REVENUE OPTICS

WHITEPAPER



The Commercial Value Creation Gap

How private equity firms can unlock measurable EBITDA in industrial distribution and manufacturing.

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PRIVATE EQUITY / COMMERCIAL VALUE CREATION

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EXECUTIVE BRIEF

The deal thesis does not execute itself.

Private equity firms underwrite commercial value in familiar places: pricing, cross-sell, customer retention, sales productivity, and more efficient coverage. The opportunity may be real. The operating mechanism often is not.

After close, initiatives are assigned across functions. Data teams find signals. Sales leaders set targets. Technology teams configure tools. Sellers receive lists, alerts, or new expectations. Yet no single system connects the thesis to a specific account, a specific seller decision, a defined next action, and a financial result that finance can verify.

That distance is the **Commercial Value Creation Gap**. It is the difference between EBITDA identified in the value creation plan and EBITDA captured through repeatable frontline execution.

Closing it requires more than a growth initiative. It requires a commercial operating system: a defined customer population, quantified value pools, clear account ownership, executable plays, manager inspection, workflow enablement, and an attribution standard agreed before value is claimed.

THREE OPERATING IMPERATIVES

01 Make value executable.
A customer population, an owner, a play, and a next action.

02 Define proof before launch.
A baseline, a cost model, and finance-approved attribution.

03 Build a repeatable asset.
A system the company can operate without the project team.

The investment thesis creates direction.
The operating system creates enterprise value.

01 / THE EXECUTION GAP

Where the thesis loses value.

Value leaks at the handoffs between opportunity sizing, account decisions, seller action, and financial proof.

EXHIBIT 01 **Five decisions that must stay connected**

01	02	03	04	05
UNDERWRITE	PRIORITIZE	DESIGN	EXECUTE	PROVE
Size the opportunity	**Choose the value pools**	**Define plays and ownership**	**Change seller decisions**	**Reconcile to EBITDA**

WHERE EACH HANDOFF BREAKS

01	**The value pool is theoretical**	The estimate is not discounted for customer fit, access, capacity, or execution cost.
02	**No one owns the account decision**	Corporate, field, branch, and inside sales priorities conflict or overlap.
03	**The play is not executable**	The seller receives a score or target without context, talk track, next action, or handoff rule.
04	**Management inspects activity**	Calls and meetings rise while qualified opportunities, gross profit, and payback remain unclear.
05	**Finance arrives after launch**	Attribution is negotiated after results appear, weakening confidence in the value claim.

02 / VALUE POOLS

Four opportunities inside the business you already own.

Locate the commercial value, then specify the mechanism that can capture it.

EXHIBIT 02 **The value pool and its operating response**

01 Undercovered customer growth

Active customers with credible potential but no planned proactive coverage.

CAPTURE MECHANISM

Planned penetration, broader category coverage, and higher purchase frequency.

02 Decline, dormancy, and retention

Customers showing meaningful deterioration or inactivity.

CAPTURE MECHANISM

Earlier intervention, recovery, and preserved gross profit.

03 Quote and category conversion

Open quotes, first orders, product gaps, and demand signals with inconsistent follow-up.

CAPTURE MECHANISM

Move qualified demand to a defined customer decision.

04 Margin realization

Price dispersion, overrides, freight leakage, stale agreements, and uneconomic service.

CAPTURE MECHANISM

Change the transaction and retain the economic improvement.

THE PE TEST

Which accounts carry the opportunity?

Who owns the action?

How will the seller execute it?

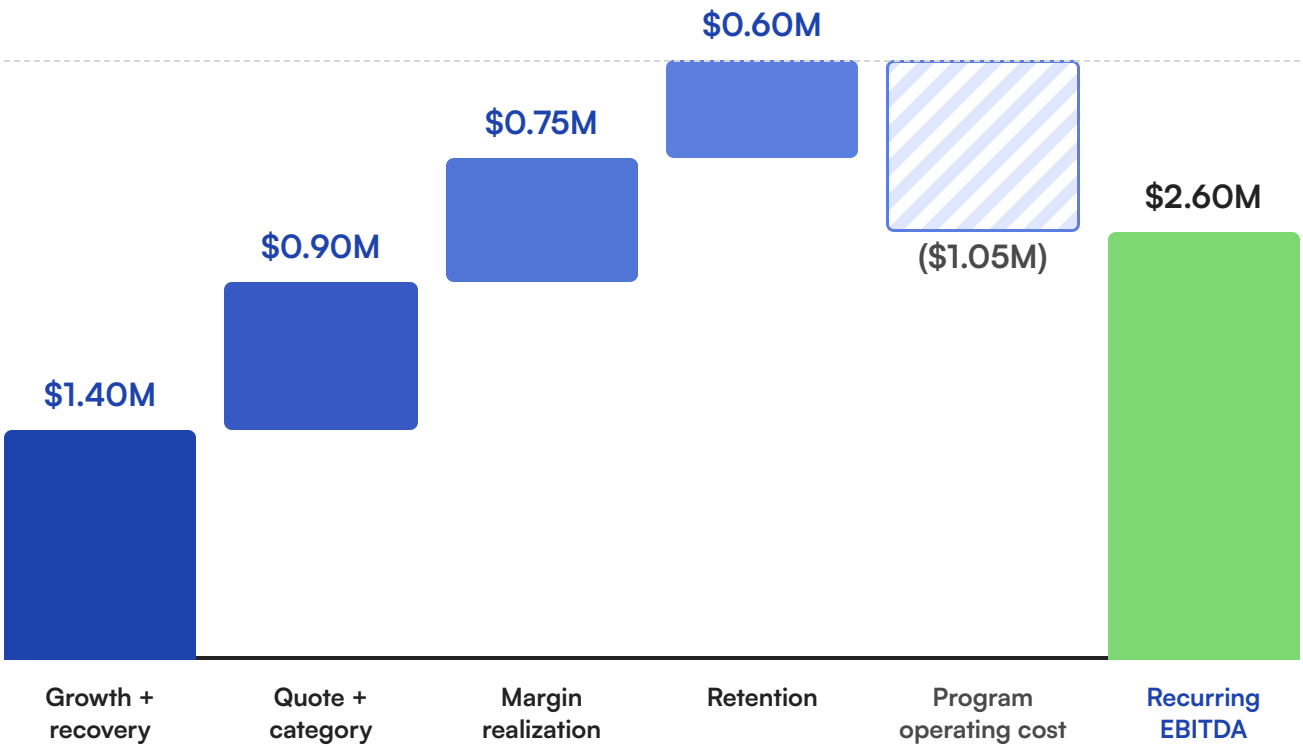
How will finance recognize the result?

03 / THE EBITDA BRIDGE

Show how commercial value becomes recurring EBITDA.

Illustrative Year 3 run-rate for one PE-backed distributor. All inputs must be replaced with company data.

EXHIBIT 03 **Gross commercial value less the cost to deliver it**



GROSS COMMERCIAL VALUE	FULL PROGRAM COST	RECURRING EBITDA
$3.65M	($1.05M)	$2.60M

Growth + recovery: $5.0M incremental revenue × 28% GP. Quote + category: $3.0M × 30% GP. Margin actions: $0.75M. Preserved gross profit on at-risk accounts: $0.60M. Program cost includes people, leadership, data, tools, and enablement.

Illustration only; not a forecast or guarantee. Eliminate overlap among recovery, retention, and conversion. Retention is assessed against an agreed at-risk baseline. Reconcile accounting, capacity, incremental variable costs, and timing before recognizing EBITDA.

WORKED EXAMPLE / ASSUMPTIONS ONLY

Make the bridge visible at the account level.

A synthetic undercovered-growth example. These assumptions demonstrate the method; they are not a client result, benchmark, or forecast.

THE COMMERCIAL MOTION

01 Define the population
An active account buys one category but has a credible adjacent-category opportunity.

02 Validate the hypothesis
The assigned seller confirms demand, fit, and the buying process with the customer.

03 Execute a defined play
A relevant conversation advances to a quote, customer decision, and order.

04 Reconcile the result
Finance compares the outcome with baseline and assigns value once.

ASSUMED ANNUAL ECONOMICS

Incremental revenue	$100,000
Gross margin	28%
Incremental gross profit	$28,000
Allocated program cost	($12,000)

ILLUSTRATIVE CONTRIBUTION
$16,000

EVIDENCE REQUIRED BEFORE A VALUE CLAIM

Document the population, owner, baseline, customer-confirmed need, action history, order outcome, and finance approval. Count the account in one value pool.

The $12,000 allocation is an invented assumption, separate from costs already included in gross margin. The $16,000 is program contribution before additional company-specific adjustments; it is not an audited EBITDA result.

04 / ENTERPRISE VALUE

Earnings create value.
Repeatability creates confidence.

Separate the earnings effect from any change in the valuation multiple.

EXHIBIT 04 **Two independent valuation lenses**

LENS A / EARNINGS GROWTH

$2.60M × 9.0x

$23.4M

Recurring EBITDA after the full program cost, converted at an illustrative entry / exit multiple.

LENS B / MULTIPLE DURABILITY

1.0 turn × $25M

$25.0M

A separate scenario using a $25M EBITDA base. A more credible operating system may reduce execution risk; a premium is not automatic.

WHAT MAKES COMMERCIAL EBITDA MORE CREDIBLE

Repeatable
Defined populations, plays, workflows, and manager routines.

Attributable
Finance-approved baselines and evidence from signal to outcome.

Durable
Performance does not depend on one seller, one spreadsheet, or one-time heroics.

Scalable
Capacity, payback, and productivity are visible before additional investment.

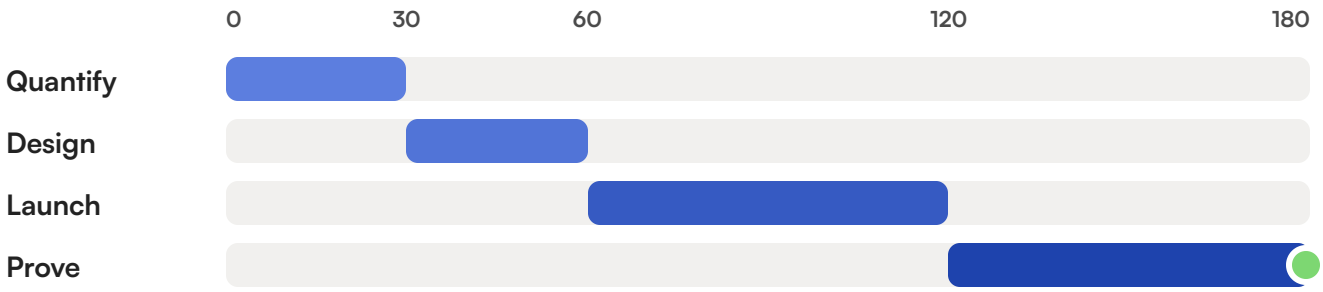
Illustrations are independent scenarios and should not be added together without a company-specific valuation analysis.

05 / THE FIRST 180 DAYS

Prove the system. Then scale the spend.

Release investment in stages as operating evidence and economics become clearer.

EXHIBIT 05 **A 180-day implementation and proof roadmap**



Quantify

DAYS 0—30

- Reconcile customer and transaction data
- Define executable populations
- Build low, base, and high cases
- Agree the financial baseline

Design

DAYS 31—60

- Assign ownership and decision rights
- Define plays and handoffs
- Set capacity and role design
- Configure the scorecard

Launch

DAYS 61—120

- Prepare sellers and managers
- Embed priorities in workflow
- Inspect conversion weekly
- Resolve data and ownership friction

Prove

DAYS 121—180

- Measure customer outcomes
- Reconcile gross profit and cost
- Confirm productivity and payback
- Scale, adjust, or stop

DAY 180 / THE INVESTMENT DECISION

Scale, adjust, or stop based on customer outcomes, incremental gross profit, full operating cost, seller productivity, and payback.

06 / THE OPERATING ARCHITECTURE

Build the systems that make the result repeatable.

The commercial model must specify what the company will do and what evidence management will inspect.

EXHIBIT 06 **From value thesis to operating control**

SYSTEM	DESIGN REQUIREMENT	VISIBLE OUTPUT
01 **Value thesis and economics**	Population, investment, timing, gross profit, and decision gate.	A costed value case
02 **Account and coverage design**	Segments, ownership, cost to cover, capacity, and channel coordination.	An accountable coverage map
03 **Commercial plays and workflow**	Signals, hypotheses, talk tracks, next actions, follow-up, and handoffs.	A seller-ready play
04 **Talent and management cadence**	Role profiles, onboarding, coaching, inspection, and escalation.	A coaching and review rhythm
05 **Measurement and governance**	Customer outcomes, full cost, payback, attribution, and executive review.	A reconciled scorecard

THE HANDOFF TEST

A value creation initiative becomes an asset when the company can run it without the project team.

07 / MANAGEMENT CADENCE

Make the weekly review a decision-making system.

Inspect progression and customer outcomes, then feed the learning back into the next account priority.

EXHIBIT 07 **A practical weekly operating review**

STAGE	MANAGEMENT QUESTION	EVIDENCE TO INSPECT
SIGNAL	**What changed for the customer?**	A meaningful change or opportunity against a suitable baseline.
DECISION	**Why this account, now?**	The account, reason to act, working hypothesis, and assigned owner.
ACTION	**What advances the account?**	A conversation, qualified next step, handoff, or resolution.
INSPECTION	**Where does execution break?**	Quality, progression, follow-up discipline, and friction.
EVIDENCE	**What value can be proved?**	Customer outcomes reconciled to gross profit and operating cost.

LEARNING RETURNS TO ACCOUNT PRIORITIES AND PLAY DESIGN

CLOSE EACH REVIEW WITH A DECISION

Which plays produce qualified next steps and gross profit? What will change next week?

08 / PORTFOLIO SCALE

Standardize the architecture. Localize the commercial answer.

Create speed and comparability without forcing every company into the same customer model.

EXHIBIT 08 **What to repeat and what to configure**

REPEAT ACROSS THE PORTFOLIO	CONFIGURE FOR EACH COMPANY
01 **Value-pool definitions and diagnostic method**	Customer segments, potential, and buying patterns
02 **Financial bridge and attribution standards**	Gross margin, service cost, ramp, and accounting treatment
03 **Play design template and workflow logic**	Signals, talk tracks, offers, and handoff rules
04 **Management cadence and scorecard hierarchy**	Roles, decision rights, branch structure, and compensation
05 **Technology and data requirements**	ERP / CRM landscape, identity quality, and integration sequence

The portfolio advantage is a repeatable method for finding, building, and proving the right commercial model faster.

CONCLUSION / WORKING WITH REVENUE OPTICS

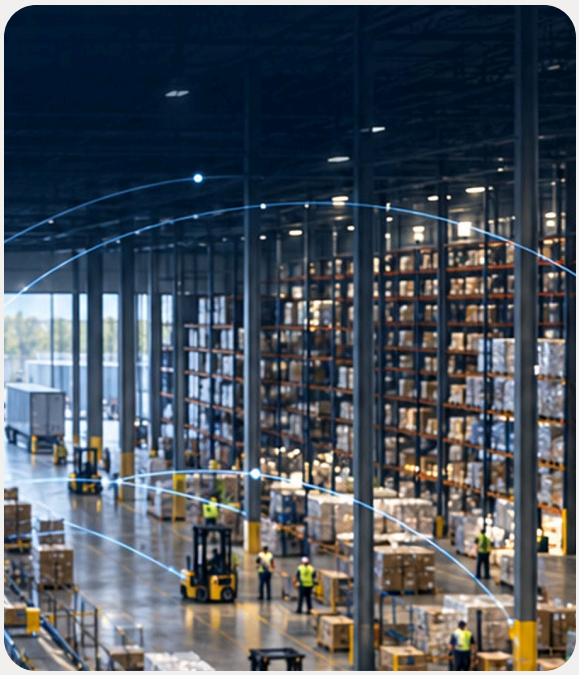
Build EBITDA the next owner will believe.

Private equity creates urgency, capital, and a clear value creation horizon. The operating work between a thesis and a result remains.

The opportunity must become an account-level decision. Sellers need a reason to act. Managers need a system to inspect. Finance needs a standard to attribute. Leadership needs gates that distinguish a scalable engine from an expensive experiment.

Revenue Optics helps PE-backed distributors, industrial companies, and manufacturers quantify trapped commercial value, design the system to capture it, launch with frontline teams, and prove the financial result.

The goal is durable commercial capability: repeatable customer coverage, measurable gross profit, credible EBITDA, and a stronger enterprise-value story.



A SEQUENCED ENGAGEMENT

01 Scan the opportunity

Size the value pools, build the preliminary EBITDA bridge, and expose execution constraints.

02 Build the operating system

Design coverage, ownership, plays, roles, workflows, and the scorecard. Launch a controlled pilot.

03 Prove and scale

Reconcile customer and financial outcomes, confirm productivity and payback, and codify what works.

START WITH ONE COMPANY OR ONE VALUE POOL

Scope a Commercial Value Creation Scan.

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ABOUT THE AUTHOR

Commercial strategy. Frontline execution.



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Ali advises distributors, industrial companies, manufacturers, and private equity-backed businesses on proactive inside sales, commercial intelligence, coverage strategy, pricing execution, and measurable growth systems.

His operating career includes building inside sales functions across multi-billion-dollar distributors and the management systems required to convert commercial strategy into measurable growth.

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The value creation plan should leave behind more than a result. It should leave behind a system.

Informational purposes only. Financial examples are illustrative, not forecasts, guarantees, or universal benchmarks. Results depend on company-specific data, customer behavior, gross margin, operating cost, execution, timing, and valuation. Photography is illustrative.