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Capital Preservation and Growth through the Implementation of Operational Excellence

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Who wins in times of business uncertainty, global economic challenges, and periods of chaos? History has demonstrated that “Operationally Excellent” companies not only survive during times of economic uncertainty, but become stronger.

We all know that in good times, when demand outpaces supply, that even the poorest of performers can effectively sell their products and make a profit. However, when demand diminishes and the power shifts once again to the customer, actions speak louder than words – exceptional quality, on-time delivery, reduced lead times and of course “excellent pricing” all become part of the equation. The best companies in the world seize this opportunity to differentiate themselves – making them more efficient, more focused and more profitable.

So what does it mean to be “Operationally Excellent?” At TriVista, we would subscribe that an “Operationally Excellent” company is one that balances continuous process improvements such as cycle time reduction, supply chain velocity and design for manufacturability while enhancing and building the leaderships operational skills and value system across the organization. Far too often an organization focuses on one activity and not both. A recent article in Fortune Magazine regarding the transformation of Home Depot is a great example. The prior CEO focused relentlessly on the operational effectiveness of the company and missed the fact that unhappy leaders across the organization resulted in poor customer service and store cleanliness, ultimately resulting in lower sales and profit. However, through inclusion, education and a focus on the *most critical* operational activities, a company’s leadership can help ensure capital preservation and growth - even in the most difficult of economic times. This powerful combination is what TriVista refers to as “Operationally Excellent.”

Weathering today’s economic storm is not enough for Private Equity investors. Today’s most successful Private Equity firms are aligning themselves with operational advisors that can provide greater insight into operational efficiency and thus greater velocity. Velocity is the key to driving cash flow, increasing customer satisfaction and ultimately greater profit. Velocity in a company’s supply chain, manufacturing process and new product development process will drive meaningful and sustainable financial results both in the short term as well as in the long term.

Most Private Equity firms make the decision to buy a company both on the financial merits of the company as well as the leadership talent. As such, helping this same talented team of leaders grow and embrace the benefits of operational excellence is critical. Likewise, it is imperative that the continuous improvement initiatives deployed be adapted to the size, culture and maturity of the business.

About TriVista Business Group Inc.

TriVista Business Group is a boutique management consulting and advisory firm focused on creating value for middle market private equity firms across three main service areas – Transaction Advisory, Operational Performance Improvement, and Global Supply Chain. TriVista has offices in San Juan Capistrano, CA and Tianjin, China.

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