

Workshop: **What's Behind the Numbers...** *How to Identify and Quantify Hidden Value During Due Diligence*

Target Audience: Junior to Mid-Level Staff at Commercial Banks, Accounting Firms, Investment Banks and Private Equity Firms

Benefits:

- Better Understanding of the Operational Issues *Behind* the Numbers
- Knowledge of Where to Look During a Site Visit
- Ability to Identify Higher Deal Value
- Better Understanding of Operational Due Diligence
- Better Understanding of Pre-Close and Post-Close Turnarounds

New Skill: *You'll learn to see **improvement opportunities** you otherwise wouldn't see.*

In a private equity deal, the big [increase in EBITDA](#) comes from improving the operations...and that brings higher deal value. However, the vast majority of operational due diligence efforts focus on financing, product lines, service contracts, supplier and vendor management and legal obligations. Operations, especially from the “*boots on the ground*” perspective, is often overlooked. Deficiencies in customer service, operational excellence and operational efficiency are harder to identify and quantify, but the fixes can have an immediate and huge impact on EBITDA. If you know process improvement and lean manufacturing techniques, you'll be able to see where the hidden value is.



In this 90 minute workshop, we will run simulations that will teach you where to look for improvement opportunities. You will learn to identify the hidden value in a target asset's operations. More thorough “boots-on-the-ground” due diligence allows you to [bid more aggressively](#) in a competitive market. This workshop deals specifically with manufacturing and distribution firms, but it's also very applicable to service firms, retail, fashion design, fin-tech and the healthcare industry.

What participants say...

- *“In banking we analyze the quality of a company's management team, but we're less analytical of things like a company's lead times, cleanliness and organization...and those impact profitability and safety. And what does that say about their management? [The workshop] showed where else we should look when evaluating the management team.”*
- *“It was very engaging...guiding and challenging us through a series of exercises that simulated real life scenarios. Really helped us learn the true value and scope of operational due diligence!”*
- *“The workshop provided a valuable insight into how my GP clients think. It helped me understand more around what is really important to them and how they see the potential for process improvement in their investments. The deeper knowledge of how my clients view the value-add component of their portfolio companies allows me to better market my firm's fundraising services.”*
- *“The networking was really good. Instead of the boring small talk at a loud conference, we did some factory simulations together and I really got to know the other people at the table.”*

Workshop: What's Behind the Numbers...

How to Identify and Quantify Hidden Value

Activity	Time	Description	Result
Introduction	5 min	Introductions	Shared understanding of the goals of this workshop.
Overview of the IB / PE Process	5 min	Flow Chart of the IB / PE Process	Understanding of the ROI and where process improvement fits into the mergers and acquisition (M&A) process.
Tennis Ball Game	5 min	Exercise	Show how a slow (15 second) process can be reduced to its value-added time (1 second). <i>Concepts:</i> <ul style="list-style-type: none"> • <i>Speed equals money</i> • <i>Competitors are always improving</i>
Review Cost Structure	5 min	Graphical Representation of Cost Structure	Understanding of the main areas of a company's costs, from a consulting and lean manufacturing perspective. <i>Concepts:</i> <ul style="list-style-type: none"> • <i>Eight Categories of Waste</i>
Review Financial Statements	5 min	Review Two Income Statements and Compare Profitability	Understanding of what questions to ask. Most financial and accounting professionals will see the extra expenses, but will not know what issues in a company's operations may lead to these "hidden costs."
Dot Matrix Exercise - 1	20 min	Exercise	Understanding of "WASTE" in Operations. <i>Concepts:</i> <ul style="list-style-type: none"> • <i>Value-Add vs Waste</i> • <i>Cost of WIP (Work in Progress)</i> • <i>Kaizens (Improvement Meetings)</i>
Dot Matrix Exercise - 2	20 min	Exercise	<i>Concepts:</i> <ul style="list-style-type: none"> • <i>5S, Operational Improvements</i> • <i>Batch-Flow vs One-Piece Flow</i> • <i>Takt Time</i> • <i>Just In Time Delivery</i> • <i>How to Quantify WASTE in an Operation</i>
Wrap-Up and Questions	10 min	Discuss What Was Learned	Share the learnings.