Transforming PE Portfolio Companies for Outperformance

CASE STUDY & PLAYBOOK | 2026

Target Audience

Private Equity Funds and their **portfolio companies** planning or undergoing **post-merger integration** (PMI), **operating model redesign** (process harmonization, digitalization) or **IT Transformation** (platform build-up, new ERP, HR IT, implementation of AI)

Summary

Given investors‘ heightened scrutiny on operational performance, Private Equity portfolio companies face pressure to transform into modern, profitable, robust operations. Yet, most transformation programs fail to reach their **targets on cost, speed or impact**. In this paper, we evaluate the 8 most common pitfalls in transforming portfolio companies end-to-end and outline best practices for addressing them. Applied rigorously, they can reduce the **program effort by as much as 50%**.

To achieve performance enhancements of this magnitude, we strongly recommend starting the project with the Value Canvas exercise to establish, quantify and align the must-win transformation scope. Then appoint one a senior and capable Program Director who understands the business purpose, maps the full course, and actively develops the team while driving it toward the goal. This Director must build a capable, committed cross-functional core team of 5-10 stakeholders from business and IT (if relevant). When steered and developed well, this core team will become the engine of the project. From there, the program runs in a tightly orchestrated mode – disciplined meeting cadence, clean decision rights, and an intense collaboration culture with direct, continuous feedback that keeps quality high and motivation higher. Performance is managed as rigorously and fairly. The result is a shorter transformation with a better outcome, and a team that emerges measurably stronger.

Transformations do not have to be slow and expensive

Transformation projects are synonymous with “long”, “people-intensive” and “expensive.” High costs and slow progress are typically accepted as the cost of fundamentally reshaping an organization. Yet, most transformations fall short of their goals.

We believe there is a focused and impactful way to drive change. Anding & Company has supported dozens of transformations and defined a set of best practices to focus and accelerate such projects, balancing strategic rigor with hands-on implementation needed to achieve impact (see Figure 1). Our approach is universal, yet especially well-suited to PE and their portfolio companies, as these are under pressure to generate tangible results and create value within a strictly defined holding period of a few years.

Anding success drivers behind effective transformations

1. Define a no-regret scope of transformation and stick to it

The Pitfall:

What starts off as a shortcut becomes a detour. “Since we are transforming topic A anyway, let’s also do topics B and C.” For example, “since we are building a platform, let’s revamp the organization. Since we are implementing AI, let's also consolidate teams", etc. Each addition may be reasonable on its own, but piled onto the essential scope they breed delays, diffuse responsibility, and exhaust the organization.

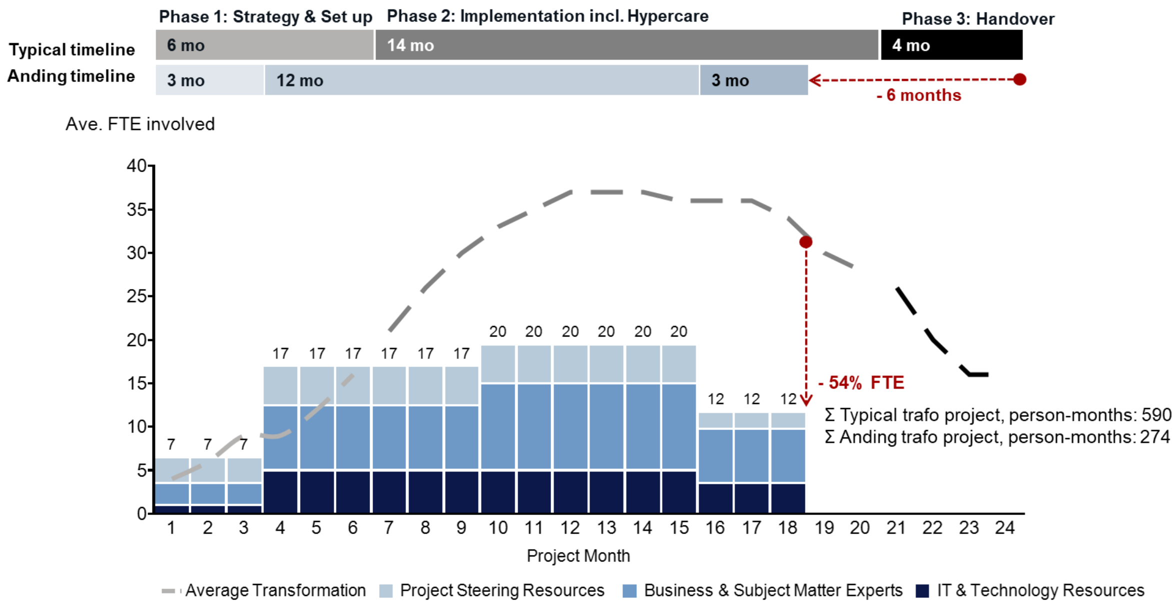

FIGURE 1: OUR APPROACH SUBSTANTIALLY REDUCES TRANSFORMATION EFFORT

The Fix:

The purpose, scope and outcomes of the program must be crystal clear and rock solid. In any end-to-end transformation, be explicit about what both ends represent. Resist tackling everything at once: **a focused scope delivers faster and more tangible results** than a sprawling initiative. This clarity must be achieved and accepted by the right stakeholder group (PE, C-Level of holding or portfolio company, other key stakeholders).

We size the scope by running the **Value Canvas exercise**[1] – a series of interviews with key management and investor stakeholders followed by a subsequent workshop that produces a quantified and pressure-tested prioritization of goals. This is the time to surface and gather objections, doubts and known unknowns. When prioritizing top 3 goals of the transformation, we aim for 80% alignment among the stakeholders.

Where PE stakeholders lack the transparency or data to decide – common in small and mid-sized portfolio companies – we run a short pre-analysis (2-4 weeks) to create it. Figure 2 shows an example of a value canvas where the goal was to introduce a digital platform across >10 portfolio companies to improve efficiency and reduce costs as part of the digital strategy. We push to quantify the value creation ambition early on, e.g., "reduce process costs by 50%.

[1] Value Canvas Framework

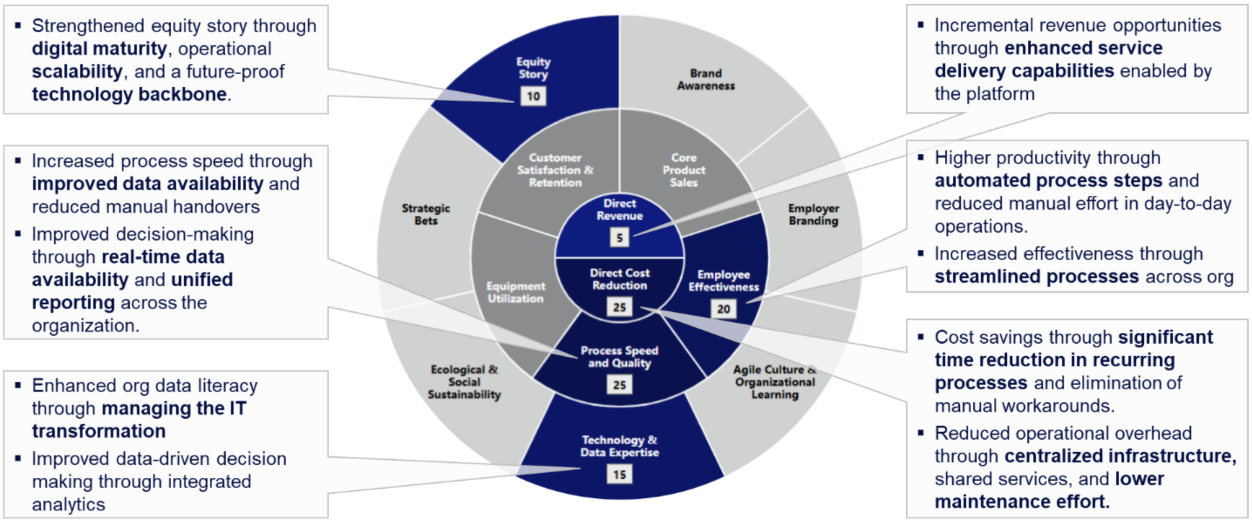

FIGURE 2: VALUE CANVAS ALIGNED STAKEHOLDERS ON THE THREE FOCUS TOPICS OF TRANSFORMATION

Setting up a clear scope does not imply following the waterfall approach. Some unknowns at the start are normal, and nuances will be revised during implementation – but mostly the "hows", not the "whats" or "whys." Once you commit to the scope, define early who has authority to approve changes to it – in our view, it has to be the transformation mastermind (see next section).

2. Establish and enable a central mastermind

The Pitfall

Operational transformation plans usually emerge from a decentralized, iterative process. That is, a top-down management ambition evolves through alignment rounds with different stakeholders, collecting bottom-up input along the way. There is rarely a coherent end-to-end plan – this is a major source of errors and yield loss.

The Fix:

Immediately coming out of the Value Canvas exercise, **appoint the transformation mastermind**. This person (or a tight group of 2-3 people) will serve as the Program Director (sometimes operating as Director of Transformation or Chief Transformation Officer). Key responsibilities include:

- Understand the big picture
- Scope and plan the transformation
- Assemble and orchestrate the core team
- Assess progress and course correct
- Manage resources proactively
- Evaluate the transformation team and provide feedback
- Make binding decisions and be responsible for them

This is not a coordination or a process management role; it is a leadership role with real authority over the transformation. The mastermind spearheads the program and serves as the central relationship manager for the core team, the working level, management, and investor representatives – it is the institution everyone turns to for decisions and clarity.

Staffing this role correctly is essential. The right candidate is sufficiently senior, but able to connect with the working level and guide hands-on execution. Ideally (and especially helpful for IT and digital transformations), they bring a mix of tech and business experience to understand the operations end-to-end at the right level of depth. They are analytical, outcome-oriented, fair and sufficiently hard-nosed to steer the team through the ups and downs. Critically, they must quickly grasp the company culture and establish a productive relationship with the core team.

The role is demanding and hard to fill. Done well, it concentrates knowledge, organizes the team, and accelerates the program by reducing alignment overhead. In practice, Anding either supports this person or fills the role directly through interim management.

3. Understand business processes first and involve IT ASAP

The Pitfall:

There are two cardinal mistakes occurring at programs' onset. The first one is to start the program without a clear understanding of relevant business processes. For example, we often see that team and org changes are being discussed without considering the change in delivery processes or capabilities. The second error is to involve IT only after target processes and operating model have been developed. IT is then forced to interact with the program via the "requirements list", missing a crucial opportunity to streamline business operations and, as a result, IT implementation effort.

The Fix:

Any transformation entails a change in the operating model, and therefore in business processes or their delivery. As we detail in our DIPOC Methodology our approach to (re)designing the operating models follows this order: Process, Roles and Responsibilities, Capabilities, Incentivization, Organization (see Figure 3).

DIPOC Model: Decisions, Incentives, Processes, Org Structure, Capabilities & respective order

	1 PROCESS	2 DECISION MAKING	3 CAPABILITIES	4 INCENTIVES	5 ORG STRUCTURE
Key Questions	▪ Which **core processes** are crucial? ▪ How are processes **documented and standardized**? ▪ Where are there **bottlenecks**?	▪ **Who** makes **which** decisions? ▪ How are **decision-making processes** defined? ▪ How **fast and transparent** are decisions?	▪ **What skills** are required? ▪ Where are **skill gaps**? ▪ How is **knowledge shared**?	▪ Which **objectives drive behavior**? ▪ How are **incentive and compensation models** designed? ▪ How are **innovation and performance promoted**?	▪ How is the **organizational setup** structured? ▪ What **roles and interfaces** are there? ▪ How **agile** is the organization?
Objectives	▪ **Efficient**, error-free processes ▪ **Standardization** ▪ Continuous process **improvement**	▪ Quick **decisions** ▪ Clear **responsibility** ▪ Reduced **process duration**	▪ **Building** relevant **skills** ▪ Continuous **training** ▪ Promoting **collaboration**	▪ Motivation and **increased performance** ▪ Promoting **innovation** ▪ **Employee retention**	▪ Clear **roles and responsibilities** ▪ Transparent **interfaces** ▪ **Scalability**
Success criteria	▪ Throughput **times** ▪ Error rates ▪ Process costs	▪ Decision-making time ▪ Stakeholder satisfaction ▪ Number of escalations	▪ Competence coverage ▪ Training participation ▪ Innovation rate	▪ Achievement of KPIs ▪ Employee satisfaction ▪ Fluctuation rate	▪ Role clarity ▪ Employee satisfaction ▪ Adaptability

FIGURE 3: THE DIPOC MODEL SUPPORTS STRUCTURED AND PRAGMATIC OPERATING MODEL REDESIGN

Even when organizational change is the primary focus, we start with business processes — because any people transformation requires new ways of collaborating. The same logic applies to AI: embedding AI capabilities into existing processes, or for more ambitious companies, redesigning processes around them entirely.

Lay the foundation by understanding the business processes and how the transformation will reshape them. Where needed, spend 2-4 weeks documenting as-is processes pragmatically, involving adjacent business functions and supporting functions like IT to diagnose pain points accurately. Share the results in a workshop with the cross-functional core team.

Most transformations involve some sort of technological modernization; hence, it is especially important to **involve IT early and actively in the definition of target processes**. When IT understands and co-owns the target state, implementation friction and risk of costly rework decrease dramatically. Further, understanding the business logic, KPIs and operational reality will enable IT to design and configure the system properly.

Conversely, when planning an IT transformation, make sure to have business stakeholders involved in the software selection. In our experience, a tool chosen by IT alone rarely meets business needs, and a tool chosen by business alone is rarely implementable "out-of-the-box" at scale.

A productive working relationship between business and IT is vital for speed and success. We recommend establishing the **Campus Mode**: a tightly orchestrated format where 5-10 key stakeholders from different functions problem-solve together 2-3 full days per week (see Figure 4). It may feel like a stretch to dedicate valuable resources to the campus, but it is essential for building an effective working mode, a common knowledge base and lasting trust. In our experience, stakeholders who went through the Campus saved up to 40% of the alignment and course-correction time later.

SEPARATION FROM DAILY BUSINESS

- **Off-site location, different options:**
  - Innovation space close to HQ
  - Co-working or accelerator
- **Infrastructure & materials provided**
  - IT, web access
  - Workshop gear
  - Data access
  - …

CROSS-FUNCTIONAL TEAM

- **X team members**
- **Cross-functional setup,** all relevant areas covered
  - Service Operations
  - IT
  - Sales
  - Finance
  - …
- **Hybrid Coach (Anding & Co.)**
- Selective Involvement of experts (internal & external)

AGILE WORK MODE

- **X days per week** 100% focus on Campus work (rest of week: daily business)
- **No distraction** via eMails, calls, non-campus meetings, etc.
- **No hierarchies within Campus team**
- High level of **decision power**
- **Regular steering** with sponsors after each sprint

FIGURE 4: CAMPUS MODE LAYS THE FOUNDATION FOR FOCUSED CROSS-FUNCTIONAL COLLABORATION AND BUY-IN

4. Define needed expertise and concentrate it in a small core team

The Pitfall:

Transformations are usually run as "group projects" – 30-50 people involved part-time, with varying intensity and flexible participation, paired with time-intensive onboarding. We believe that this setup is a recipe for yield loss and diffusion of responsibility. The communication effort and the number of meetings required just to keep such a large group updated (not yet contributing to results generation) can add up to a full-time task. We strongly advise against loose structures and ongoing large-scale calls to "keep the people involved just in case". Instead, run a few, well-orchestrated townhalls to communicate official updates.

Two forces drive this pattern: politics and dispersed expertise. Politically, broad participation signals stakeholder inclusion, creating a "safety in numbers" dynamic. Structurally, fragmented knowledge across critical departments – with no single person having the full picture – forces organizations to pull in multiple specialists part-time.

Where essential expertise (e.g., often in specialized IT) is not available in-house, outsourcing decisions are often made without proper resource management or steering – creating vendor dependency and leaving internal teams too poorly briefed to direct them.

The Fix:

Form the core team early with the right people, **allocate them with sufficient capacity** to truly crack the content, and **hold them accountable for delivering results**. Use a RAPID decision matrix to make roles and responsibilities unambiguous. **A small, focused team of five high-caliber people will consistently outperform a loose group of fifteen or more.** In practice, when an 80%-capable person works with another 80%-capable person, the output quality multiplies to 64% (or usually less, since neither party is willing to take responsibility for the uncertain result).

In our experience, identifying the right experts from business and IT for each workstream works best while running the problem-solving sessions as part of the Campus Mode. **Each workstream needs exactly one person** (Workstream Lead) who is 100% responsible for contributing expertise and driving progress in their workstream. If more capacity is needed, each Core Team Lead can be supported by a consultant or a capable working-level team member. When steered properly (see Figure 5), this group will evolve into a high-performing team, who understands the purpose and substance of the transformation deeply and drives results. Steered by the program director, this powerful core team should carry the transformation across its entire lifecycle: from scoping and process design through implementation and go-live to stabilization.

Where in-house expertise is unavailable, identify the gap early – during process documentation and Campus workshops – and staff it externally, optimizing for speed and competence. Simultaneously, co-staff with internal resources to build in-house capability and reduce vendor dependency. **External providers** must be briefed by the Program Director and willing to **adopt the pace and working mode of the project**. If the program includes a "skin-in-the-game" component, make sure mechanisms (e.g. performance dependent remuneration) span across all parties (external and internal).

As the transformation moves into implementation and roll-out, additional people will be needed. Involve them to support the core team or own discrete work packages – but keep conceptual ownership and problem-solving authority with the core team.

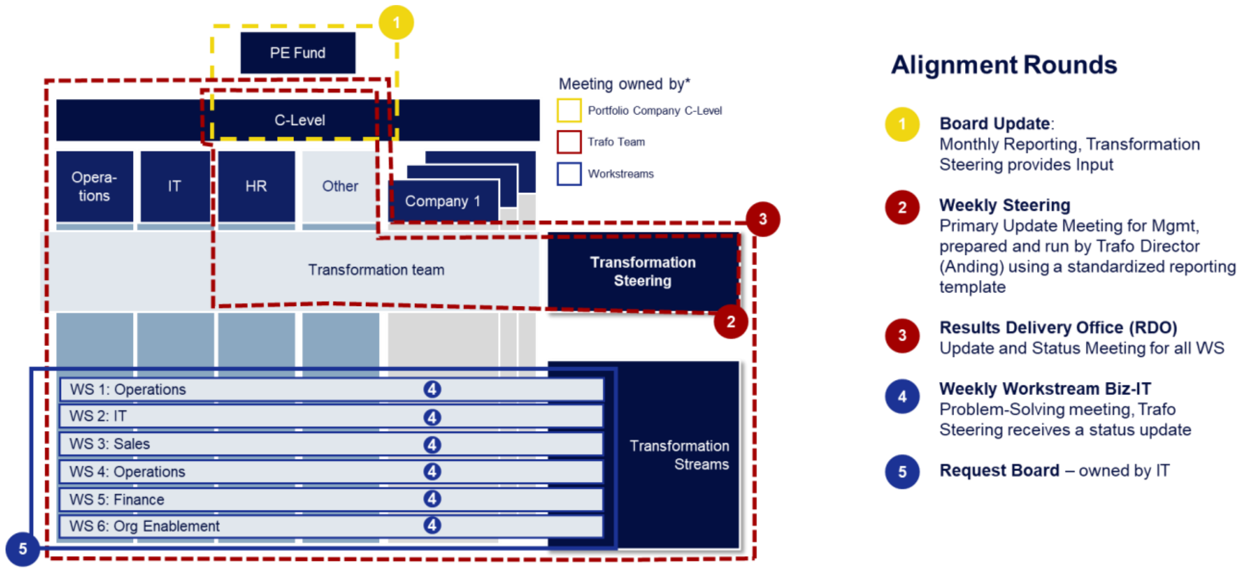

FIGURE 5: CLIENT EXAMPLE – PROJECT STRUCTURE HAS DEDICATED FORUMS FOR PROBLEM-SOLVING AND ALIGNMENT

5. Run an effective meeting cadence

The Pitfall:

We often see meeting cadences that lead to yield loss and fatigue. Typical errors include:

- Undefined meeting purpose – updates, decision-making, problem solving mixed together
- Fluid participant list – unclear who and how regularly will join
- No ownership – unclear who sets agenda, prepares the meeting and documents next steps
- Redundant meetings

The consequences include delays of the timeline, failure to identify and address critical issues, and loss of trust among the program participants. Anarchy can ensue – "if no one has anything to add, let me position my agenda", "If we do not make progress in the meetings, so why have them? Involve me when there are updates."

Tensions in the team can arise, as best players who continue to perform and pick up the slack become gradually overloaded, double-booked and face a risk of burnout. Can this all happen because of a poor meeting structure? Yes, we have seen this many times . A logical, well-orchestrated meeting structure creates transparency on progress, personal contribution and problems that require special attention. Badly run meetings conflate all the problems together and add personal resentment on top.

The Fix:

Meetings are essential and must be run well to support productive collaboration. The right cadence, agenda and participants must be set up at the project onset by the Program Director, in line with the workstream logic and key work packages (see Figure 6). All meetings must have a clearly defined purpose (e.g. problem solving vs. update vs. steering), an owner, and a format that effectively supports it (e.g. white-board workshopping, hands-on tool testing, Excel-based progress tracking). Our go-to basic structure is a weekly problem-solving meeting per workstream, a weekly cross-workstream alignment call and a weekly SteerCo with management. To drive case cracking for complex topics, the cross-functional campus mode outlined above can be temporarily reinstated (e.g. for a week).

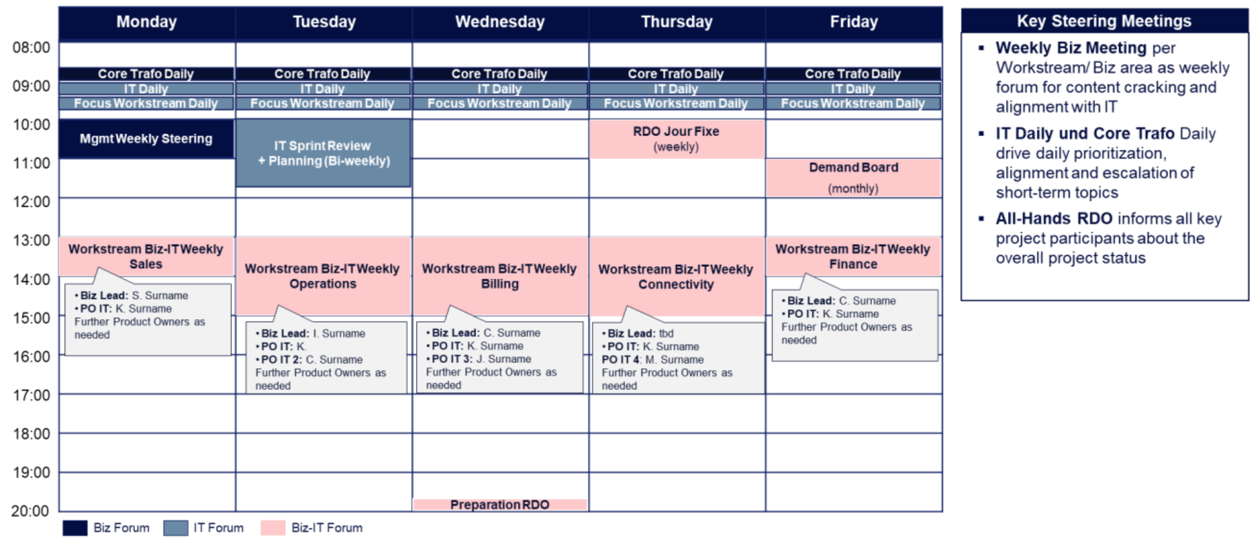

FIGURE 6: RIGHT MEETING CADENCE SUPPORTS RIGHT OUTPUT AND ALIGNMENT

Over months of collaboration, **meeting discipline must be enforced regularly** – sticking to agenda, preparing decision sheets, documenting next steps and following up on them are the basics that will support transparency and a good team climate.

The structure should evolve as workstreams progress at different speeds – some finishing early, others joining later. The Program Director revises the cadence regularly, keeping it MECE[2].

6. Implement review mechanisms to keep high quality and remove non-performers

The Pitfall:

Transformation projects have great potential for conflict and fatigue. This is normal: Due to the ongoing pressure, uncertainty and grinding work, the team, depending on the organizational culture and individual personalities, may develop passive-aggressive behaviors or active conflicts. Symptoms like finger-pointing, avoiding problems or responsibilities, resorting to dismissive language instead of a constructive dialogue, etc. need to be looked into – often, there is a non-performer at the root.

In most projects, it is accepted that not everyone is able or willing to perform at the needed level, but for whatever reason – project history, specific expertise, political ties, personal situation – non-performers are kept onboard. Worse, they rarely receive feedback, which effectively disables the program management from acting.

[2] Mutually Exclusive, Collectively Exhaustive

The Fix:

Map the performance of every team member on a "Skill-Will" matrix and review regularly. A performing core team is the strongest asset driving the transformation and must be protected from the "bad apples." In lockstep with the revisions to the project plan and meeting cadence, we recommend that the Program Director run a regular "People Audit", taking stock of the team quality, recent performance on individual and joint tasks, and emotional landscape across the project team. Feedback with individual team members is essential – they must know where they rank on the "Skill-Will" matrix (also if they are in the bottom quadrant) and must receive actionable advice on improving. Those who do not improve must leave the project.

Handle team conflicts openly. The Program Director should run regular retrospective sessions with the core team, framing them in a fair, honest, no non-sense fashion. Invite dissent and manage it constructively. This brave, head-on approach will pay off in higher work morale, as the team will appreciate their leadership calling a spade a spade, instead of glossing over team drama and sugarcoating shortcomings.

Of course, such a head-on, transparent approach collides with most corporate cultures and can also be new for smaller, family-like companies, where people have known each other for decades and may find it hard to adopt a new relationship mode. An external consultant can be a real asset here, providing an unbiased view and running the difficult conversations as a neutral third party. Large transformation projects are a prime opportunity for the organization to identify, develop and encourage its most promising players. Both the management and the team must invest the effort to capitalize on this chance.

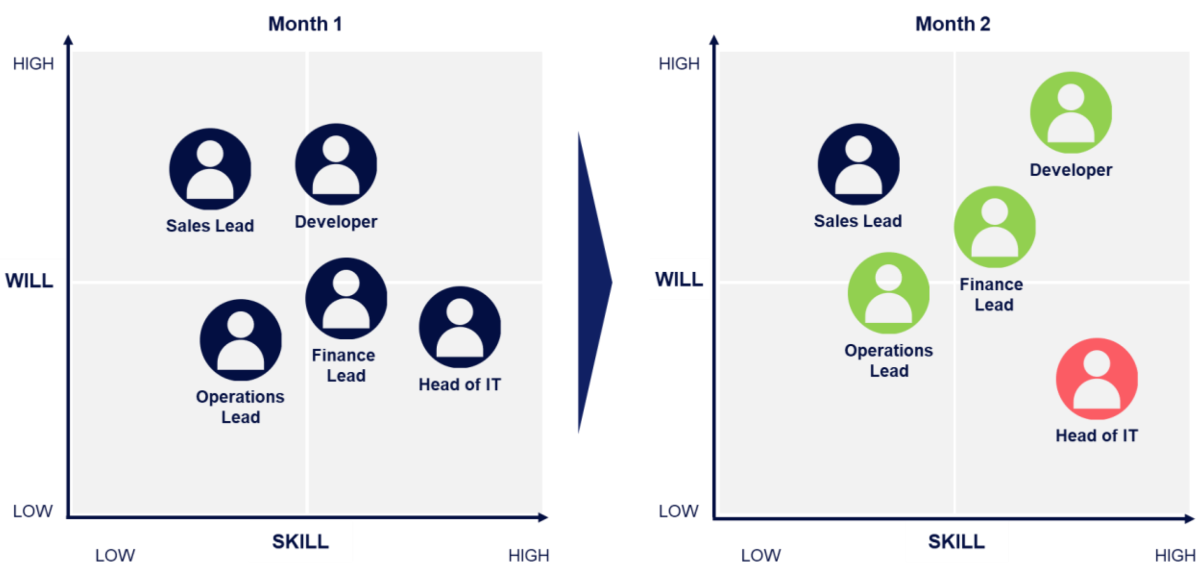

FIGURE 7: MONTHLY PEOPLE AUDIT CREATES TRANSPARENCY AND SUPPORTS HONEST FEEDBACK DISCUSSIONS

7. Carve out the right role for management

The Pitfall:

Depending on the size of the organization, management ends up positioned too far from the project or too close. Both produce yield loss. Too far: updates become formal and one-sided, with no productive dialogue. Too close: management's presence changes working-level behavior – making teams either risk-averse or too eager to commit to ambitious milestones. In smaller, family-owned companies where leadership is already involved in daily operations, this proximity opens the door to further upward delegation. When management becomes a parallel or fast-track decision channel, reporting logic, transparency, and team effectiveness erode.

The Fix:

At the project start, **define the collaboration mode with the management of all levels** (portfolio company, holding company, investor) **and document it in the RAPID matrix. Design the interaction mode to optimize for driving project outcomes vs. goals defined in the Value Canvas.** Use the principle “only do what only you can do” as a guide for involving the management. Early on, leadership should back the strategic goals, help identify and free up the right core team candidates, and work with the Program Director on incentivization. In later phases, they should provide backing – especially when challenges arise. Depending on focus, management and PE can also open access to networks of experts and talent.

The Program Director reports to the management weekly and to the board monthly on project progress and hurdles. The same honest approach to working in the core team and giving feedback must apply here. Management level should not be involved in micromanaging meetings, milestones or making any content decisions, as this will derail the responsibility and expertise of the core team.

8. Leverage AI for smart scale and organizational learning

The Pitfall:

The operating frontline is typically neglected at roll-out: teams who will use the new systems daily are usually briefed late and, with little time to adapt, often resist change. The challenge intensifies when rolling out across multiple portfolio companies, where the same content must be delivered repeatedly. Knowledge about new processes and systems remains siloed within small groups who initially built them, creating substantial yield loss as the same explanations are repeated in one-on-one sessions rather than captured in scalable formats like videos. The “rotating cast problem” described in part 4 exacerbates this problem – new team members joining mid-transformation lack structured onboarding, requiring the core team to divert time from value creation to ad-hoc knowledge transfer, further decelerating progress.

The Fix:

The proposed lean core team setup optimizes for concentrating expertise and responsibility, not for capacity. Still, it is essential to engage the working level early. Here we recommend to **lean on point AI-solutions to create efficiency and “virtual scale.”** Beyond basic use cases, such as creating documentation and summaries of meetings and workshops, **AI solutions can be selectively used to support previously labor-intensive tasks**, e.g. training the organization. We defined a simple and [robust approach] to accelerate organizational learning to boost team productivity. The content will come from the core team as a by-product of the Campus or other working sessions, and AI learning solutions can support the dissemination and training at no additional overhead.

Conclusion

In this study we described how large, complex transformations can be mastered by a small, focused team under the right circumstances. Assembling and running such a team is achievable in most organizations – including smaller and family-owned businesses. You do not need all-stars. You need competent, committed people and the right mastermind to align them, connect their work to results, and hold the standard. Most of what makes this model work is organizational discipline, not exceptional talent. When steered well, the team delivers – and grows stronger in the process.

Further reading

If you are interested in further case studies and guidance on transforming organizations, we recommend these thought papers and case studies:

- Steering organizations towards a modern operating model – The DIPOC Framework
- Replace and Accelerate: How to Run a Smart HR Software Transition that Creates Value
- Accelerating organizational learning with an AI point-solution
- Taking the Art out of Artificial Intelligence
- The CompAIler Imperative

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