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The 100-Day Plan: Financial Priorities in the First Quarter of PE Ownership

Immediate financial governance upgrades, debt facility onboarding, the baseline financial model for the holding period, value creation initiative prioritization, and relationship building with the PE operating partners

WHAT YOU WILL LEARN AND WHY IT MATTERS

The first hundred days under PE ownership are the most defining period of the CFO's tenure in a PE-backed company. The financial governance standards expected by the PE sponsor, the analytical cadence of the value creation initiative management, and the personal credibility established with the PE operating partners — all of these are set in the first hundred days and are very difficult to reset once established.

The CFO who enters the PE ownership period with a clear agenda — who knows exactly what financial governance upgrades are required, what analytical infrastructure must be built, and what relationships must be established in the first quarter — will emerge from the hundred-day period with the professional standing and the organizational infrastructure required to lead the financial management of the company through a demanding holding period. The CFO who enters the PE ownership period reactively — responding to requests rather than driving the agenda — will spend the entire holding period catching up to financial governance standards that should have been established in the first hundred days.

IMMEDIATE FINANCIAL GOVERNANCE UPGRADES

The transition from a non-PE-owned company to a PE-owned company requires specific financial governance upgrades that must be implemented in the first thirty to sixty days of the new ownership. These upgrades are not optional — they are the minimum standard that the PE sponsor expects, and failing to implement them quickly signals financial management capability that is below the PE standard.

THE MONTHLY CLOSE ACCELERATION: Most companies that are acquired by PE funds are running a monthly close process that takes two to three weeks after month-end — a timeline that is too slow for the PE sponsor's requirement of a complete reporting package within seven to ten business days. Accelerating the close process to the PE standard requires a systematic review of every element of the close — the timing of the accounts payable close, the receivables reconciliation, the inventory valuation, the fixed asset depreciation, and the accrual calculations — and the identification of the specific steps that can be compressed without sacrificing accuracy. The close acceleration project is the CFO's most urgent financial governance priority in the first thirty days.

THE COVENANT COMPLIANCE INFRASTRUCTURE: The PE acquisition debt introduces financial covenants that must be calculated and certified monthly. In the first thirty days, the CFO must build the covenant compliance infrastructure: the financial model that calculates every covenant ratio from the monthly financial data, the compliance certificate template required by each debt facility, and the process for obtaining the legal sign-off required for the compliance certificate submission. This infrastructure must be tested before the first covenant compliance deadline — which is typically thirty to sixty days after the acquisition closes.

THE BUDGET VERSUS ACTUAL REPORTING FRAMEWORK: The PE sponsor requires a monthly budget versus actual analysis that compares every significant line item in the income statement, the cash flow statement, and the key operational KPIs to the approved annual budget. Building this reporting

framework in the first thirty days requires the CFO to: import the board-approved annual budget into the financial reporting system as the official plan, establish the variance calculation methodology (dollar variance and percentage variance, with sign conventions consistent with the investor's preference), and design the narrative template that accompanies the financial tables with a format that addresses the questions the PE sponsor will have about significant variances.

DEBT FACILITY ONBOARDING

The PE acquisition is typically financed with multiple debt facilities — the senior secured credit facility, potentially a second lien facility, and the equity — each with its own lender relationship, its own reporting requirements, and its own covenant structure. The CFO must establish the administrative infrastructure for each facility in the first thirty days.

THE LENDER RELATIONSHIP ESTABLISHMENT: The CFO's first interaction with each lender after the acquisition closes sets the tone for the relationship throughout the holding period. The initial lender meeting — which should be scheduled within the first two weeks of the closing — should introduce the management team to the lender's relationship manager and any new deal team members, confirm the reporting requirements and compliance certificate schedule, and establish the communication protocol for any material developments that will require prompt lender notification. The CFO should approach these initial lender meetings with the same proactive communication philosophy described in the restructuring series: lenders who receive consistent, high-quality financial information are more cooperative partners in amendment and waiver discussions than lenders who feel they are receiving managed or incomplete information.

THE ADMINISTRATIVE AGENT RELATIONSHIP: For syndicated senior secured facilities, the administrative agent — typically the lead bank in the lending syndicate — is the primary administrative contact for covenant compliance certificates, financial reporting submissions, borrowing requests, and amendment negotiations. The CFO must establish a working relationship with the administrative agent's loan administration team and must understand the administrative procedures required for every type of credit agreement interaction.

THE FINANCIAL COVENANT BASELINE: In the first thirty days, the CFO must calculate the current financial covenant ratios based on the acquisition date financial statements and must project the covenant ratios forward for at least four quarters under the base case financial plan. This baseline covenant analysis tells the CFO exactly where the company starts in its covenant compliance journey and provides the early warning analysis required to identify any period in which covenant headroom may become tight under the base case financial plan.

THE HOLDING PERIOD FINANCIAL MODEL

The holding period financial model is the master analytical tool of the PE CFO's tenure — the integrated financial projection that covers the full holding period (typically three to five years), connects the value creation initiatives to their financial outcomes, and models the expected equity return to the PE fund under different scenarios. Building this model in the first hundred days provides the analytical foundation for every significant financial decision during the holding period.

THE MODEL ARCHITECTURE: The holding period model should be a fully integrated financial model (income statement, balance sheet, and cash flow statement) driven by the operational assumptions of the value creation plan. The key drivers typically include: revenue growth rate (broken down by organic growth and acquisition-related growth), gross margin trajectory (driven by the specific margin improvement initiatives in the value creation plan), operating expense trajectory (the headcount plan and the non-headcount operating expense by function), and capital expenditure (maintenance capex and growth capex separately modeled). The model should produce the free cash flow available for debt repayment each period, the resulting debt balance, and the implied enterprise value and equity value at exit under different EBITDA and multiple assumptions.

THE VALUE CREATION INITIATIVE INTEGRATION: Each value creation initiative in the PE sponsor's hundred-day plan should be modeled as a specific assumption change in the holding period model — the revenue initiative that adds five million dollars of EBITDA by year two should appear as a specific revenue line in the model, tied to the specific customers or product categories where the revenue improvement is expected. This integration converts the value creation initiative list from a narrative aspiration into a financial commitment, with the financial modeling revealing whether the aggregate value creation assumptions are internally consistent (the headcount model supports the revenue growth; the margin improvement is achievable at the projected revenue scale) or whether the value creation plan requires assumptions that are inconsistent with each other.

BUILDING THE PE OPERATING PARTNER RELATIONSHIP

The PE operating partners — the experienced executives hired by the PE fund to provide operational expertise and management support to portfolio companies — are among the most important relationships the CFO will manage during the PE ownership period. Operating partners typically have deep experience in the company's industry, strong functional expertise in specific areas of the value creation agenda (commercial excellence, operational improvement, technology transformation), and a direct relationship with the PE fund's investment committee that gives them significant governance influence.

THE OPERATING PARTNER ENGAGEMENT MODEL: The most effective CFO approach to the operating partner relationship is proactive engagement — bringing financial analysis to the operating partner's attention before they ask for it, using the financial modeling capability to support the operating partner's initiatives with analytical rigor, and creating a collaborative rather than defensive dynamic. The operating partner who receives the CFO's analytical support will be an ally in the value creation process;

the operating partner who perceives the CFO as a financial gatekeeper will work around the CFO in ways that undermine both the CFO's governance effectiveness and the quality of the value creation decisions.

THE FINANCIAL GOVERNANCE PARTNERSHIP: The operating partner typically has strong operational expertise but may have less financial governance experience than the CFO. The CFO who can translate the financial implications of operational decisions — the gross margin impact of a pricing change, the working capital implications of a supply chain initiative, the covenant implications of a capital expenditure plan — into terms that the operating partner can act on is providing the analytical partnership that makes the value creation process most effective. This translation role is one of the highest-value activities available to the CFO in the PE ownership context.

ACTIONS TO TAKE BEFORE PART TWENTY

Build the thirty-sixty-ninety-day financial governance upgrade plan: the specific actions required in each period to bring the financial reporting, covenant compliance, and budgeting processes to the PE standard. The plan should include specific deliverables, specific owners, and specific completion dates — not aspirational commitments but concrete project management. Present this plan to the PE sponsor in the first two weeks of ownership as evidence of the CFO's organizational understanding and financial governance leadership.

Build the holding period financial model in the first thirty days, before the PE sponsor's operating partners begin the value creation initiative prioritization. The model should include the base case financial plan, the sensitivity analysis showing the impact of the most important drivers on the equity return, and the covenant compliance projection through the full holding period. Having the model ready before the value creation discussions begin ensures that every proposed initiative can be immediately evaluated for its financial impact — a responsiveness that builds credibility with the PE sponsor and accelerates the value creation decision-making.

CLOSING PERSPECTIVE

The first hundred days under PE ownership are the governance investment that determines the quality of the entire holding period. The CFO who invests in these hundred days — who builds the reporting infrastructure, establishes the lender relationships, develops the holding period model, and cultivates the operating partner relationships — is building the financial governance foundation that makes the PE ownership period productive, analytically grounded, and personally rewarding. The CFO who treats the first hundred days as a transition period rather than a governance investment will find that the holding period's challenges arrive before the governance infrastructure required to manage them is in place.

COMING NEXT IN THE SERIES

Part 20 — Leveraged Capital Structure Management: Debt Covenants, PIK, and the Waterfall

Part Twenty covers the ongoing financial management of the PE company's leveraged capital structure — the monthly covenant compliance process, the amendment and waiver mechanics for PE-owned companies, PIK interest mechanics and their balance sheet impact, free cash flow management for debt repayment, and the financial waterfall that determines how value flows to equity at exit.