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Excerpt:

# **Metrics Hierarchy to Optimize PortCo Value**

# Why use this tool?



Use this tool to identify which business and financial metrics to track and optimize portfolio company (PortCo) performance, against three critical facets of shareholder value creation:

- Revenue growth
- Operating margin
- Return on investment



Each of these facets of shareholder value creation is supported by a hierarchy of indicators of success. These provide successively more granular aspects of business and financial performance to measure.

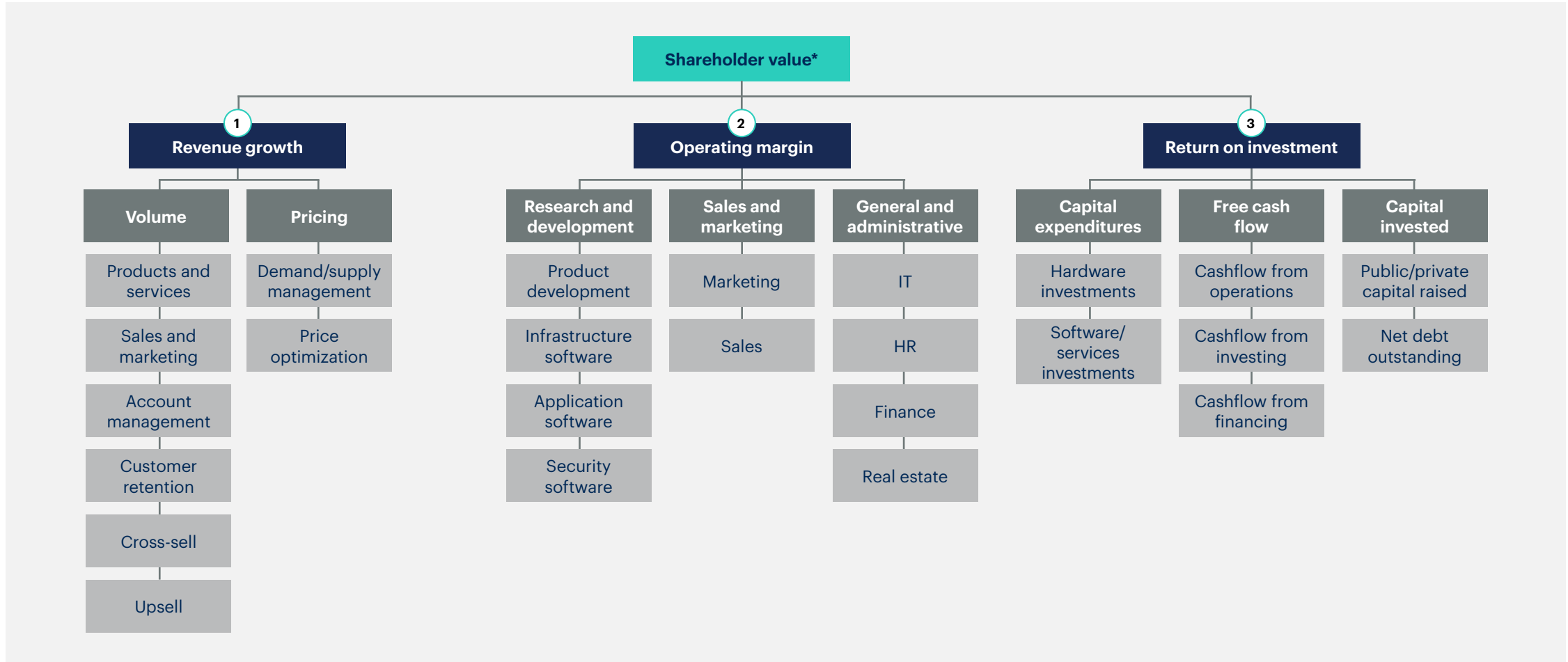


Not all metrics will be relevant to all businesses — focus on those which match your PortCo's product area or business model.

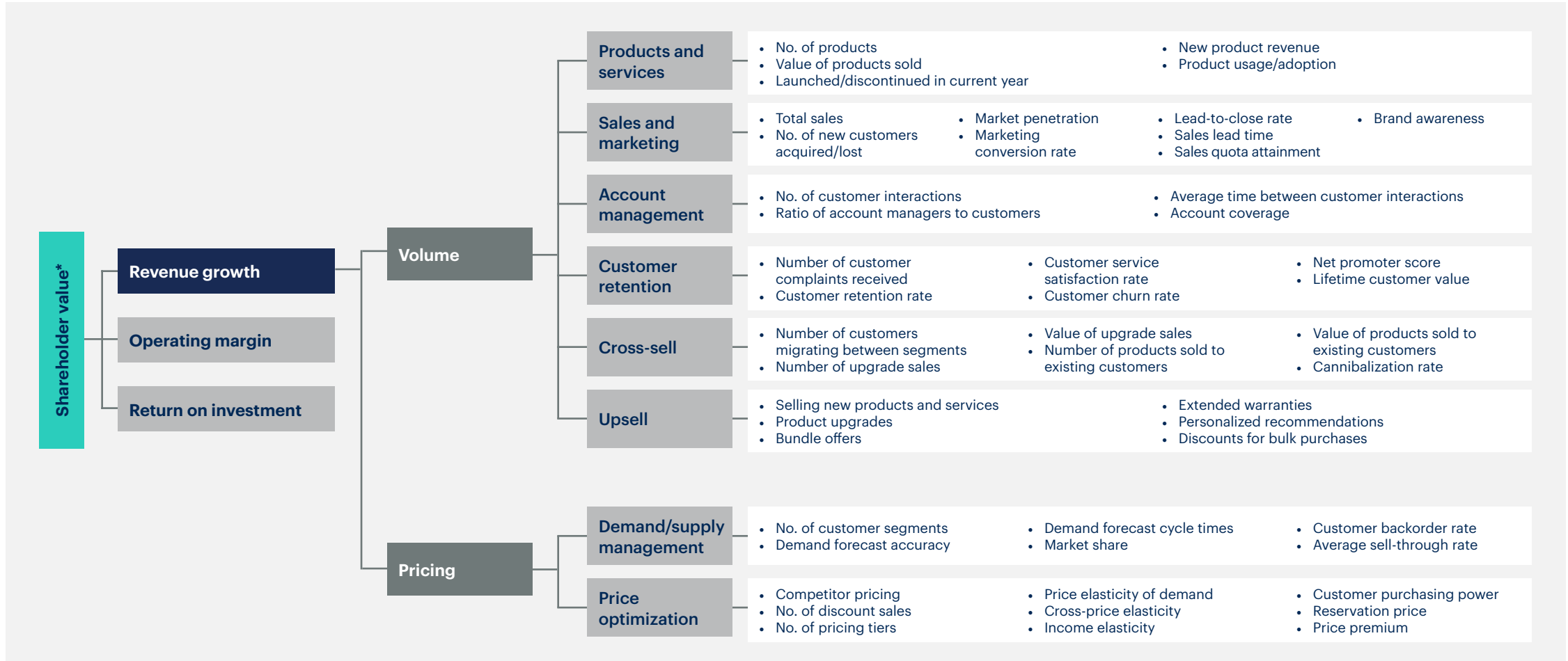


Ask your PortCo CEO or CFO to collate this data and report on it to build a time series over successive board meetings. Compare similar datasets across the portfolio to identify bright spots and areas of remediation.

# Overall hierarchy of metrics

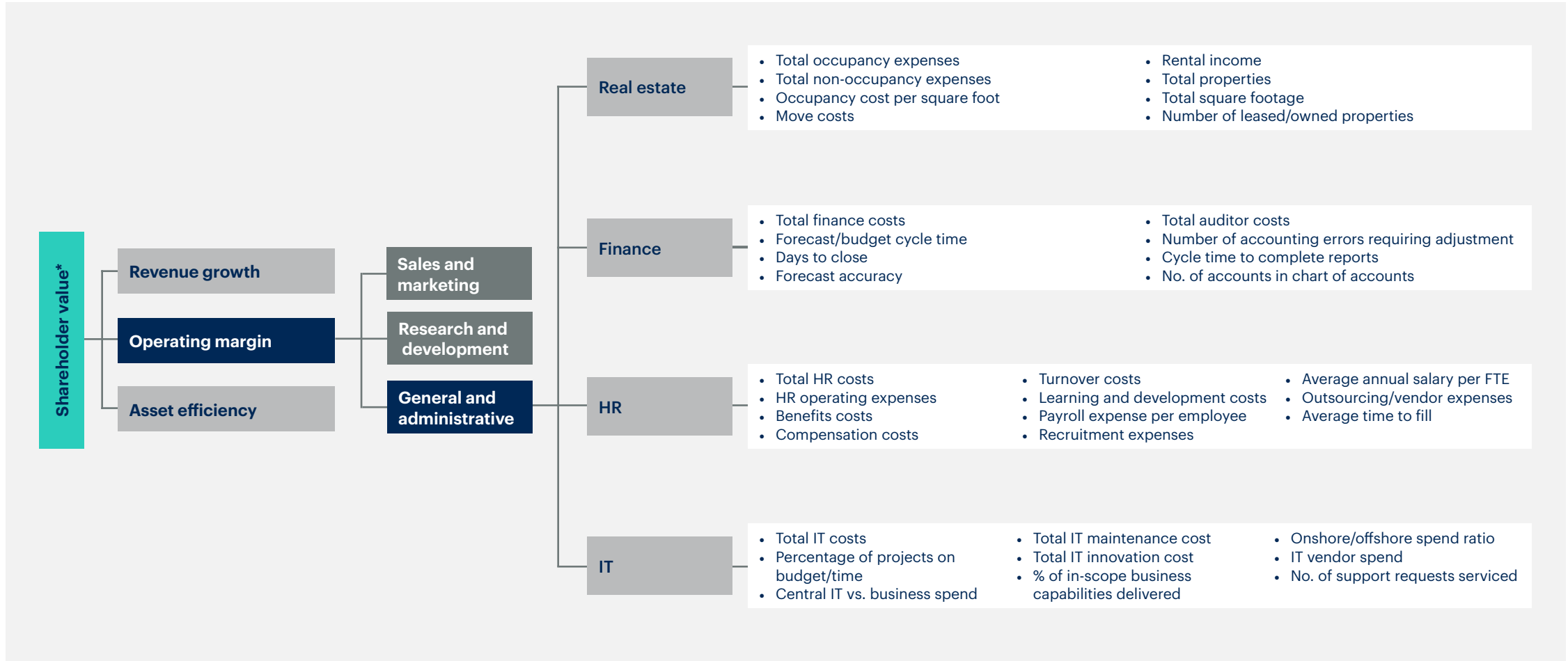


# 1 Metrics — Revenue growth



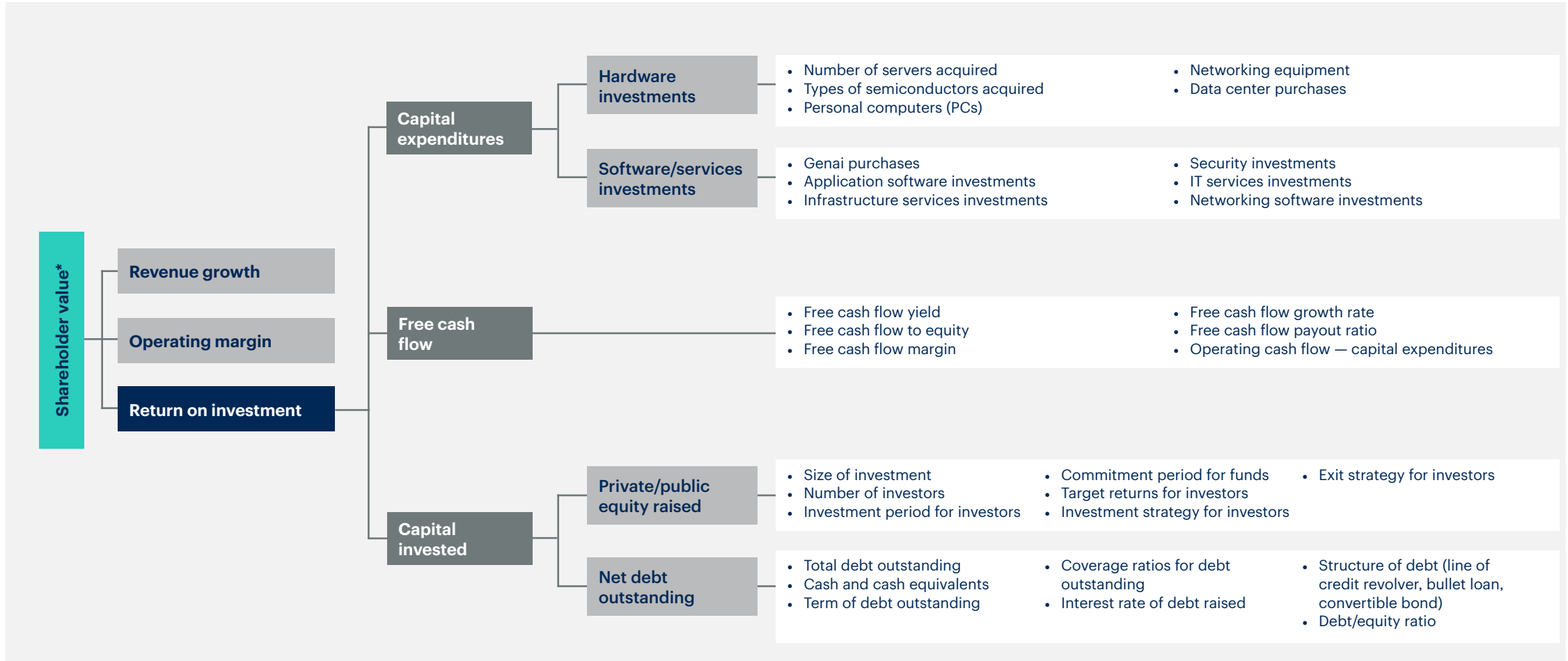
## 2

## Metrics — Operating margin (G&A)



## 3

# Metrics — Return on investment



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