

A photograph of a car body parts rack in a factory, showing several silver car body shells stacked on red metal racks. A large blue circle is overlaid on the image, containing the title text.

Case Study: TBM Private Equity Partnership Maximizes Speed and Effectiveness

A new TBM case study demonstrates how an efficient and effective client relationship evolves over time. It describes our work with a private equity client and its portfolio companies from operational due diligence through executing the improvement plan and a subsequent acquisition.

Have you ever had a business partner, a boss or a colleague, who you were so in sync with that you'd finish one another's sentences? That type of shared mindset and absence of friction in day-to-day business translates into speed and efficiency.

Now consider some of your less harmonious relationships. People who seem to question everything you do, who are always playing the devil's advocate, who zig when you zag. Despite such antagonism, these types of business relationships can complement your weaknesses and strengths. By watching out for one another's blind spots, you end up making more effective decisions.

Either type of relationship doesn't just happen. They are grounded in mutual respect. This respect may start with a little chemistry, but it mostly comes from the equity that builds up over time from past success and results.

TBM's consulting client relationships may follow either of these models (and everywhere in between!). Over the long term how well we work with our clients – how efficient and effective we are – also comes down to results, to delivering on expectations.

We recently published a case study demonstrating how such a client relationship has evolved over time. It's about [our work with a private equity client and its portfolio companies from operational due diligence](#) through executing the improvement plan and a subsequent acquisition.

The case study describes TBM's assessment process, where we analyze and outline the business's full potential, including the impact of potential improvements on operational metrics and financial results. At this very well run acquisition target, we identified a potential 2-4 percentage point gain in EBITDA over the company's existing plan. We also reported that the company could meet its growth projections with its current production capabilities, and thereby avoid some planned capital expenses.

After the acquisition was finalized, the business's leaders recognized that many of their existing processes and procedures were more suited to the smaller company they'd once been, and needed to be upgraded. They asked us to help implement some of our recommendations that we spelled out in the due diligence process. This included a robust daily management system, visual management tools, problem-solving methods and reducing setup times.

In the midst of this implementation, after they had started to realize the projected performance gains and cost savings, another acquisition opportunity arose. The PE firm asked us to perform the operational due diligence on this second target, which would be integrated into the first organization. This company wasn't nearly as well run, so there were (and still are) significant opportunities for better financial

performance.

A central element of any due diligence project is an assessment of the target's leadership effectiveness and growth potential. In this case, as we noted in our report to management, there was a distinct cultural difference between the acquiring company and the acquired company. In part, we recognized these differences because of our existing relationships. Those differences were a risk that would have to be carefully managed for the acquisition to be successful. A prediction, following the completion of the second acquisition, which has come to pass.

TBM has enjoyed many positive, long-term client relationships. We finish one another's sentences, and question everything they do. These relationships are, quite frankly, deeply rewarding for everyone involved. Results beget respect, which begets new challenges and future results. Like the continuous improvement philosophy itself, the cycle may slow down and accelerate, but it never ends.

