

MannPartners

Why Organization Design In Private Equity Portfolio Companies is Different

Organization Design Forum

July 9th, 2025



***Mann Partners'
mission is to
accelerate value
creation***

**We enable private equity-backed firms
and their portfolio companies to transform
their organizations to accelerate revenue
growth, profit, and shareholder value.**



Alice Mann, PhD
Founder & President



Luke Hermer
Principal Consultant

How we work differently to meet the unique needs of our private equity clients



We achieve a higher level of client collaboration and partnership.



We provide industry-leading solutions and best practices faster and with greater client resource efficiency.



We have a deeper understanding of the unique business and cultural dynamics of PE boards, firms, and portfolio companies.



We are unique in linking organization transformation with the firm's objectives and strategy.



We achieve an elevated level of executive understanding and commitment and thus greater and faster implementation success.

Goals and objectives for today



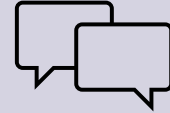
Learn

What is different about Org Design for private equity-backed companies.



Understand

How you might apply that to the work you do in a private equity context.



Answer & Discuss

Questions you have for us or experiences you have in this space.

Why Organization Design in Private Equity is Different: **Unique Dynamics** Require a Different Approach

The unique dynamics of private-equity-backed portfolio companies call for a different approach to organization design



Multiple Stakeholders, High Stakes

PE-backed companies must simultaneously align the interests and expectations of investors, boards, and management teams—each with distinct agendas and priorities.



M&A Roll-up & Integration Strategy

Supercharged growth in PE portfolio companies is often driven by accelerated M&A and integration, which is often without sufficient investment in integration to realize consistent margins and EBITDA growth.



Compressed Timelines and Intense Pressure

Unlike larger public companies, PE portfolio companies operate under compressed timelines, with organization transformation and measurable outcomes expected in just a few years.



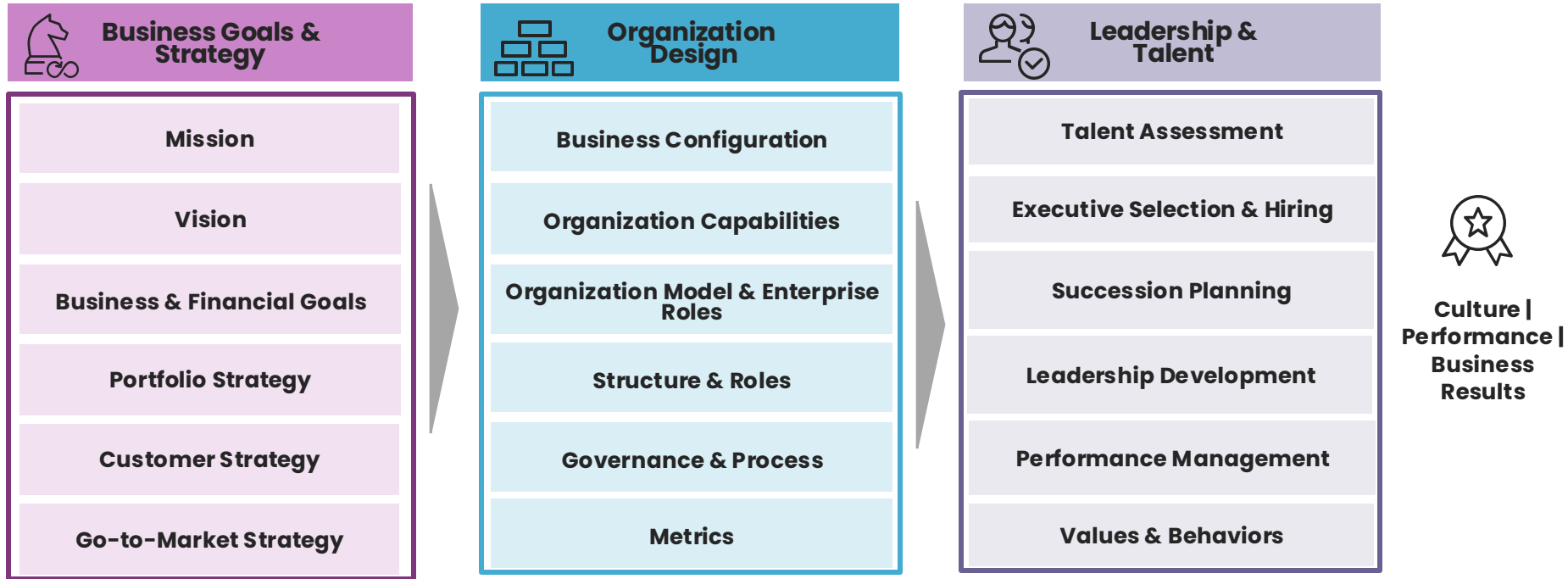
Underinvestment in Key Capabilities

There's often an initial lack of investment in the capabilities needed to truly transform—requiring a deliberate, targeted approach to build what's missing fast.

These unique dynamics of PE-backed companies require a holistic, integrated approach that can achieve expedited and adaptive transformation timelines

Our holistic, integrated approach to org design moves beyond the org chart

Culture, performance, and business results are outputs of strategy, operating model, and talent.



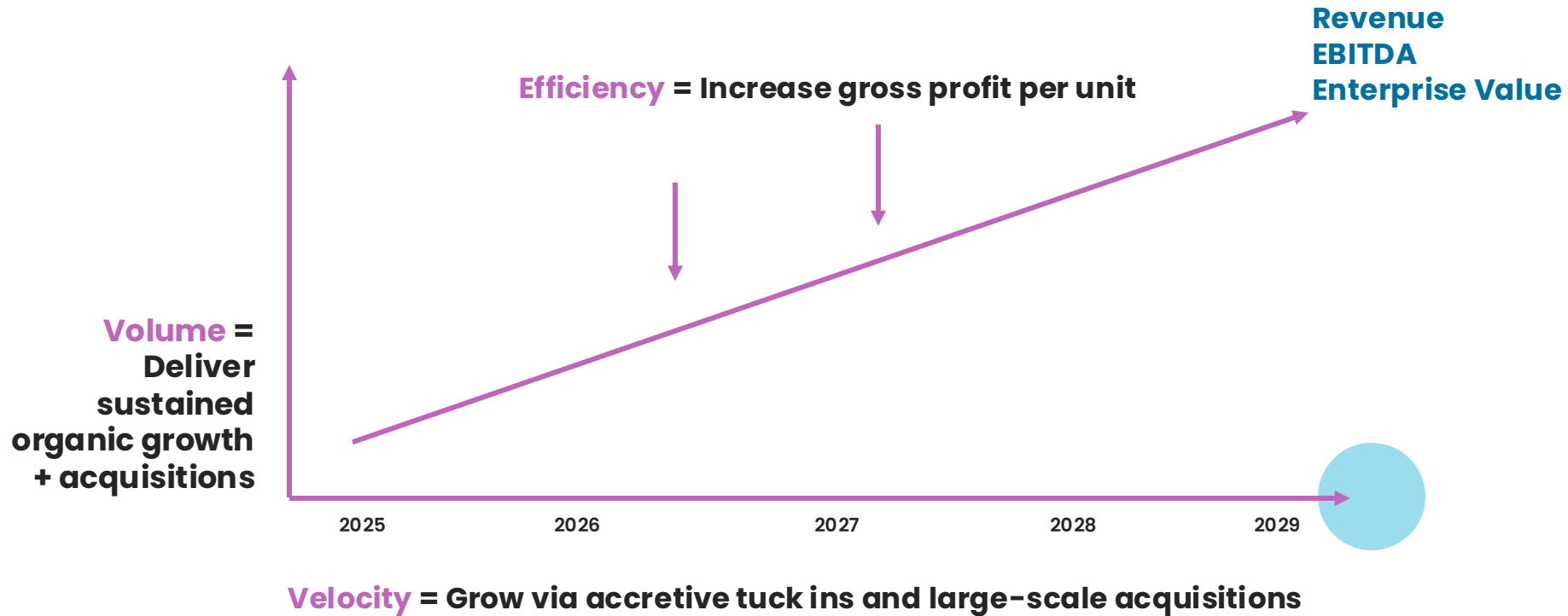
Why Organization Design in Private Equity is Different: **Multiple Stakeholders, High Stakes**

Investors (Limited Partners) evaluate Private Equity firms against other investment opportunities using 3 key metrics

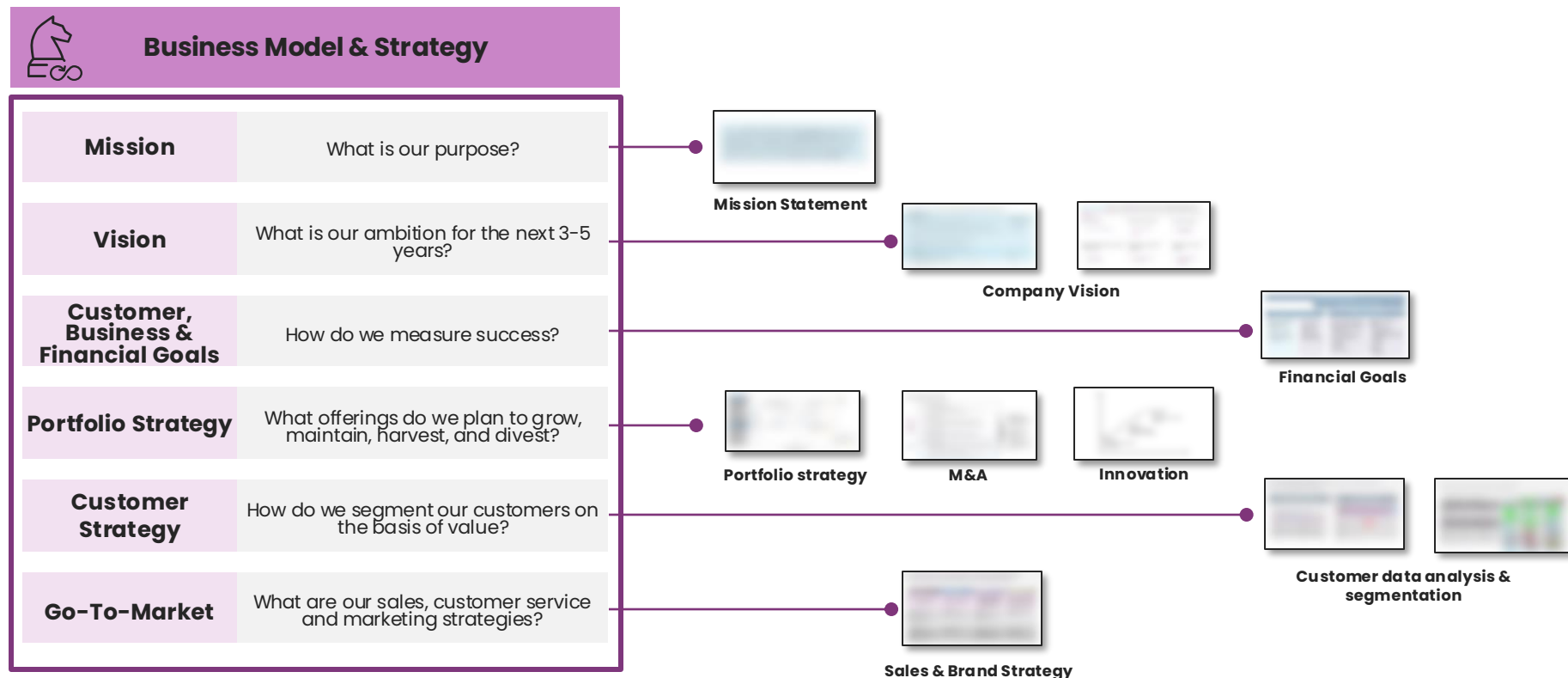
- **Internal Rate of Return (IRR)** (*most important metric*) – Measures the annualized effective compounded return rate on an investment over its lifespan.
 - Measures the *rate of return*.
- **Multiple on Invested Capital (MOIC)** – Represents the total returns generated by the investment relative to the initial investment amount.
 - Measures the *total amount of return*.
- **Distributions to Paid-In Capital (DPI)** – Indicates the portion of the invested capital that has been returned to investors through distributions
 - Measures the *velocity of return*.

With IRR as the most important metric, PE firms and portfolio companies are racing against the clock to return capital back to investors.

As a result, portfolio company management teams are under intense pressure to deliver both organic and inorganic revenue and margins

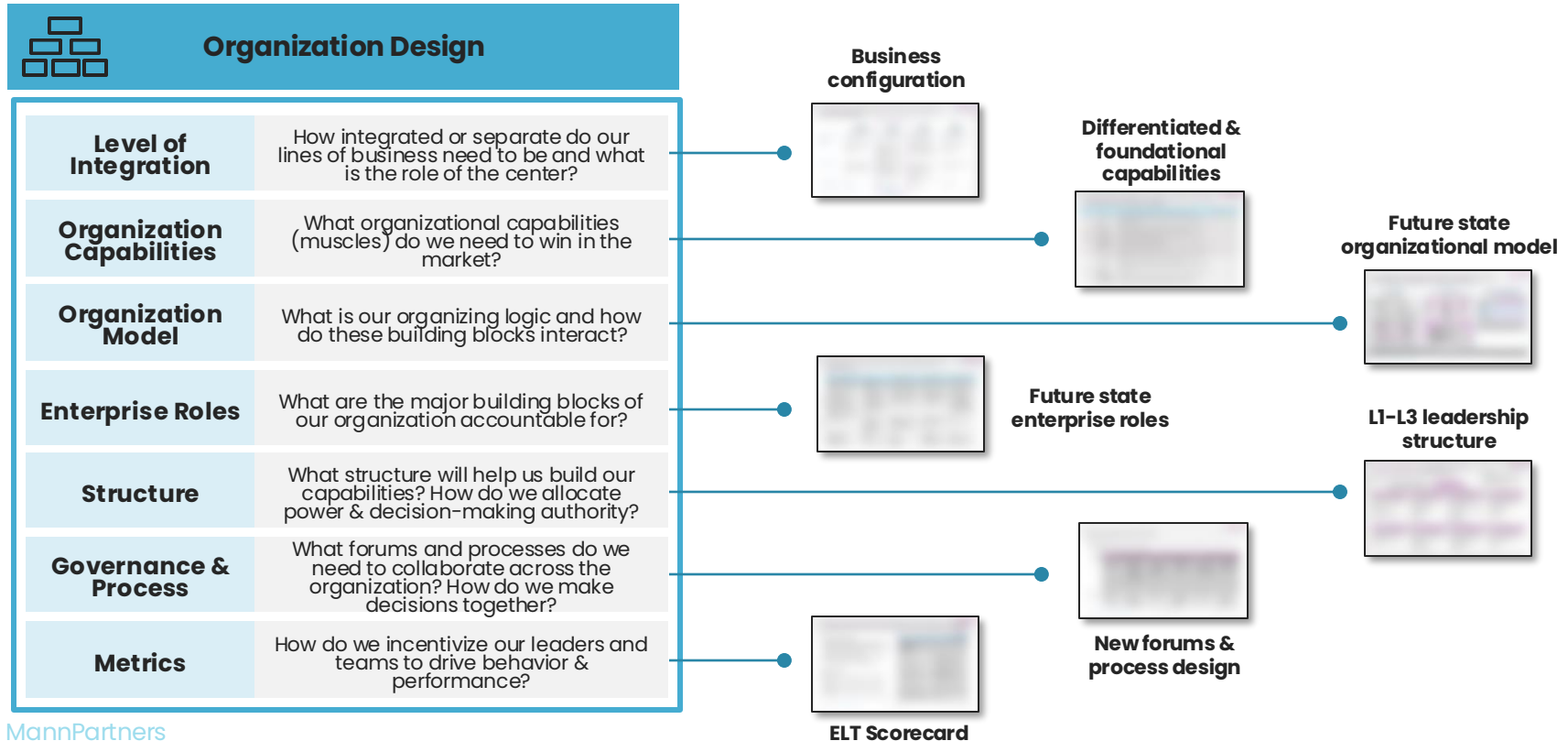


With the clock ticking, it is critical to align the PE firm and PortCo leadership on a specific, actionable plan to meet business and financial objectives

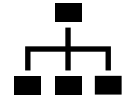


Why Organization Design in Private Equity is Different: **M&A Roll-up and Integration Strategy**

Organization design is critical to realizing value from M&A roll-up & integration strategies



If M&A is core to the strategy, aligning on the right organizing logic is critical to enabling seamless integration.



Product

- + P&L accountability
- + End-to-end strategy & execution ownership
- + Focus on product development & innovation

- × Product-focused performance can reduce enterprise agility
- × Shared customers require cross-product coordination

Geography

- + Can tailor offerings to market differences
- + Ease of travel, working across time zones

- × Challenges to scale offerings across geographies
- × Difficulty managing cross-region customers
- × Excess layers, multiple P&LS

Customer

- + Can tailor offerings to different customer types
- + Forces cross-functional, cross-product, cross-geo thinking
- + Effective for customer experience

- × More difficult to drive product differentiation & accountability
- × Difficulty constructing clean P&LS

Function

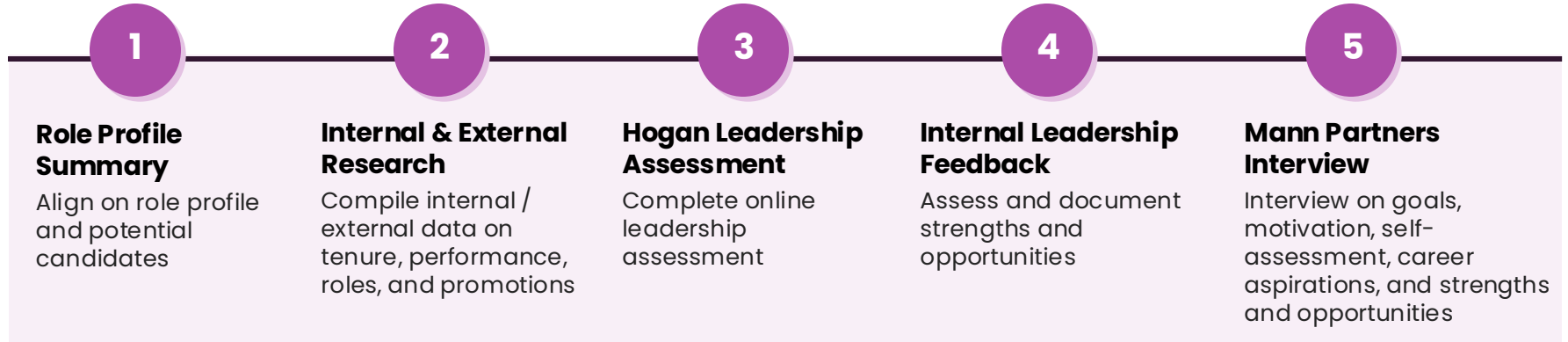
- + Functional excellence and expertise
- + Ability to leverage scale
- + Clear functional career paths

- × Can create inward (vs. external) focus
- × Hard to coordinate for customers
- × Challenging to develop cross-functional leaders

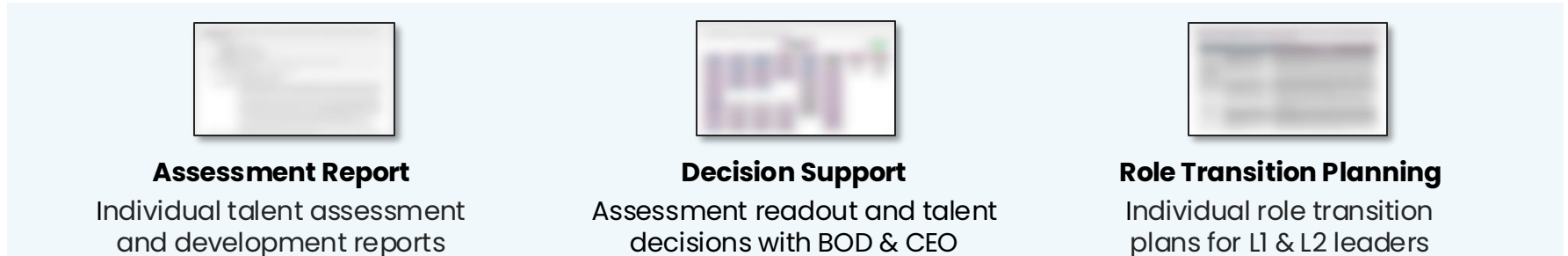
Why Organization Design in Private Equity is Different: **Underinvestment in Key Capabilities**

As an example, many portfolio companies lack mature HR capabilities and require support with assessing, onboarding, and transitioning talent

Assessment Process



Outputs & Results



Why Organization Design in Private Equity is Different: **Compressed Timelines and Intense Pressure**

Achieving compressed transformation timelines requires effort, coordination, and focus across several areas of the organization.



Strategy Cascade & Execution

- Leadership role targets and goals
- Business unit and functional strategies aligned to enterprise strategy



Detailed Design

- Detailed org structure
- Role profile design
- Job description & titles



Talent

- Leadership talent assessment and selection support
- Leadership role transitions
- Capacity planning and talent mapping
- Training & development



Process & Governance

- Process design
- Governance forums
- Business & function metrics

Cross-functional integration & planning

Communication, change strategy, & change management

Questions and Discussion