

The New EBITDA Playbook for Private Equity-backed Manufacturing, Retail & CPG Portfolios

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The **Private Equity (PE) value creation model** has evolved materially over the past decade. Returns once driven predominantly by financial engineering are now increasingly shaped by how effectively portfolio companies execute operational change. Rising capital costs, longer hold periods and heightened scrutiny at exit have made sustainable EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) growth, not leverage, the primary determinant of success.

Recent industry research underscores this shift. Operational improvement and revenue growth now account for the majority of value creation,¹ while leverage and multiple expansion contribute far less than in prior cycles.

This shift is particularly pronounced across manufacturing, retail and CPG portfolios, where margin pressure, demand volatility, complex supply chains and execution intensity amplify the impact of operating discipline and speed. In these sectors, EBITDA outcomes are often determined less by strategic intent and more by how consistently operations perform at scale.

In this environment, the differentiator is no longer the ability to identify value creation opportunities, but the ability to execute them at speed, with discipline and repeatability across the portfolio.

Five Ways EBITDA is Being Won in Today's Private Equity Portfolios

Across today's portfolios, EBITDA expansion is no longer driven by isolated initiatives or functional improvements. Instead, it is being shaped by a small set of repeatable execution levers that operate at different stages of the value creation cycle, from early stabilization to scalable growth and exit readiness. While these levers often reinforce one another, each addresses a distinct source of value: Cost structure, decision quality, operating scalability, revenue quality and speed of realization. Together, they form a practical blueprint for how PE-backed companies are translating strategic intent into measurable EBITDA outcomes within compressed hold periods.



¹The Private Equity Value Creation Report: 2025 | Gain.pro



1. Re-setting the Cost Base Through Structural Efficiency

For most portfolio companies, the earliest and most reliable EBITDA uplift still comes from structural efficiency, particularly across Selling, General and Administrative (SG&A)-intensive functions such as [finance](#), HR, [procurement](#) and supply chain. The challenge is not identifying inefficiencies, but eliminating them in a way that is durable and does not constrain growth.

In manufacturing and CPG environments, where procurement scale, plant-level costs and transaction intensity drive margin outcomes, structural efficiency across finance, procurement and shared services often delivers the fastest EBITDA uplift. Fragmentation across sites, entities and geographies can quickly erode operating leverage if not addressed early.

Research shows that when a CPG company centralized its transformation-related activities and re-designed processes end-to-end, it gained SG&A efficiencies of 25 percent reduction within the first 12 months.²

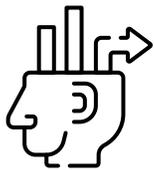


The most effective cost reset programs focus on:

- Process standardization before automation 
- Clear ownership, governance and key performance indicators 
- Reducing manual work and functional duplication 

In a manufacturing environment, centralizing finance, HR and procurement operations helps eliminate fragmentation across geographies while improving cost visibility and control. In [one such scenario](#), a unified operating model processed over USD 130 Million in annual transactions and more than 70,000 payroll records annually. Beyond cost reduction, the re-design freed senior leadership capacity to focus on growth initiatives rather than operational firefighting.

²The Future of Corporate and Business Functions | McKinsey & Company



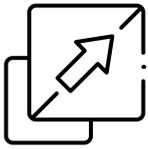
2. Improving Decision Quality and Speed

While structural efficiency creates early momentum, decision quality and speed increasingly determine margin performance over the hold period. Many portfolio companies still rely on backward-looking reports and fragmented data, limiting their ability to respond quickly to volatility or opportunity. Advanced management reporting, analytics and AI are increasingly being applied as decision accelerators, not just automation tools.



Here, the real value of AI and [advanced analytics](#) lies in compressing the time between signal and decision, a critical advantage in PE environments where months, not years, define success.

For manufacturing, retail and CPG portfolios, where input costs, demand patterns and pricing dynamics change rapidly, the ability to shorten decision cycles can materially influence EBITDA within a single planning horizon.



3. Scaling Operations Without Margin Dilution

Growth, organic or acquisitive, is central to PE value creation. Yet many portfolios experience EBITDA pressure as complexity increases faster than operating models evolve. The ability to scale without margin dilution has therefore become a critical execution capability.

For manufacturing and retail platforms pursuing geographic expansion or buy-and-build strategies, scalable operating models are often the difference between growth-driven margin expansion and operational drag. As volumes increase, operating complexity compounds unless processes, platforms and delivery models are designed for scale from the outset.

Effective scalability typically spans three integrated layers:

1. Operating layer

Centralized finance, HR, procurement and supply chain
Shared service or global delivery structures to reduce redundancy

2. Technology layer

Cloud-based core platforms
Workflow automation and integrated data foundations

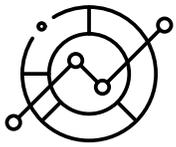
3. Capacity and service layer

Flexible delivery models that scale with volume
Rapid integration capability for acquisitions and carve-outs



Research shows that mature shared service models deliver significantly lower unit costs as organizations scale.³

³The 2025 Global Business Services Survey | Deloitte



4. Enhancing Revenue Quality, Not Just Growth

Top-line growth alone does not guarantee value creation. Increasingly, PE firms are focusing on revenue precision, improving pricing discipline, customer mix and revenue predictability to enhance EBITDA quality.

In retail and CPG portfolios, revenue precision is closely tied to pricing discipline, trade promotion effectiveness, demand forecasting accuracy and channel-mix optimization – areas where small improvements can materially influence EBITDA. In highly competitive consumer markets, execution rigor in these areas often separates outperformers from the rest.

Pricing initiatives can deliver 3–7 percent EBITDA improvement,⁴ often faster than broad-based cost programs. Sustained value creation is achieved through profitable growth, combining revenue expansion with margin improvement, rather than pursuing top-line volume growth alone.⁵

Key levers include:



Pricing and promotion analytics



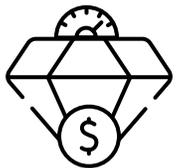
Customer and channel mix optimization



Revenue leakage prevention



Lifecycle-based customer monetization



5. Accelerating Time-to-Value

In private equity, time is not merely operational; it is financial. EBITDA improvements delivered earlier in the hold period disproportionately influence Internal Rate of Return (IRR), re-financing options and exit valuation.

For manufacturing and retail portfolio companies, this often means moving quickly on the levers that shift the P&L fastest – procurement savings, overhead optimization and smarter demand planning – ideally demonstrating measurable results within the first 100 days. The firms that execute this consistently do not just enhance returns; they build a reputation for disciplined value creation that strengthens future deal flow.

As a result, PE firms increasingly favor execution models that:



Mobilize quickly post-close



Apply proven operating playbooks



Reduce experimentation and re-work



Speed-to-value is therefore not about rushing execution, but about reducing friction between strategy and results.

⁴Pricing: The Next Frontier of Value Creation in Private Equity | McKinsey & Company

⁵Value Creation: What It Is and Why It Matters | Bain & Company

Driving Execution Excellence Through Partnerships

While execution discipline ultimately determines EBITDA outcomes, many private equity firms recognize that execution at speed and scale often requires capabilities beyond what portfolio management teams can sustain internally. 78 percent of top-quartile PE firms now consider strategic partnerships a critical element of their value creation toolkit.⁶ As portfolios grow in complexity – across functions, geographies and acquisition waves – strategic partnerships increasingly act as extensions of the operating team, helping translate value creation plans into repeatable, on-the-ground execution.

The most effective partnerships are not advisory in nature. They are built around delivery, accountability and alignment with the fund’s investment horizon. By bringing domain expertise, standardized operating models and the ability to mobilize quickly, such partners help portfolio companies move faster from intent to impact, particularly in manufacturing, retail and CPG environments where execution intensity and scale materially influence outcomes.

Aligning Execution with PE Investment Objectives

Effective execution recognizes the unique economics of private equity. Operational initiatives must closely align with the investment thesis, value creation plan and exit strategy, spanning operational due diligence, post-close stabilization, scalable growth and exit readiness.

When execution is coherent and integrated, operational improvement translates directly into measurable enterprise value.

As valuation scrutiny increases and margin for error narrows, execution excellence is emerging as the defining competitive advantage in private equity. Portfolio companies that reset costs structurally, accelerate decision-making, scale without friction and improve revenue precision are better positioned to withstand volatility and command premium exits.

Sustainable EBITDA growth today is not driven by isolated initiatives, but by the orchestration of people, processes, technology and data. When these elements are aligned, execution itself becomes a durable source of value, extending beyond a single investment cycle.



⁶Unlocking Value Through Strategic Outsourcing: Why Private Equity Firms Should Embrace External Support for Portfolio Companies | Konnect Frontier



Conclusion

The PE environment has changed, and so has the EBITDA playbook. Financial engineering remains a tool, but no longer the differentiator. Sustainable value creation now depends on execution discipline, decision intelligence, scalable operating models and speed-to-value.

For PE firms and portfolio leaders alike, the question is no longer what initiatives to pursue, but how effectively they are executed. Those who master execution will not only deliver stronger EBITDA but also build businesses that are more resilient, scalable and compelling at exit.

Explore how PE firms can execute value creation at scale.

About WNS

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