PE GROWTH SYSTEM DIAGNOSTIC

Building durable commercial engines inside private equity portfolio companies

A diagnostic for evaluating whether portfolio company growth is repeatable, durable, and built to hold up under buyer scrutiny

Most portfolio companies have some form of growth activity underway: campaigns, hires, CRM rollouts, AI pilots. The harder question is whether that activity adds up to a system, one that creates value through the hold period and gives a future buyer confidence growth will continue after the deal closes.

This assessment walks through eight areas PE firms and buyers actually scrutinize: market clarity, commercial strategy, sales and marketing alignment, execution capacity, data and measurement, technology, operating cadence, and exit readiness.

Scoring model

For each question, score:

0 = Not in place
1 = Partially in place
2 = Clearly in place

1. Market insight

- Does everyone know which customer segments offer the strongest growth potential and profitability?
- Do we understand the full buying process, including customer needs, buying triggers, and decision criteria?
- Do we regularly monitor our competitive positioning and market share?
- Are market assumptions validated by data, customer input, or external insight?

2. Commercial strategy

- Is the growth strategy documented and clearly tied to the investment thesis?
- Are all segments aligned on pricing strategies, core offerings, channels, and target segments?
- Do we all agree on one compelling value proposition?
- Have we made clear choices about how to win in these markets?

3. Sales and marketing alignment

- Do both teams agree on the ideal customer profile?
- Are funnel stages, lead definitions, and handoffs clearly defined?
- Is marketing creating demand that sales values?
- Is sales feedback used to improve messaging, targeting, and campaigns?

4. Execution capacity

- Do we have the right talent and resources to activate the strategy?
- Are critical execution gaps slowing progress?
- Can we flex resources as needs change?
- Are execution owners clear and held accountable?
- Are teams executing efficiently (or are they running hard but not producing results)?

5. Data and measurement

- Can we see and trust pipeline quality by source, segment, and stage?
- Do we understand conversion rates, sales cycle, and win/loss patterns?
- Are our forecasts accurate (or are we often surprised by the results)?
- Can we connect commercial activity to revenue outcomes?
- Is the data trusted and used to make decisions?

6. Technology

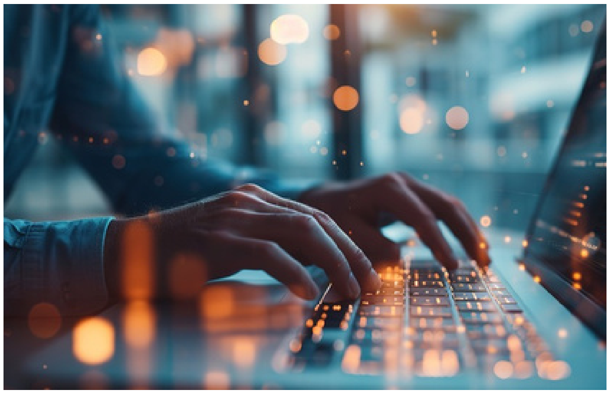
- Are tech stacks and AI used to augment defined processes (versus being the strategy)?
- Is technology/AI driving efficiency productivity (versus creating more activity)?
- Are technology and AI use cases tied to measurable business outcomes such as commercial insight, speed to market, or prospecting?
- Are our technologies integrated into our workflow and dashboards?

7. Operating cadence

- Is there a regular rhythm for reviewing commercial performance?
- Does the team adjust priorities based on market feedback and performance data?
- Are sales, marketing, finance, and leadership aligned around the same growth metrics?
- Does the company know when to double down, stop, or change course?

8. Exit readiness

- Can we explain how growth is created?
- Can we show that growth is repeatable?
- Can we identify next-wave growth levers for the next owner?
- Can buyers trust the data behind the growth story?



Add up your scores across all 8 categories, then use the interpretation guide below.

Interpretation

0–17: Fragmented growth activity

The company may be working hard, but growth activity is scattered. Value creation may depend too heavily on individual effort or tactics.

18–34: Emerging growth processes

The company has some strong pieces, but the system is not connected. Review the areas you scored lowest and focus on these to turn emerging processes into a repeatable system.

35–50: Functioning growth engine

The company has a commercial model and is building repeatability.

51–65: Durable, exit-ready growth system

The company has a strong commercial operating model that can create value through the hold period and support buyer confidence beyond the exit.

WHERE TO GO FROM HERE

A single score is a starting point, not a verdict. If several categories came back low, that's usually a sign of gaps that will surface in diligence long before you'd want a buyer to find them. If the engine is strong but one or two areas lag, that's often the fastest, highest-leverage place to focus before the next stage of the hold period. Find the components of a durable commercial engine in *The New PE Value Creation Playbook.*