Creating Visibility of Hidden Constraints to Value Creation

Mid-market Private Equity firm Case Study

Improving Origination Effectiveness, Organisational Learning and AI Readiness

---

The Context

A Mid-market Private Equity firm engaged me to assess how the firm could better leverage its proprietary AI capability to improve deal origination and investment effectiveness.

The immediate focus was AI enablement. However, as discussions progressed, it became clear that the broader challenge was understanding how information, knowledge, decisions and learning flowed through the firm's origination process.

The review took place at an important point in the firm's evolution. Having successfully grown over its first decade, leadership recognised the need to examine whether existing practices, operating methods and decision-making processes remained fit for purpose in an increasingly competitive and data-intensive private equity environment.

The Challenge

The firm's objective was to improve its ability to identify and execute attractive investment opportunities whilst making better use of AI-enabled capabilities.

Initial assumptions focused largely on getting more information into AI tools.

However, as the review progressed, a different challenge emerged.

The issue was not a lack of information.

The firm was already generating significant volumes of valuable information through:

- Teasers and CIMs
- Expert calls
- Advisor interactions
- Management meetings
- Due diligence activities
- Market intelligence gathering
- Investment committee discussions

The challenge was that much of this information was consumed during individual deals but was not being systematically captured, connected, reused or incorporated into future decision-making.

In addition, the review identified opportunities to improve:

- Origination workflows
- Knowledge capture
- Decision consistency
- Feedback mechanisms
- Opportunity prioritisation
- Organisational learning
- AI readiness

The Approach

The engagement was conducted over seven weeks and involved extensive participation from across the firm.

Activities included:

- More than 30 interviews and discussions
- Engagement with approximately 16 stakeholders across a firm of around 25 people
- Multiple workshops
- End-to-end deal flow mapping
- Information lifecycle analysis
- Pain point identification
- Opportunity analysis and prioritisation
- Solution development and validation

The objective was not simply to identify inefficiencies.

The objective was to understand how information, decisions and knowledge moved through the firm's origination ecosystem and where hidden constraints were limiting effectiveness.

Creating Visibility Before Prioritising Improvement

A detailed deal flow and information lifecycle map was developed to visualise how opportunities progressed from origination through investment decision-making.

The mapping exercise highlighted:

- Multiple information sources and entry points
- Significant enrichment of information as opportunities progressed
- Numerous decision stages and feedback loops
- Formal and informal progression pathways
- Areas of duplicated effort
- Inconsistent decision capture
- Opportunities for greater organisational learning

Most importantly, it revealed that valuable institutional knowledge was being created continuously across the business but was often used once and then effectively lost.

Examples included:

- Expert call insights
- Deal rationales
- Investment committee discussions
- Market intelligence
- Lessons from unsuccessful opportunities
- Information gathered during due diligence

The assessment demonstrated that improving the firm's ability to retain, organise and reuse knowledge could generate greater long-term value than simply increasing the volume of information entering AI systems.

Key Findings

The review identified approximately 180 improvement opportunities, which were subsequently consolidated, prioritised and structured into strategic work packages.

Several recurring themes emerged:

Knowledge Capture & Reuse

High-quality information was being generated throughout the investment lifecycle, but mechanisms for systematically reusing that information were inconsistent.

Decision-Making Consistency

Investment teams identified variability in decision-making feedback, progression criteria and resource allocation, creating uncertainty around deal advancement and prioritisation.

Organisational Learning

The firm had limited mechanisms for capturing lessons from unsuccessful opportunities, missed deals and investment decisions that were not pursued.

AI Enablement

More than 30 AI-related opportunities were identified. However, many depended upon improved information capture, governance, structure and reuse before the full benefits could be realised.

Origination Effectiveness

The review identified opportunities to strengthen deal origination through improved decision frameworks, clearer progression criteria, enhanced market intelligence and more structured feedback mechanisms.

The Outcome

The engagement provided leadership with:

- ✅ Visibility of approximately 180 opportunities for improvement
- ✅ More than 130 prioritised opportunities
- ✅ 30+ AI-enabled opportunities
- ✅ Structured strategic work packages
- ✅ Prioritised implementation roadmap
- ✅ Improved understanding of origination effectiveness
- ✅ Clearer visibility of decision-making and knowledge flows
- ✅ Greater understanding of organisational learning opportunities
- ✅ Draft ownership and accountability framework for implementation activities
- ✅ Increased capacity during a period of elevated demand

The outputs enabled leadership to prioritise improvement activity against strategic objectives rather than addressing issues in isolation.

Lessons for Leadership Teams

AI rarely creates value in isolation. It amplifies the effectiveness of the operating system around it.

Valuable knowledge often already exists within organisations but is not systematically captured or reused.

Decision quality improves when rationale, feedback and outcomes are retained and made accessible.

Organisational learning can become a significant source of competitive advantage when treated as a strategic asset.

Growth and maturity often require organisations to re-examine operating models that were successful in earlier phases of development.

Why It Matters

Many organisations believe they need more data.

In reality, they often already possess significant volumes of useful information.

The greater challenge is creating systems, behaviours and operating models that enable information to become knowledge, knowledge to become organisational learning, and learning to improve future decisions.

This engagement demonstrated that some of the greatest value creation opportunities are not found in technology itself, but in improving how organisations capture, organise and utilise the knowledge they already possess.

Key Takeaway

The firm initially sought to improve how data flowed into AI systems.

The assessment revealed a broader opportunity:

to improve how information, knowledge and decision-making flowed through the organisation.

AI was not the starting point.

AI was the accelerator.

The most significant opportunity lay in creating a more effective system for capturing, reusing and learning from the knowledge already being generated throughout the business.

Creating organisational clarity is often the first step towards unlocking value creation

---

Contact

Andrew McGillivray

Board Advisor | Fractional COO | Operational Excellence & Transformation Leader

Andrew.mcgillivray@gmail.com | 07941467722 | LinkedIn