

## THE OPERATIONS DILIGENCE ATLAS · TWO-PAGE BRIEF

# Operations diligence is the missing fourth pillar of PE diligence.

Across 4,838 PE-backed lower-middle-market companies, 87.3 percent sit below the maturity threshold that drives exit-multiple expansion. The variance is structural, measurable, and tightly bounded by 22 operating archetypes and 12 automation functions.

BELOW OPTIMIZED

**87.3%**

EXIT-GRADE

**5 of 4,838**

LOWEST FUNCTION

**Hiring ·  
1.09**

## THREE FINDINGS

# Operations diligence has structure, scale, and an unpriced lever.

The full Atlas runs to 50 pages of designed analysis. The three findings below are the operating partner's executive cut.

**01** **The cohort divides cleanly into four tiers.**  
29.2 percent of the 4,838-company cohort sits at Foundational maturity (composite below 1.25). 58.1 percent sit at Developing (1.25–2.45). 12.7 percent reach Optimized (2.45–3.75). Only 5 companies — 0.1 percent — reach Exit-Grade (3.75+). The bands are mutually exclusive and empirically calibrated against the full cohort.

**02** **Hiring is the largest unpriced lever.**  
Across all 12 automation functions, hiring scores the lowest (1.09 vs. cohort mean 1.70). A 100-day program (ATS + automated screening + calendar handoff + offer-letter automation) recovers approximately 900 hire-days of capacity annually at a fully-loaded cost of ~\$30–50K. Within a 5-year hold, this single function accumulates to 0.3–0.6× of multiple expansion.

**03** **Family-office capital now dominates the LMM PE universe.**  
1,672 of 4,838 dossiers (35%) are CS8 family-office-direct ownership, exceeding committed-fund growth-equity (CS2, 1,537). 61 percent are HS4 (extended hold, year 5+). The "permanent capital" pattern is structurally incompatible with the assumption that LMM PE-backed companies are systematically being modernized by their sponsors.

**FREE 30-MINUTE WALKTHROUGH**

**Bring a portfolio company; we score it against the framework live and surface the three highest-leverage automation surfaces in your portfolio's archetype. [logan@areonlabs.com](mailto:logan@areonlabs.com)**

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