WHITEPAPER

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What You Defer in the First 100 Days You Don't Recover

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WHERE EXECUTION BREAKS DOWN

Here is a pattern we've seen enough times that it bears calling out. A deal closes after a competitive, exhausting process. Thorough diligence has framed the IT plan by ranking technology risks, identifying integration priorities, and flagging leadership gaps. But when the ink dries, the deal team shifts to the next transaction while the portfolio company is passed off to an operating team who wasn't in the room during diligence.

The business is running and revenue is coming in. Nobody owns the IT plan, though, and there's no forcing function to act on it. Five weeks pass before someone asks about it, and by then there are already new priorities competing for attention and still no named owner to drive the original work forward.

This is a sequencing and ownership failure, and it's deceptively expensive. Because nothing is obviously "broken" in business operations, organizations can easily make the mistake of forgetting about executing that IT plan until the hold period is half over and the value creation timeline is no longer what the model projected.

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THE FIRST 100 DAYS MATTER

The firms getting to value faster are making one decision early that others defer: they treat technology and data as the precondition for everything else in the hold period, not a workstream to get to once the business has stabilized. That decision gets made, or not made, in the first 100 days.

Financial Engineering Carried the Weight over the Last Decade — Those Levers Are Gone

Firms generating better returns today understand why this pattern is more costly than it used to be.

For most of the last decade, a deal could drift operationally for a quarter or two and still deliver. Leverage was cheap, multiple expansion was reliable, and financial engineering could carry the weight. That's no longer true in any industry.

McKinsey's analysis of more than 100 PE funds found that GPs prioritizing operational value creation now achieve IRRs up to two to three percentage points higher on average than peers. That gap originates much earlier than many organizations realize, in the decisions made during the first weeks of ownership.

Five years ago, technology was a cost center in most industries. The firms that deferred addressing it could still generate returns because the market rewarded other things more reliably. Today, competitors in every industry use data and AI for strategic acceleration. They price more precisely, manage utilization more tightly, retain customers more deliberately, and tell a cleaner story to the next buyer. With this increased velocity, deferring the technology and data foundation makes the value creation plan less executable with every month that passes.

The old levers are not coming back. What remains is operational execution, and the window for getting it right opens on day one.

The Three Questions That Tell You Whether the Plan Is Executable

When assessing a portfolio company's data posture in the first 30 days, three questions will tell you most of what you need to know about whether the value creation plan is achievable on the timeline the model assumed.

1. Do you have the KPIs to run this business, and can you access them?

This sounds like a basic question, but it almost never has a clean answer. The metrics that matter in most businesses, such as gross margin by segment, utilization, revenue per head, and customer retention, are knowable. What's rarely clean is whether they're being measured consistently, whether the underlying data is connected across systems, and whether the people making decisions are using these KPIs to do so.

Most of the time, the data exists but the connections don't. In a services business growing top-line revenue while EBITDA stays flat, the problem often is that the staffing system, the CRM, and the financial system each hold an important piece of the answer, but nobody has brought them together. Without that, the margin story the model assumed takes two years longer to materialize than it should.

2. Is your value creation plan tied to measurable metrics?

A value creation plan should be traceable: initiative X, executed well, moves metric Y by Z within this timeline. Many aren't built that way, describing directions rather than destinations. The absence of that traceability makes course correction slower because the problem isn't visible until it's already compounded.

3. What is the gap between good enough to operate and good enough to transform?

Good enough to operate is not the same as good enough to transform. A business can generate revenue with fragmented data systems, misaligned metrics, and an under-resourced IT organization. It's operating, but value creation is compromised. When the hold period plan calls for integrating acquisitions, deploying AI-enabled pricing, or building the kind of KPI reporting that supports a premium exit multiple, the underlying data infrastructure has to support it. If it doesn't, the transformation stalls, the timeline extends, and the delay is the least of it. The real cost is every operational decision made from incomplete information while the infrastructure catches up.

The first 30 days should produce reports, not presentations. The diagnostic value of building working dashboards quickly is as important as the operational value. Pulling data together reveals immediately where it doesn't agree with itself, where definitions are inconsistent, and where the gap is between what the business thinks it knows and what the data can actually support.

The Data Foundation Is What the Value Creation Timeline Runs On

In the examples that best illustrate what getting the data foundation right makes possible, the value was already there but the infrastructure to see it wasn't.

A highly acquisitive commercial and residential HVAC company growing through a deliberate roll-up thesis ran into a version of the problem that most acquisitive mid-market businesses encounter. Every acquired company ran on different systems, tracked different metrics, and managed its own financials independently.

The firm knew it needed consolidated reporting. But until it built a shared data platform and began normalizing metrics across acquired companies, it didn't know how much insight was locked inside the comparison. The company could benchmark acquired businesses against each other and bring best practices from the top performers to the rest. It also discovered that some units had been misclassifying project revenue as recurring revenue. Correcting that reclassification contributed to more than $100 million in incremental enterprise value. The data was always there. Before implementing a shared platform, there was no way to compare the businesses against each other, and the misclassification compounded unnoticed in the financials.

This pattern repeats across industries and deal types. A distribution business measures on-time delivery against internal shipment records rather than customer delivery windows. At the executive level, performance looks fine. Meanwhile, the business is expediting orders to cover delivery failures the internal metric was never designed to catch, and the margin erosion from those expediting costs doesn't show up anywhere until the data foundation exists to connect the two.

Organizations that have learned to operate without that foundation stop asking for what they're missing. The value creation plan keeps working around the gap rather than closing it, and the hold period stretches to accommodate a plan that was never as executable as it looked.

Governance at the Speed of Operational Reality

Data governance has a reputation problem in the first 100 days. It reads as administrative overhead, the thing you build after the real work is done. For PE-backed companies moving at deal speed, the instinct to defer it is understandable. The cost of deferring it, though, isn't zero. It compounds.

For mid-market businesses that don't yet have strong reporting in place, the most effective approach is just-in-time governance: start with the metrics and reports you're building, and let data problems surface through use. Don't design a governance architecture before anyone knows what questions they need to answer.

The way governance becomes real and active rather than abstract and avoided is when a visible operational problem demands it. A business with upset customers and a dashboard showing 99.9 percent on-time delivery every month is a business where data ownership, field definitions, and calculation logic have suddenly become urgent. Someone must own the answer to why those numbers don't agree, and that ownership is what turns governance from a policy document into a practice.

For larger companies, highly acquisitive roll-ups, or any business where complexity is high and the same data fields mean different things across the organization, the urgency is higher from the start. Without clearly defined parameters, technical controls, and ownership over how data is interpreted and used, organizations face progressive erosion of confidence in the data itself. People stop trusting reports and instead maintain parallel spreadsheets. They stop asking for the metrics they know the system can't reliably produce, and the organization adapts to operating without information it needs. That adaptation is hard to reverse, and it gets harder the longer it's allowed to persist.

As AI tools are deployed inside portfolio companies and access financial systems, customer records, and operational data, the governance question becomes a risk question. Ungoverned data fed into AI can produce confident answers that are simply wrong. A few visible errors from an AI tool running on inconsistent or misclassified data will erode the management team's confidence in the tool faster than almost any other failure mode, and rebuilding that confidence takes longer than getting the foundation right would have.

Where AI Really Creates Value During the Hold Period

Most PE-backed companies have more AI enthusiasm than AI infrastructure, and the distance between the two is where adoption stalls.

The parallel to the business intelligence boom of the early 2000s is instructive. Organizations that deployed analytics tools on poor data infrastructure spent years recovering credibility before those tools could be used as intended. The dynamic with AI is the same, compressed into a shorter window because the tools are more visible and the expectations are higher.

Where AI is generating real, measurable value in the hold period is narrower than the conversation usually suggests. The most effective early applications are connective, bringing together data from systems that previously required manual reconciliation, accelerating

management reporting, improving the speed and completeness of diligence analysis. That compression of time between data collection and insight compounds across the hold period.

A portfolio company management team with faster reporting cycles makes better decisions. A diligence team that can synthesize findings faster produces better recommendations. Neither outcome is possible on fragmented infrastructure, which is why the foundation work and the AI agenda aren't sequential. They're the same investment.

Leadership Is a Speed Variable

The most consistent gap in the first 100 days is ownership. Technology and data priorities identified in diligence need a named person accountable for driving them, someone with decision-making authority who treats the foundation work as their primary responsibility, not a side obligation to the rest of the operating agenda.

The ownership question needs to be answered within the first 30 days, identifying whoever is best positioned to move the work forward, whether that's an internal leader, an external hire, or an experienced advisory partner who can carry accountability until the right permanent leader is in place. Ambiguity about ownership is the one thing the first 30 days can't survive.

The Decision That Separates the Faster Holds From the Rest

The firms that get to value faster in the hold period aren't doing something exotic. They've made one decision that others defer: technology and data come first, not after the business has stabilized. Every specific choice that follows, which KPIs to build, who owns the plan, how to govern the data, flows from that posture. And that decision gets made, or not made, in the first 100 days.

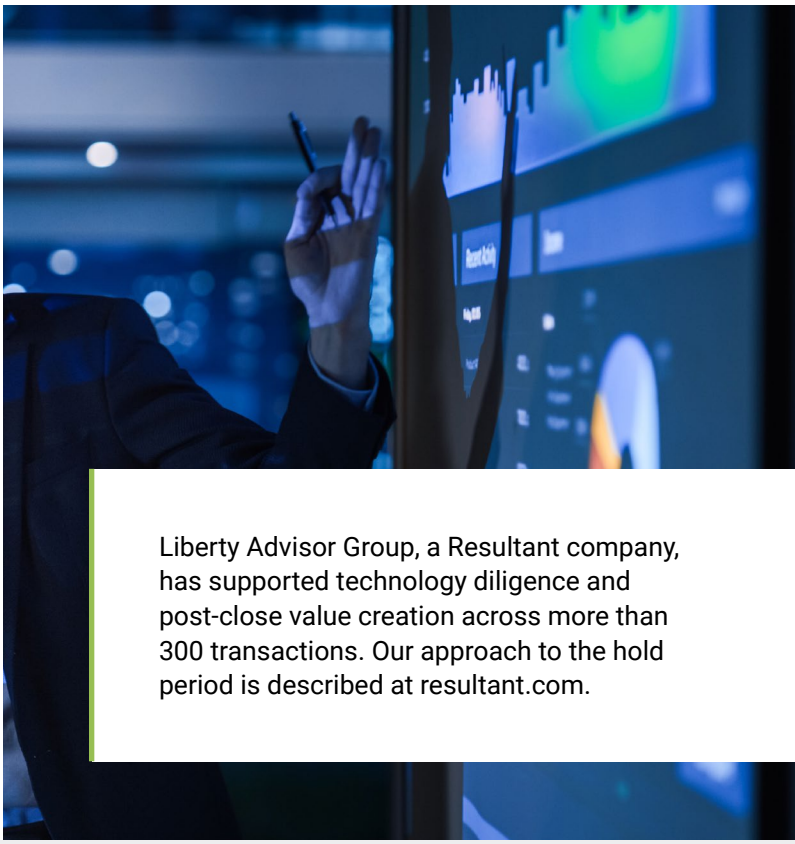
That window matters more than most firms treat it. The first 100 days are when change is most expected, most accepted, and most executable. Leadership is paying attention. The organization hasn't yet settled into the patterns it will hold for the next four or five years. The decisions made in this window compound across everything that follows. Get them right and the hold period accelerates. Defer them and the plan works around the gap, month by month, until the value that should have been realized isn't.

McKinsey's 2026 Global Private Markets Report notes that the firms pulling ahead have more than doubled their operating group size since 2021, with 60 percent now using operating group members to identify and quantify bankable performance improvements during diligence itself, before close, not after. The engagement is moving earlier because the firms that wait are learning, hold period by hold period, that the cost of waiting is not recoverable.

The first 100 days don't guarantee the outcome. But they determine the speed at which the outcome becomes possible.

[1] *McKinsey & Company. "Bridging Private Equity's Value Creation Gap." 2024. https://www.mckinsey.com/industries/private-capital/our-insights/bridging-private-equitys-value-creation-gap.*

[2] *McKinsey & Company. "Global Private Markets Report 2026:Private Equity—Clearer View, Tougher Terrain." 2026. https://www.mckinsey.com/industries/private-capital/our-insights/global-private-markets-report.*



Liberty Advisor Group, a Resultant company, has supported technology diligence and post-close value creation across more than 300 transactions. Our approach to the hold period is described at resultant.com.