



Delivering Value Creation Programmes

An Activist Approach to Portfolio Transformation

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Delivering Value Creation Programmes: An Activist Approach to Portfolio Transformation

The Transformation Imperative in Private Equity

In today's competitive private equity landscape, the difference between a good return and an exceptional one increasingly lies in operational transformation. Yet our experience shows that fewer than 40% of value creation programmes deliver their full potential. The challenge isn't identifying opportunities—most portfolio companies have clear paths to improved EBITDA through digital transformation, operational excellence, and commercial optimisation. The real challenge lies in **execution**.

At Trimstone, we've developed an **activist approach** to value creation that fundamentally shifts how transformation programmes are conceived, structured, and delivered. This methodology has proven particularly effective in complex, multi-stakeholder environments where traditional programme management approaches often falter.

The Activist Programme Management Approach

Traditional programme management operates as a passive coordination function—tracking progress, consolidating reports, and facilitating meetings. Our activist approach positions the programme management office (PMO) as the transformation leader's "arms and legs," actively driving change rather than merely monitoring it.

Key differentiators of the activist PMO:

- **Challenge, don't just consolidate:** Actively challenge targets, benefits assumptions, and delivery approaches rather than accepting team submissions at face value
- **Drive, don't just facilitate:** Clear VCP leadership who participates as an active member in workstreams, bringing external expertise and cross-functional insights
- **Own, don't just track:** For enabling projects critical to transformation success, the PMO takes direct ownership rather than distant oversight

- **Shape, don't just report:** We structure team outputs, design change processes, and actively manage cultural transformation

This approach requires staffing the VCP programme with your "best and brightest"—individuals capable of both rigorous process management and substantive content challenge.

In our recent engagement with a Nordic financial services firm, this activist approach enabled millions in EBITDA improvements whilst maintaining critical stakeholder buy-in.

Structuring for Success: The Three-Pillar Framework

Successful transformations require three interconnected elements, each demanding specific focus and expertise:

1. Transformation Definition

The foundation phase establishes vision, quantifies baselines and targets, identifies interdependencies, and creates the programme charter. Critical success factors include:

- Brutal 80/20 prioritisation to focus resources where impact is greatest
- Wave-based sequencing that respects capability constraints
- Clear separation of enabling initiatives requiring early investment
- Comprehensive stakeholder mapping and engagement planning

2. Programme Office and Transformation Management

Beyond traditional programme management, we establish four distinct capabilities:

- **Programme Management:** Ensuring consistency and quality across initiatives
- **Baselining and Benefits Tracking:** Creating shared understanding of starting points and rigorously tracking value capture
- **Change Management and Communication:** Managing the human dimension of transformation

- **Cross-cutting Support Functions:** Coordinating technology, finance, and people implications

3. Project Structuring and Support

Individual initiatives require tailored support based on their strategic importance:

- **Critical/Enabling Projects:** Direct PMO involvement as permanent team members
- **Core Value Drivers:** Active challenge and close monitoring
- **Supporting Initiatives:** Light-touch tracking with focus on interdependency management

Resource Mobilisation Strategy

- Target high-potential individuals with organisational credibility
- Over-invest in backfill to release key BUA resources
- Accept that transformation requires your best people—the business cannot have them for BAU and transformation simultaneously

Common Pitfalls and How to Avoid Them

The Profit Share Trap

In businesses with profit-sharing models, efficiency improvements can flow entirely to participants rather than EBITDA. Solution: Design new compensation structures that share upside whilst capturing value for investors. We recently designed a hybrid model that doubled advisor compensation whilst still capturing 47 million SEK for shareholders.

Initiative Proliferation

Attempting too many initiatives simultaneously dilutes focus and exhausts change capacity. Solution: Implement wave-based delivery with clear gates between phases. No more than 5–7 major initiatives should run concurrently.

The Integration Challenge

Technology, process, and organisational initiatives must integrate seamlessly. Solution: Map interdependencies rigorously and establish cross-functional steering groups for critical integration points.

The Path Forward: Building Transformation Capability

The most successful portfolio companies don't just execute one-time transformations—they build enduring transformation capability. This requires:

1. **Establishing permanent change management functions** led by experienced transformation officers
2. **Creating repeatable frameworks and playbooks** that accelerate future initiatives and M&A integration
3. **Developing internal change agents** who can sustain momentum beyond consultant departure
4. **Implementing robust governance** that balances empowerment with control

Conclusion: Value Creation as Competitive Advantage

In an environment where operational improvements increasingly determine returns, the ability to execute complex transformation programmes becomes a source of competitive advantage for both portfolio companies and their PE owners. The activist approach we've developed—combining rigorous programme management with active intervention, digital enablement, and sophisticated change management—consistently delivers superior results.

The question for PE firms and portfolio company leaders isn't whether to transform, but how to transform effectively. Those who master the discipline of value creation programme delivery will capture disproportionate returns in an increasingly competitive market.

Trimstone is a specialist FS consultancy focused on value creation in companies. Our activist approach to transformation has delivered millions in EBITDA improvements across financial services, technology, and business services sectors.

To find out more, contact us at contact@trimstone.com.