



Operational Due Diligence - Sales and Marketing Assessment

The due diligence process is a key activity in capital raising and M&A as it is the point where the potential for value creation and the purchase price is determined.

Sales and Marketing capabilities and functions provide the most significant insight into the company's potential for growth.

A Complement to Commercial Due Diligence- CappcoPartners has developed a process which assesses the sales and marketing execution capability of the target firm. Our methodology supplements the work commercial due diligence firms provide and ensures the investor understands the full potential and risk for growth.



Background

Most acquirers perform detailed and expensive financial and strategic due diligence to assess the current state and potential of the target company prior to an investment.

Investors who have prioritized growth are now looking in more detail at the target company's ability to deliver the growth plan. As a result the due diligence process is focussing more time and effort on the sales and marketing operations.

The concerning issue for investors is that most professional due diligence providers lack sales and marketing experience. Therefore there is lack of quality information provided to the investors as a detailed assessment of the target firms sales and marketing operations are usually not included in the due diligence.

Strategic and financial due diligence performed without a detailed assessment of the sales and marketing operations completed by experience staff falls short and can be risky.

Operational Assessment

The CappcoPartners review assesses the sales and marketing operations of the target company and verifies the accuracy of the business plan and whether this is achievable with the existing operational facilities plus the capital expenditure that is outlined in the business plan.

In an effort to establish a better framework for the operational due diligence process we have included the detailed evaluation of the firms sales and marketing operations. The Execution Capability Rating "ECR" is our proprietary approach based on a rating methodology which has been develop and fine-tuned over the last 3 years and after many successful engagements.

Objectives

The objective is to give the investor a clear view of the firm's ability to deliver the growth plan and to identify the potential gaps and issues which may occur after the acquisition. We work alongside the commercial and financial due diligence providers as our process augments the information they provide.

In many of our assessments we have uncovered short term opportunities which have been unnoticed by the management team. In addition, the outcome of the assessment can be used as part of the post acquisition operational planning and objective setting which is a key part of most new investments.

As part of the due diligence report we complete a detailed list of recommendations and action points which can be included in the 100 day plan.

Approach and Methodology

We will use a systemic and fact based approach to assess the target firms current sales and marketing capabilities, processes, strategy and management. Approximately 250 data points will be examined and each with have a detailed explanation and numerical ratings based on the CappcoPartners "Growth Assessment Model" methodology.

The following areas of the company will be assessed in detail:

1. Sales Messaging
2. Brand Awareness
3. Lead Generation
4. Sales Execution
5. Client Management

The formal assessment document that is created measures the current situation, strengths and weaknesses and this process usually take less than 5 days to complete.



CappcoPartners Growth Assessment Model

Sales Strategy	<ul style="list-style-type: none"> • Competitive Positioning • Pricing Methodology • Target Market Dynamics • Distribution Model • Organisational Structure 		We analyse the sales and marketing strategy of the company and perform research and numerous interviews to complete this quickly.
Brand Awareness	<ul style="list-style-type: none"> • External Communications • Content and Collateral • Website Optimisation • Social Media 		We perform a detailed analysis of the target company's sales and marketing processes and capabilities. We analyse 250 data points and create a score based on their current processes and ability to execute their growth plan. A unique score is created "Execution Capability Rating" which can be used to benchmark the company against others in your portfolio.
Lead Generation	<ul style="list-style-type: none"> • Prospect Management • Campaign Management • Qualification • CRM Policy 		This process usually takes 5 days to complete and we deliver the analysis along with a 100 day sales and marketing plan and recommendations as part of the project.
Sales Execution	<ul style="list-style-type: none"> • Sales Process • Competitive Tactics • Pipeline Management • Sales Team Effectiveness • Commercial Management 		
Client Management	<ul style="list-style-type: none"> • Account Planning • Relationship Management • Delivery • Support 		

Pipeline Review

CappcoPartners can create a detailed analysis of the current pipeline to ascertain its accuracy. This will take the form of detailed one by one deal review and a validation that the deals are in the correct pipeline stages, the close dates and amounts are correct and key milestones have been achieved.

We can also complete a won and lost deal analysis by analysing the reasons each major deal has been won or lost or if there was no decision. These reviews are conducted by partners who have been professional sales directors and have extensive experience in ensuring the information they receive from salespeople is accurate and not embellished.

Commercial Due Diligence

We understand the requirements for completing accurate due diligence projects cost effectively. As a result we have created a low cost solution for small investments. We are able to complete a combined commercial and operation due diligence project for companies with less than £5m in revenue within 1 week and at a cost less than £ 25,000.

The commercial due diligence summarises the attractiveness of the market along characteristics that are important to achieving the business plan, such as growth, trends, pricing and target segment potential. It outlines the competitive environment, and the companies' relative competitive position, USPs, strengths, and any weaknesses to understand and address.

Specialised Sales and Marketing Services

CappcoPartners is a company of experienced sales and marketing executives who specialise in improving sales and marketing performance and executing corporate turnarounds where revenue growth and creation is essential. The CappcoPartners team provide the following services:

Investor Services

- Pre-deal due diligence - our proprietary **“Growth Assessment Model”** assesses and measures the sales and marketing capabilities and gives detailed information relating to the target firms ability to deliver their growth plan.
- Assist under-performing portfolio companies - implement growth strategies by creating consistent sales and lead generation processes based on best practices.
- Post acquisition integration - we assist and project manage the integration of the sales and marketing departments and the creation of consistent processes across the company.
- Exit planning - we prepare our clients for the vendor due diligence process by fine-tuning their sales and marketing processes and capabilities.

Sales Performance Improvement

- Sales and Brand Strategy implementation - our **“Sales Performance Improvement”** process is designed to identify and exploit your key differentiated factors. We take a hands on approach to validating and then implementing your unique sales messages throughout all demand creation campaigns and marketing communications.
- Lead Generation - the objective is to increase revenue by improving the lead generation processes which will deliver additional high quality leads to the sales teams.
- Sales Process Implementation - we implement our **“Value Based Sales”** methodology during engagements which ensures accurate pipeline measurement and institutionalises sales best practice across the company.

About CappcoPartners

CappcoPartners was formed in 2009 to provide sales and marketing services to private equity and venture capital backed firms, struggling to meet their growth plans. We are staffed with experienced professionals who have successfully implemented positive change for small and mid-sized firms across all major industries. Each partner has a successful track record in implementing change and extensive experience in growing revenue.

Since 2009 CappcoPartners has successfully grown revenue by £75m for our clients and have added £300m in Enterprise Value to their investors. See our successes at www.cappcopartners.com



Institute for Turnaround



The CappcoPartners team are proud to be members of the two most prestigious turnaround organisations in the UK

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