Kiran, Practice Director,
K1 Investment Management*

equity. These were derived from hundreds of consulting engagements to understand how they overcome the most common challenges, helping to explain private equity market trends and how they can be best approached.

Cortado learned how these operating executives approach

their value creation work to drive a maximized exit multiple. The findings proved to be unique for driving value in Mid-Market companies with their own distinct challenges.

The research began with a survey. We then assessed the findings with PE leaders serving as panel members to fully understand and analyze the meaning of these insights. This [article](#) shares our findings from the survey and the dialogue of PE leadership from the panel event.

The need for sales and marketing excellence in the middle market requires a nuanced approach that is different from success at earlier stages. The investors in the middle market are held to higher standards of fund performance to sustain future investments. This reality places a higher requirement for a Commercial Excellence leader within the firm to guide these portfolio companies.

However, the last few years have required these Commercial Excellence leaders to operate more tactically, which is difficult to scale across the broader portfolio of portfolio companies.

The greater goal in private equity is value creation. Therefore, the role of the Commercial Excellence role is to facilitate this process from due diligence to exit with all the fund's portfolio companies as relates to those company's go-to-market (GTM) efforts. This broad definition is at the heart of GTM strategies; How to leverage the scarce resources (high-quality A-player executives) to affect positive change across sometimes dozens of complex businesses.

- 2/3 of respondents reported being responsible for more than 15 companies
- Over half reported that they are able to focus on less than four portcos at one time
- The average number of people dedicated to assisting portcos with sales and marketing is four

Panelist Drew Kiran of K1 stated "When we get the right person in the chair, one who can scale the business, my role changes to become more strategic. As a result, we focus on talent evaluations from the point of the investment, even earlier if possible. That is how I can cover more companies and remain strategic".

Requests and Inhibitors in Private Equity Value Creation

The top 3 requests for consultation from Operating Partners, Deal Partners, and CEOs are Issue Diagnosis, Talent Evaluations, and Reporting.

3 of the top 5 inhibitors to growth are Portco Talent, Misguided CEOs, and the Portco's Culture; factors that are largely out of the direct purview of the CE Leader.

Conclusion: Key Takeaways on Value Creation in Private Equity

The ideal Commercial Excellence leader guided playbook for orchestrating value creation in private equity is emerging for Private Equity in the mid-market. When one observes the lack of consistency in approaches across similar firms, the obvious conclusion is to reconsider the previous SMB approach. Investments made in the Commercial Excellence function by fund managers need to be reconsidered with a new approach tailored to the mid-market.

Mid-market considerations:

- Building a growth-focused team to address the recurring issues associated with scaling a business and/or outsourcing this capability as needed.
- When and how to make the necessary changes are now predictable in a portco's journey.
- How much autonomy to give the CEO knowing they may not have the ability to rapidly scale a company.
- All these considerations contribute to visibility into what is working and what needs to be put into place for mid-market success.

The Cortado Group will continue to engage and lead this discussion and share our findings with

the private equity community of leaders.

About Cortado Group

Cortado Group is a leading go-to-market expert and consulting partner helping private equity firms and portfolio companies. Since being founded in 2019, Cortado Group has experienced double-digit growth each year while serving over a hundred portfolio companies. We help them achieve or exceed their business goals — from revenue generation to value creation. Areas of expertise include revenue intelligence, revenue operations, product, pricing, sales, marketing, and customer success. Our business growth strategies are tailored to maximize your business's success, eliminating weaknesses and building new go-to-market strengths.

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