Brand as *Value* Creation *Engine*

A Modern PE Framework



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1. Executive *Summary*



1. Executive Summary
Brand as Value Creation Engine

In today's private equity landscape, competition for quality assets has never been fiercer. As Alex Schwaderer, Managing Partner at Branded Capital, I've witnessed firsthand how financial engineering and multiple arbitrage strategies that once delivered outsized returns are no longer sufficient.

The new reality is clear: multiple expansion alone doesn't cut it anymore. Revenue growth is now king - and sustainable revenue growth is heavily driven by, if not dependent on, a differentiating and consistent brand strategy.

Key insights from our work with PE portfolio companies:

- Companies with differentiating and consistent brand positioning achieve pricing power, more efficient customer acquisition costs, and better talent acquisition and retention
- Strategic brand architecture accelerates M&A integration and enables cross-selling synergies, making buy-and-build strategies more effective and valuable
- All brand initiatives must align with PE investment lifecycles, stakeholder expectations, and accelerated timelines to deliver measurable returns within typical holding periods

Branded Capital provides the systematic approach PE firms need:
We combine senior strategic expertise with AI-augmented capabilities to deliver brand value creation at the speed and scale PE demands.

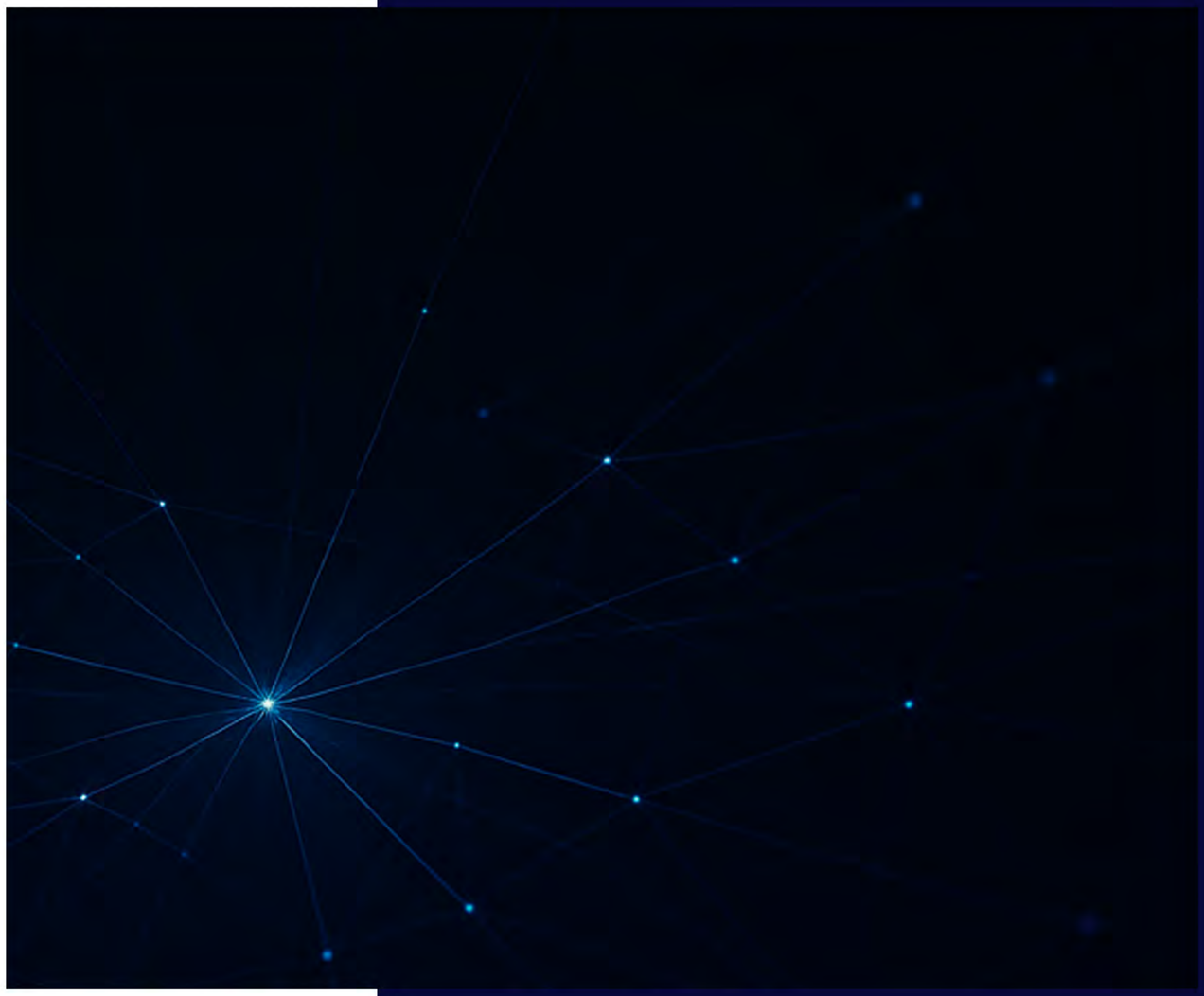
In addition, our proprietary ValueLens™ framework will soon help visualize brand opportunities across portfolios, transforming subjective assessments into data-driven decisions.

This whitepaper provides PE firms with a practical framework for capturing brand value. Whether you're evaluating a new platform investment, optimizing a portfolio company, or preparing for exit, strategic brand management can significantly enhance returns.



Ready to explore your brand value creation potential? Contact us directly for a complimentary consultation.

2. The Evolution of *Value Creation*





2. The Evolution of Value Creation in Private Equity

Shifting landscape: From financial to operational excellence

The private equity industry has transformed dramatically over recent decades. What began as an industry focused on financial engineering has evolved into one demanding sophisticated operational capabilities. This shift reflects both market maturation and increased competition for returns.

Several factors have accelerated this evolution:

- **Market saturation:** Dry powder fell to $1.2 trillion in 2024 according to Bain & Company, but aging capital (held 4+ years) increased to 24% of the total, creating deployment pressure
- **Multiple expansion limits:** McKinsey reports average EBITDA acquisition multiples exceeding 11x in mid-market deals, leaving little room for multiple arbitrage. Gain.pro's analysis shows multiple expansion's contribution to value creation declined sharply from 40-45% in 2019-21 to just 17% in 2024.
- **LP expectations:** According to Preqin data, investors now rank operational expertise as a top criterion in GP selection, ahead of track record alone
- **Economic pressures:** Rising interest rates and geopolitical uncertainties have constrained traditional leverage strategies
- **Talent market dynamics:** The war for talent creates new challenges in portfolio execution capabilities, with critical positions taking significantly longer to fill

The emergence of brand as a strategic value driver

Amidst these challenges, forward-thinking PE firms increasingly recognize brand as a strategic asset that influences every aspect of business performance – from pricing power to talent acquisition.

Despite clear evidence, brand remains an untapped opportunity. Many firms still view brand investments as discretionary marketing expenses rather than strategic in investments with quantifiable returns.
This perception gap creates opportunity for PE firms that develop systematic approaches to brand-driven value creation.

Not sure where your portfolio company stands on the brand value creation journey? Take our assessment to discover your potential pathway.

Brands Share of Value per Industry:

20-30%
Technology

25-40%
Consumer goods

10-20%
Financial services

5-15%
Mass production

10-25%
Healthcare

Brand Finance's Global 500 analysis, combined with our own brand valuation experience, shows brand accounts for a significant portion of enterprise value:



Brand isn't marketing fluff – it's the multiplier for every other *value creation* lever.

Alex Schwaderer,
Managing Partner, Branded Capital

3. Brand's Dual *Impact*



3. Brand's Dual Impact on Value Creation

A comprehensive approach to brand value creation recognizes its dual impact: external (market-facing) and internal (organization-facing). Both dimensions offer concrete, measurable opportunities for value creation.

3.1 External Value Drivers

Market premium positioning and pricing power

Strong brands create pricing power – the ability to command premium prices without proportionate increases in production costs. This pricing power directly impacts EBITDA margins, a key determinant of enterprise valuation.

When companies clarify their positioning and articulate unique value, they transform from commodity providers to differentiated partners. This transformation enables them to compete on value rather than price, improving both win rates and margins. The key lies in understanding what truly differentiates the offering and ensuring this differentiation resonates with target customers' most pressing needs.

Revenue resilience and customer loyalty

Strong brands build competitive moats through enhanced customer loyalty, creating the predictable revenue streams that drive premium valuations. Not just in B2C but also in B2B, brand creates emotional connections that transcend functional benefits, making customers less likely to switch providers even when alternatives offer similar features or lower prices. This loyalty manifests in multiple ways: higher retention rates, increased share of wallet, and most importantly, customer advocacy that drives referral business. The compound effect on customer lifetime value can be substantial, particularly in B2B contexts where switching costs are high and relationships span years or decades.

M&A platform potential

For firms pursuing buy-and-build strategies, brand architecture becomes a critical enabler of growth and integration efficiency. A well-designed brand architecture clarifies relationships between portfolio companies, reduces market confusion and creates opportunities for cross-selling and operational synergies.

The challenge lies in balancing local market equity with the efficiency of consolidated brands. Too much consolidation can alienate loyal customers; too little fails to capture available synergies. The optimal approach depends on market dynamics, customer relationships, and the strategic rationale for the portfolio assembly.



3. Brand's Dual Impact on Value Creation

3.2 Internal Value Drivers

While external factors are more visible, internal value drivers often deliver equally significant financial impact and lay the cultural foundation on which external value can then be achieved.

Talent acquisition and retention impact

In today's competitive talent market, employer brand has become a critical asset for portfolio companies. Companies that clearly articulate their purpose, values, and employer value proposition value proposition attract higher-quality candidates more efficiently while retaining key talent longer. The financial impact extends beyond reduced recruitment costs. Strong employer brands attract talent that aligns with company culture and strategic direction, leading to higher productivity, better customer service, and increased innovation. This alignment proves particularly valuable during periods of rapid growth or transformation typical in PE ownership.

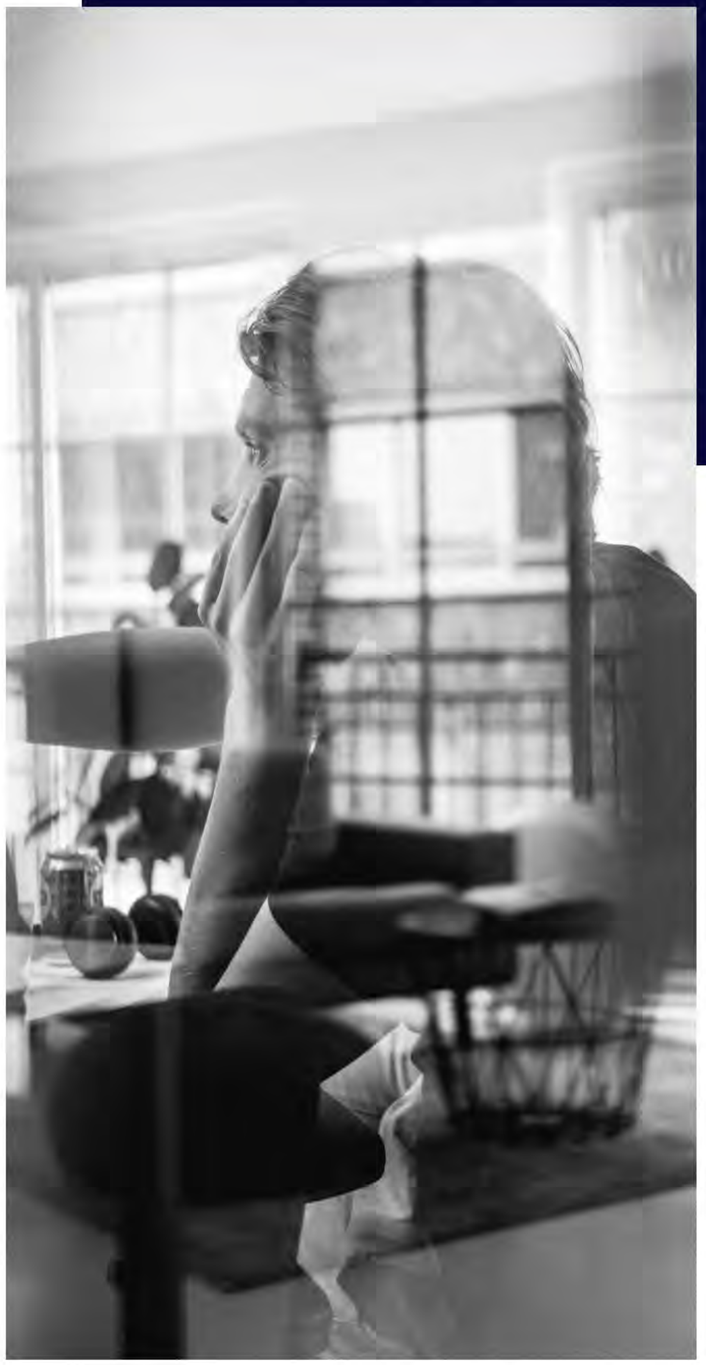
Operational alignment through culture

Brand provides a unifying framework for organizational culture, driving operational , and discretionary effort rises. improvements that directly impact financial performance. When employees understand and embrace the company's purpose and values, decision-making improves, collaboration increases

This alignment proves particularly powerful in driving continuous improvement. Employees who understand how their work contributes to larger objectives identify efficiency opportunities, challenge outdated processes, and proactively solve customer problems. The cumulative effect of thousands of small improvements can rival major operational initiatives in total impact.

Change management effectiveness

PE ownership inevitably brings change – new strategies, systems, processes, and often new leadership. Brand provides a framework to manage this change effectively by maintaining continuity of purpose amid operational transformation. Rather than positioning change as a break from the past, brand-led change management connects new initiatives to enduring company strengths and values. This approach reduces resistance, accelerates adoption, and maintains employee engagement through transition periods. The result is faster realization of transformation benefits with less productivity loss during implementation.



4. A Systematic *Framework*



4. A Systematic Framework for Brand Value Creation

Having spent years in the trenches with PE firms and their portfolio companies, we've witnessed firsthand how brand transformation can deliver exceptional returns – and how it can go disastrously wrong.

Too often, we've seen ambitious rebranding initiatives fail not because of poor strategy or execution, but because they were fundamentally misaligned with the investment timeline and value creation plan. A comprehensive brand overhaul launched 18 months before exit, a critical repositioning delayed until year three, architecture decisions that complicate rather than enable planned acquisitions – these timing misalignments destroy value and frustrate all stakeholders.

This hard-won experience is why alignment with the PE investment lifecycle sits at the heart of everything we do at Branded Capital. Our framework ensures brand initiatives amplify rather than complicate your value creation strategy, with phase-specific guidance that captures maximum value while respecting the unique constraints and opportunities of each stage in the investment journey.

Phase-specific services that drive value creation



Brand Due Diligence
Brand equity assessment
Market positioning & competitive analysis
Brand Architecture evaluation
Integration risk &quick win identification

Growth Due Diligence
Channel effectiveness and digital presence CAC and marketing ROI
Marketing tech stack assessment

Culture & Employer Brand Check
Culture check and leadership alignment
Change readiness check
Employer Value Proposition analysis

Brand Positioning
Market differentiation & competitive positioning
Value proposition development
Employer Value Proposition
Brand messaging & tonality framework

Brand Architecture
Portfolio structure optimization
Integration and migration roadmap

Communications Strategy
Internal and external message architecture
Stakeholder mapping and channel strategy
Thought leadership development

Brand Activation
Brand rollout and implementation
Internal engagement programs
Stakeholder alignment

Brand Experience
Customer journey mapping and optimization
Touchpoint design and implementation
Brand guidelines and governance

Marketing Campaigns
Channel-specific campaign development
Content strategy and execution Performance tracking and optimization

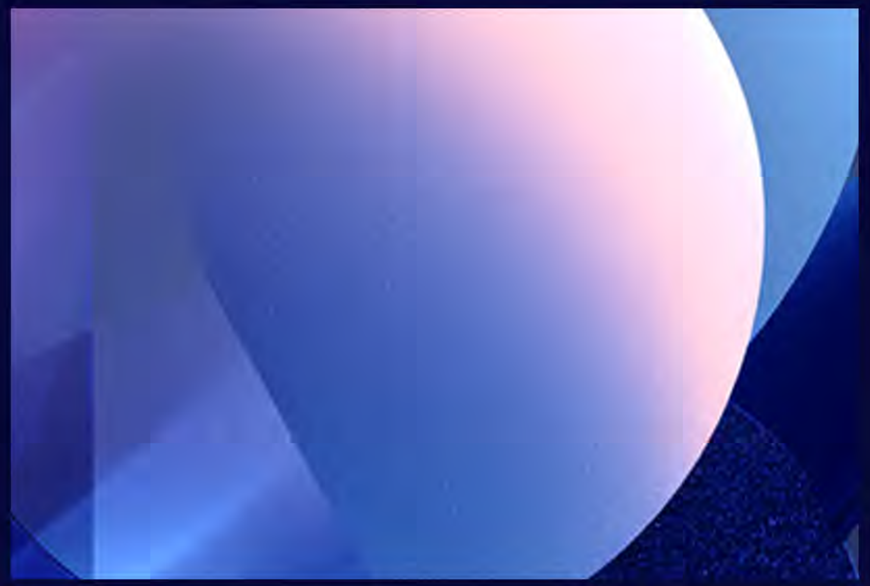
Brand Valuation
Brand value quantification methodologies
Brand contribution to enterprise value
IP and asset documentation

Exit Story Development
Buyer narrative and equity story mapping
Brand transformation documentation
Growth roadmap and future potential

Growth Marketing Playbook
Best practices documentation
Performance benchmarks and KPIs

4.1 Transaction Phase: Identify Potential

The Transaction Phase sets the foundation for brand-driven value creation through comprehensive assessment and planning. Brand due diligence uncovers value creation opportunities and risks that traditional operational analysis often misses, directly impacting deal structuring and post-acquisition planning.



Value unlocked

1 Hidden risks identified

Customer concentration in weak brand relationships, culture misalignment in buy-and-build scenarios

2 Quick wins surfaced

Marketing technology redundancies, immediate repositioning opportunities

3 Integration accelerated

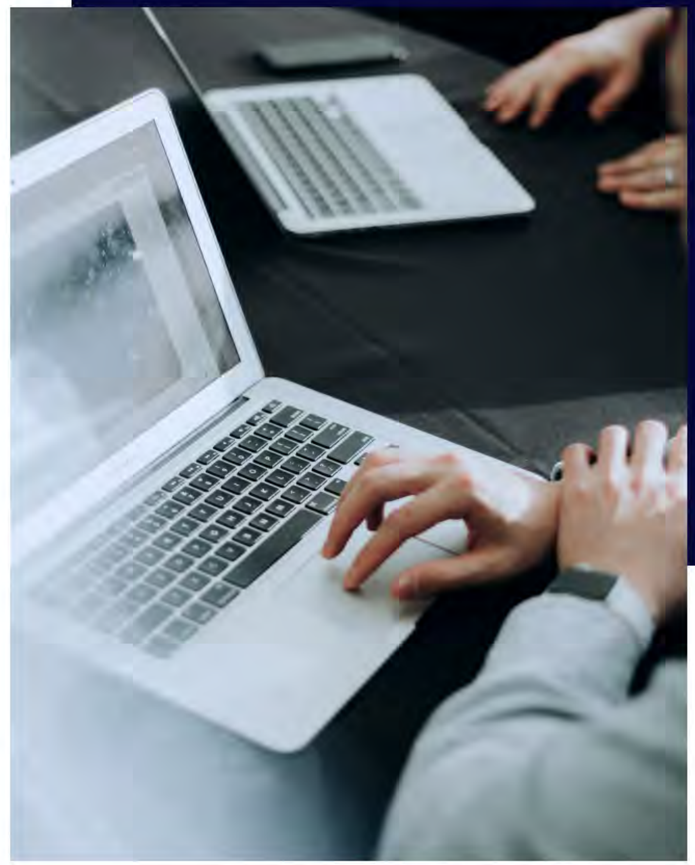
Clear roadmap for brand consolidation from day one

4 Negotiation strengthened

Quantified brand issues support price adjustments

Brand is where traditional due diligence ends - and real value creation begins

4.1 Transaction Phase:
Identify Potential



Brand due diligence
Traditional due diligence often overlooks brand-related value drivers and risks, missing opportunities that can significantly impact returns. A comprehensive brand assessment examines current brand equity, competitive positioning, architecture complexity, digital presence, and marketing technology infrastructure.

This assessment goes beyond surface-level marketing metrics to understand how brand influences customer decision-making, employee engagement, and operational efficiency. By identifying both quick wins and longer-term transformation opportunities, brand due diligence informs both valuation and post-acquisition planning.

Culture and employer brand assessment
People-related factors often determine acquisition success, yet traditional diligence rarely examines culture and employer brand systematically.

Understanding cultural dynamics, leadership alignment, and employer market positioning provides crucial input for integration planning and change management.

This assessment proves particularly valuable in buy-and-build scenarios where cultural integration can make or break value creation plans. By identifying potential culture clashes early,
PE firms can structure deals and integration plans to preserve value while managing necessary changes.

Value creation roadmap
Establishing a quantified baseline creates the foundation for tracking value creation throughout the hold period. This assessment translates brand opportunities into financial projections that integrate with traditional value creation planning. The key is connecting brand initiatives to specific financial outcomes – whether through revenue enhancement, cost reduction, or multiple expansion. By establishing clear linkages between brand investments and financial returns, PE firms can prioritize initiatives and track progress systematically.

4.2 Strategy Phase:
Provide Direction

The Strategy Phase translates assessment insights into actionable value creation plans aligned with overall investment strategy. Strategic brand decisions create compounding benefits throughout the investment lifecycle, establishing the framework for sustainable competitive advantage.

Value unlocked



1 Architecture optimization

Streamlined portfolio brands reduce complexity and speed up M&A integration

2 Positioning clarity

Differentiated value propositions enable premium pricing and shorter sales cycles

3 Marketing efficiency

Unified messaging reduces content and media costs while improving conversion

4 Platform creation

Strategic brand framework facilitates future acquisitions and market expansion

Effective brand architecture optimization delivers both cost savings and revenue synergies, which the ValueLens dashboard helps visualize and quantify.

4.2 Strategy Phase:
Provide Direction



Brand architecture optimization:
For portfolios with multiple brands, architecture optimization represents one of the highest-ROI brand initiatives. The complexity often accumulates through acquisitions, creating customer confusion and operational inefficiency.
Effective architecture optimization balances multiple considerations: preserving valuable brand equity, reducing complexity and cost, enabling cross-selling opportunities, and facilitating future acquisitions. The optimal solution varies by industry, customer relationships, and portfolio strategy, but the goal remains consistent – maximum market impact with minimum complexity.

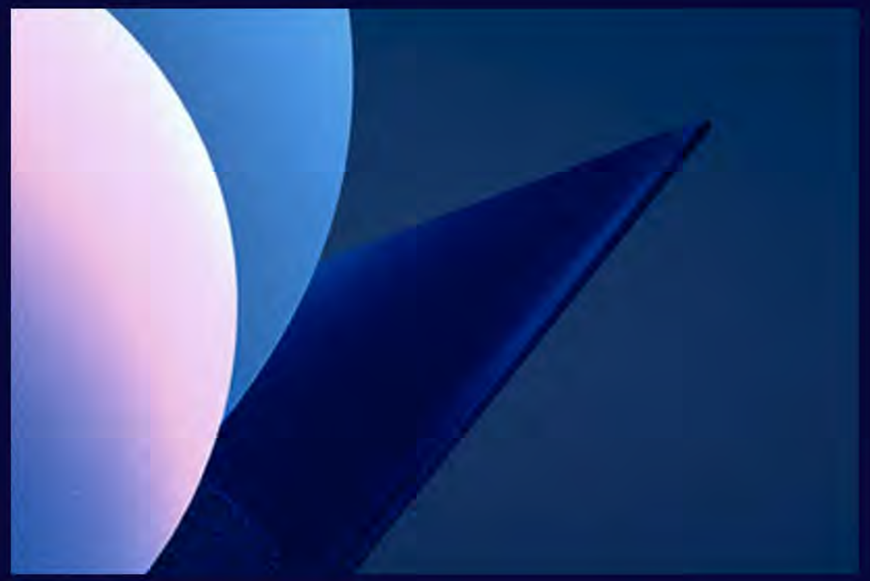
Communication strategy development
Coherent communication multiplies the impact of all other initiatives by ensuring consistent, compelling messages reach the right audiences at the right time. Yet most portfolio companies suffer from fragmented communication that dilutes impact and wastes resources.

Strategic communication development creates clarity around core messages, target audiences, and channel priorities. By establishing message hierarchies and proof points, companies ensure all communication reinforces strategic positioning rather than creating noise. This coherence proves particularly valuable in complex B2B sales where multiple stakeholders influence decisions over extended timeframes.

Value proposition alignment
Clear, differentiated value propositions drive sales effectiveness and marketing efficiency. Yet many portfolio companies struggle with generic messaging that fails to resonate with target customers or differentiate from competitors. Effective value proposition development starts with deep customer understanding – not just what they buy, but why they buy and what outcomes they seek. By connecting company capabilities to customer outcomes in compelling, credible ways, strong value propositions accelerate sales cycles and improve win rates while reducing the cost of customer acquisition.

4.3 Execution Phase:
Ensure Growth

The Execution Phase transforms strategy into measurable results through disciplined implementation. This phase delivers the majority of brand value creation through systematic activation across the organization and market.



Value unlocked

1 Revenue acceleration

Improved brand experience drives customer acquisition and retention

2 Cost optimization

Consolidated marketing operations and eliminated redundancies

3 Talent advantages

Stronger employer brand reduces recruitment costs and improves retention

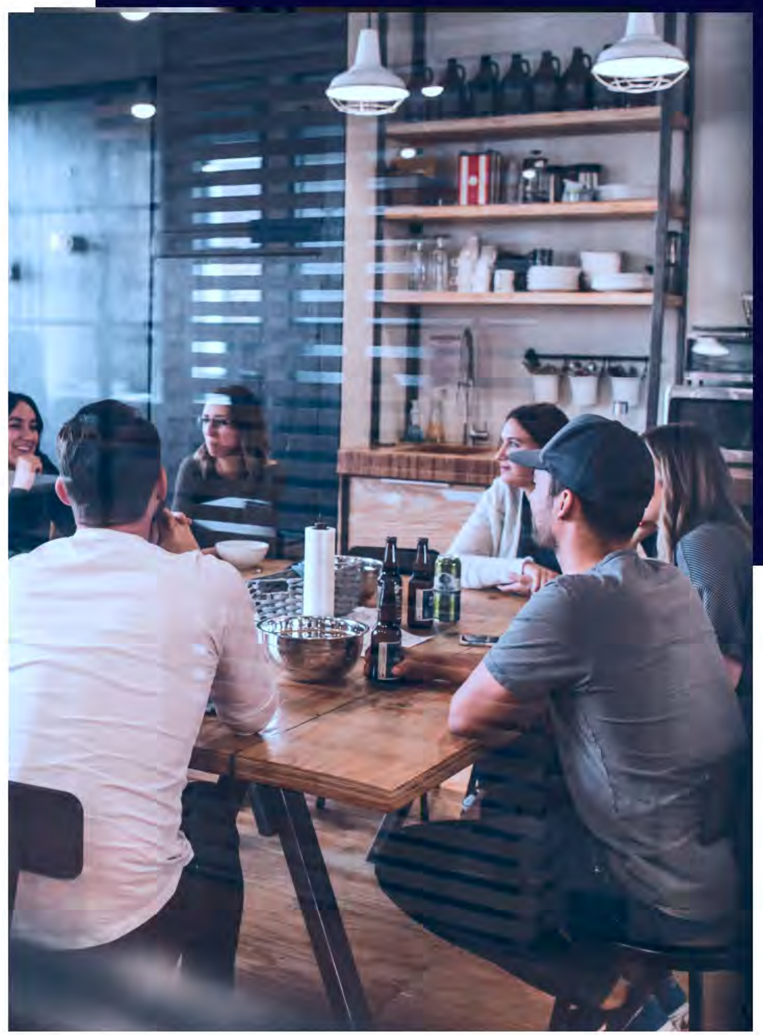
4 Operational alignment

Brand-driven culture change enhances productivity and innovation

5 Change acceleration

Brand framework reduces transformation resistance and timeline

4.3 Execution Phase:
Ensure Growth



Brand experience implementation
Creating consistent, compelling experiences across all touchpoints requires systematic orchestration of people, processes, and technology. The challenge lies not in designing the ideal experience but in executing consistently at scale across diverse customer interactions. Successful implementation focuses on moments that matter most – the critical touchpoints that disproportionately influence customer perception and loyalty. By perfecting these key interactions first, companies can improve customer satisfaction and financial performance while building toward comprehensive transformation.

Change management and engagement
Ensuring the organization embraces and activates the brand vision requires more than communication, it demands systematic behavior change and cultural evolution. Success depends on engaging both hearts and minds while providing practical tools and processes for daily implementation.

Effective brand-led change management connects individual roles to larger purpose, making change personally relevant and meaningful. By celebrating early adopters and addressing resistance constructively, companies can build momentum that becomes self-sustaining. The key is maintaining energy and focus through the inevitable challenges of transformation.

Marketing and communication execution
Disciplined execution management maximizes marketing ROI by ensuring resources align with strategic priorities while maintaining flexibility for optimization. Too often, portfolio companies spread resources across too many halfhearted initiatives, diluting impact and making measurement difficult. Systematic execution management establishes clear governance, standardized processes, and performance measurement. By focusing resources on highest-impact initiatives while maintaining disciplined testing and learning, companies can improve marketing effectiveness while reducing absolute spend. This efficiency gain proves particularly valuable in PE contexts where every basis point of margin matters.

4.4 Exit Phase:
Maximize Valuation

The Exit Phase leverages all brand assets to maximize valuation and transaction success. Strong brands attract more buyers, create competitive tension, and justify premium valuations, particularly from strategic acquirers who value brand assets highly.

Value unlocked



1 Multiple expansion

Documented brand value supports premium valuation arguments

2 Buyer universe expanded

Strong brands attract both financial and strategic buyers

3 Due diligence accelerated

Systematic brand documentation speeds transaction process

4 Strategic premium captured

Brand platform potential justifies higher multiples

5 Risk perception reduced

Established brand equity signals sustainable competitive advantage

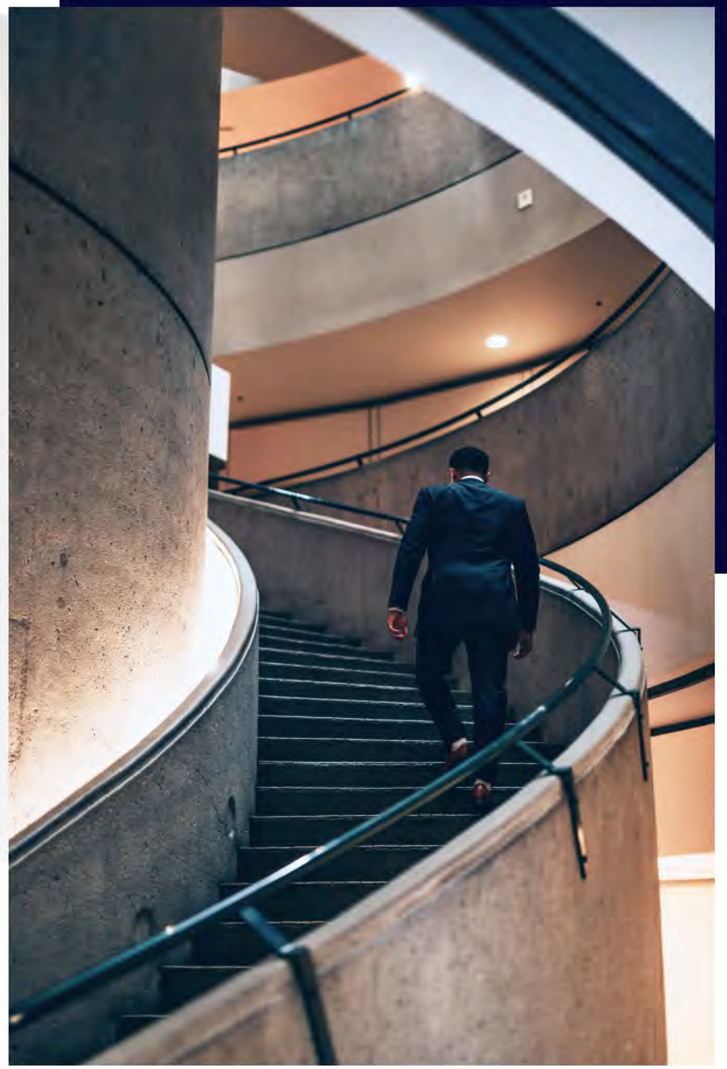
4.4 Exit Phase:
Maximize Valuation

Brand valuation methodologies
Making brand value explicit and defensible to buyers requires sophisticated approaches that connect brand metrics to financial performance. The goal is transforming brand from a subjective asset to a quantified value driver that justifies premium multiples.
Multiple valuation methodologies exist, from relief-from-royalty to customer lifetime value approaches. The key is selecting methods appropriate to the industry and buyer type while building a compelling narrative around brand's contribution to sustainable competitive advantage. By quantifying brand value credibly, sellers can capture full value for investments made throughout the hold period.

Exit story development
Strategic narratives shape buyer perception and value by connecting past transformation to future potential. The most effective exit stories demonstrate not just what has been achieved but what becomes possible under new ownership.

Compelling exit stories position brand transformation as a platform for continued growth rather than a completed project. By documenting transferable capabilities and untapped opportunities, sellers can attract strategic buyers willing to pay premiums for growth potential rather than just current performance.

Value creation documentation
Rigorous documentation supports premium valuations by providing tangible evidence of brand value creation. This goes beyond marketing metrics to demonstrate brand's systematic contribution to financial performance throughout the investment period. Comprehensive documentation traces brand initiatives to business outcomes, creating an evidence trail that withstands due diligence scrutiny. By preparing this documentation systematically rather than retrospectively, PE firms can accelerate transaction timelines while strengthening their negotiation position



5. Case *Studies* in Brand *Value Creation*





5.1 Case Snapshot
International Pharma Logistics

Challenge

A PE-owned life science logistics group had acquired multiple regional players, creating a complex multi-brand portfolio with fragmented market positioning and inconsistent customer communications across different service areas.

Solution

We developed a unified brand architecture with clear master brand hierarchy, created a phased migration plan that respected existing customer relationships, and implemented consistent design and messaging across all touchpoints. Additionally, we established a thought leadership program to position the group as the authoritative voice in specialized life science logistics.

Key outcomes

Successful brand consolidation with improved market recognition and streamlined operations across the portfolio.

For detailed discussion of methodology, timeline, and specific outcomes, contact us directly.



5.2 Case Snapshot
Global IT Consulting Group

Challenge

A PE-backed IT services provider struggled with fragmented messaging across its diverse service portfolio, making it difficult to articulate a cohesive value proposition and limiting cross-selling opportunities between business units.

Solution

We developed unified group positioning that highlighted the integrated value proposition across their service portfolio, created joint go-to-market strategies, and launched integrated performance and social campaigns to establish market presence and generate qualified leads

Key outcomes

Strengthened market position with clearer differentiation and improved lead generation across service lines.

For detailed case discussion including campaign examples and performance metrics, contact us directly.

6. Future *Outlook:* The Digital *Frontier*



Future Outlook:
The Digital Frontier

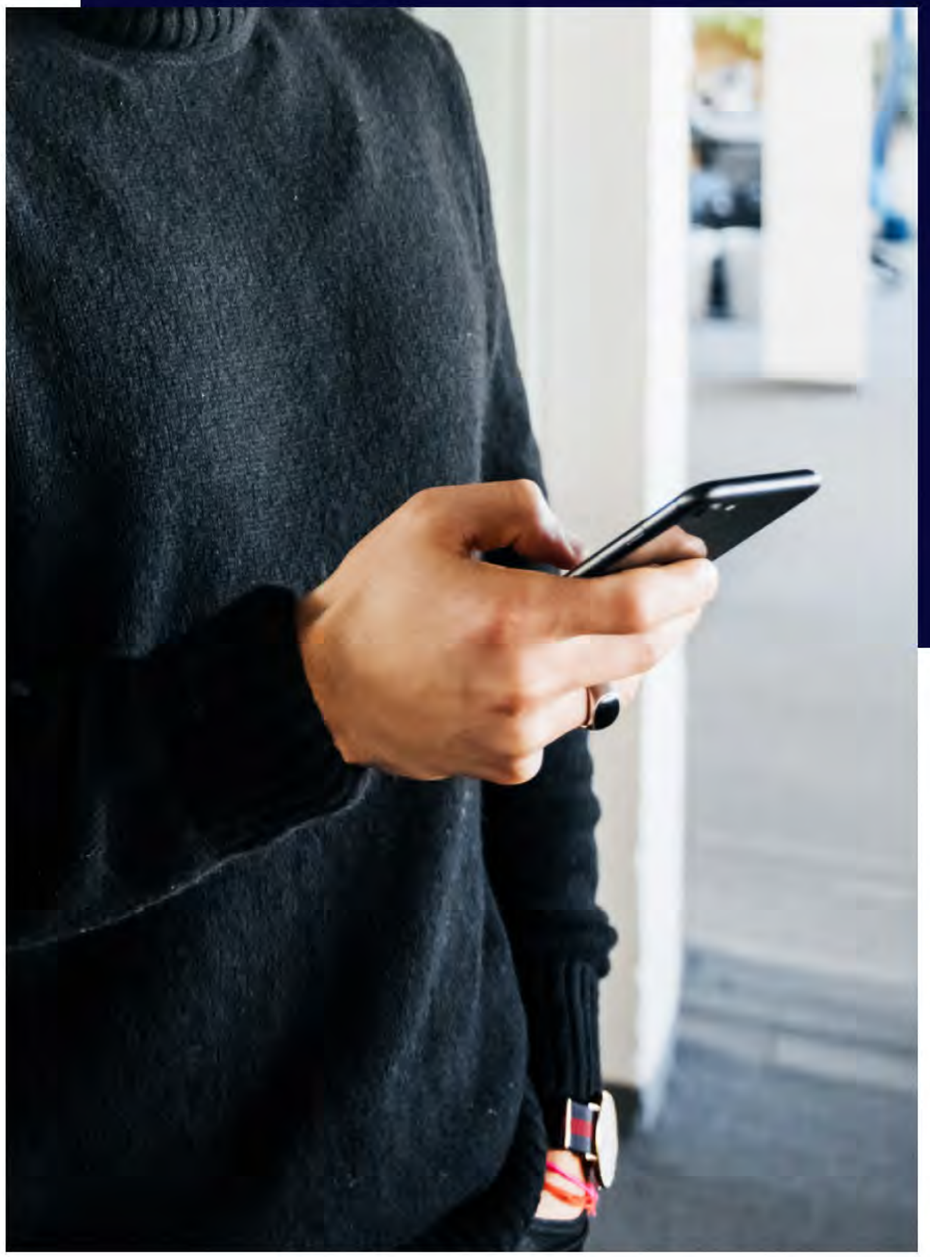
Based on our work with PE firms across Europe, several emerging trends will shape brand's role in value creation:

- **AI in brand management** is moving from experimentation to practical application. The technology enables personalization at scale, reduces content creation costs, and provides predictive insights on brand performance. However, success requires thoughtful implementation that amplifies strategy rather than replacing it.

- **Real-time brand monitoring** transforms how portfolio companies understand and respond to market dynamics. Digital tools provide immediate feedback on brand perception, competitive moves, and customer sentiment, enabling rapid adjustments that prevent value erosion while capitalizing on emerging opportunities.

- **Evidence-based valuation** makes brand value increasingly defensible in transaction scenarios. Advanced analytics connect brand metrics directly to financial performance, transforming subjective assessments into quantified value drivers that justify premium multiples.

These capabilities are currently being incorporated into our ValueLens™ framework, currently under development, which will provide PE firms with a comprehensive platform for visualizing and managing brand value creation across their portfolios.



7. About *Branded Capital*

Brand Power
PE Returns

Branded Capital specializes exclusively in brand-driven value creation for PE-backed companies and financial brands across the investment lifecycle. From transaction support through exit preparation, our team brings specialized expertise focused on maximizing returns through strategic brand management.

Our team of ten senior consultants brings diverse expertise across the disciplines essential to effective brand value creation:

- **Brand Strategy:** Architecture, positioning, and experience design
- **Growth Marketing:** Customer acquisition, channel optimization, pricing, and digital transformation
- **Communications:** Internal change management and external stakeholder engagement
- **Human Capital:** Employer branding and talent acquisition



While our headquarters are in Berlin, our consultants are strategically located across Germany's major business hubs including Hamburg, Frankfurt and Düsseldorf, allowing us to serve clients throughout the DACH region and beyond.

What distinguishes our approach is our exclusive focus on financial brands and the unique brand challenges facing PE-backed companies. We've built our methodologies, tools, and team specifically for the accelerated timelines and heightened performance expectations of the PE environment.

8. Next Steps: *Unlock* Your *Brand Value* Potential

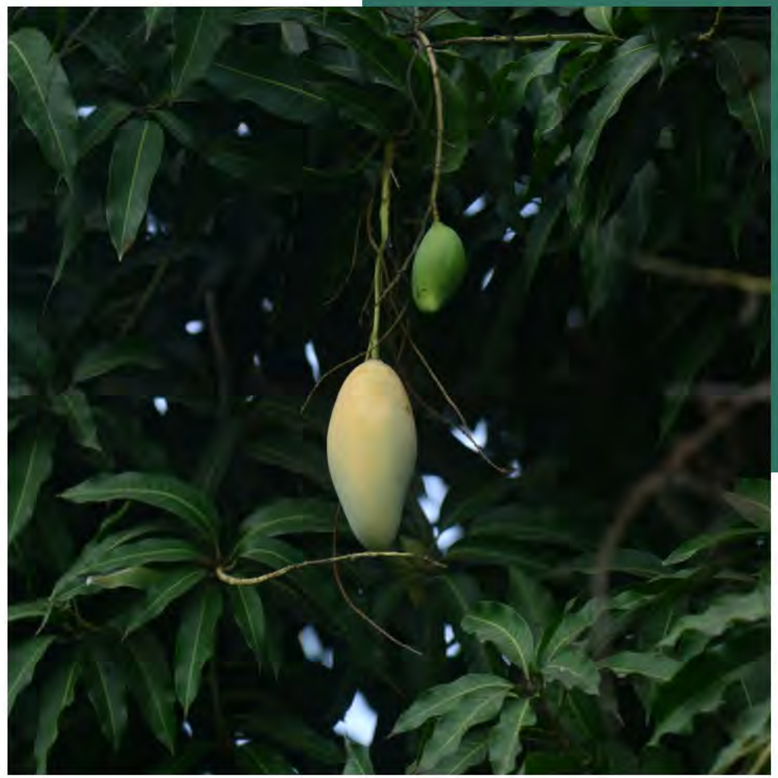
The bottom line

PE success today requires the strategies that brand enables - revenue growth and buy-and-build execution. The data is clear: these are the value creation levers that work in today's environment, and strategic brand management is what makes them sustainable and scalable.

Branded Capital provides the only systematic approach designed specifically for PE value creation timelines and return expectations. Our lifecycle framework transforms brand from an intangible concept into a measurable value driver across assessment, strategy, execution, and exit phases.

Quick check to identify value creation opportunities in your portfolio

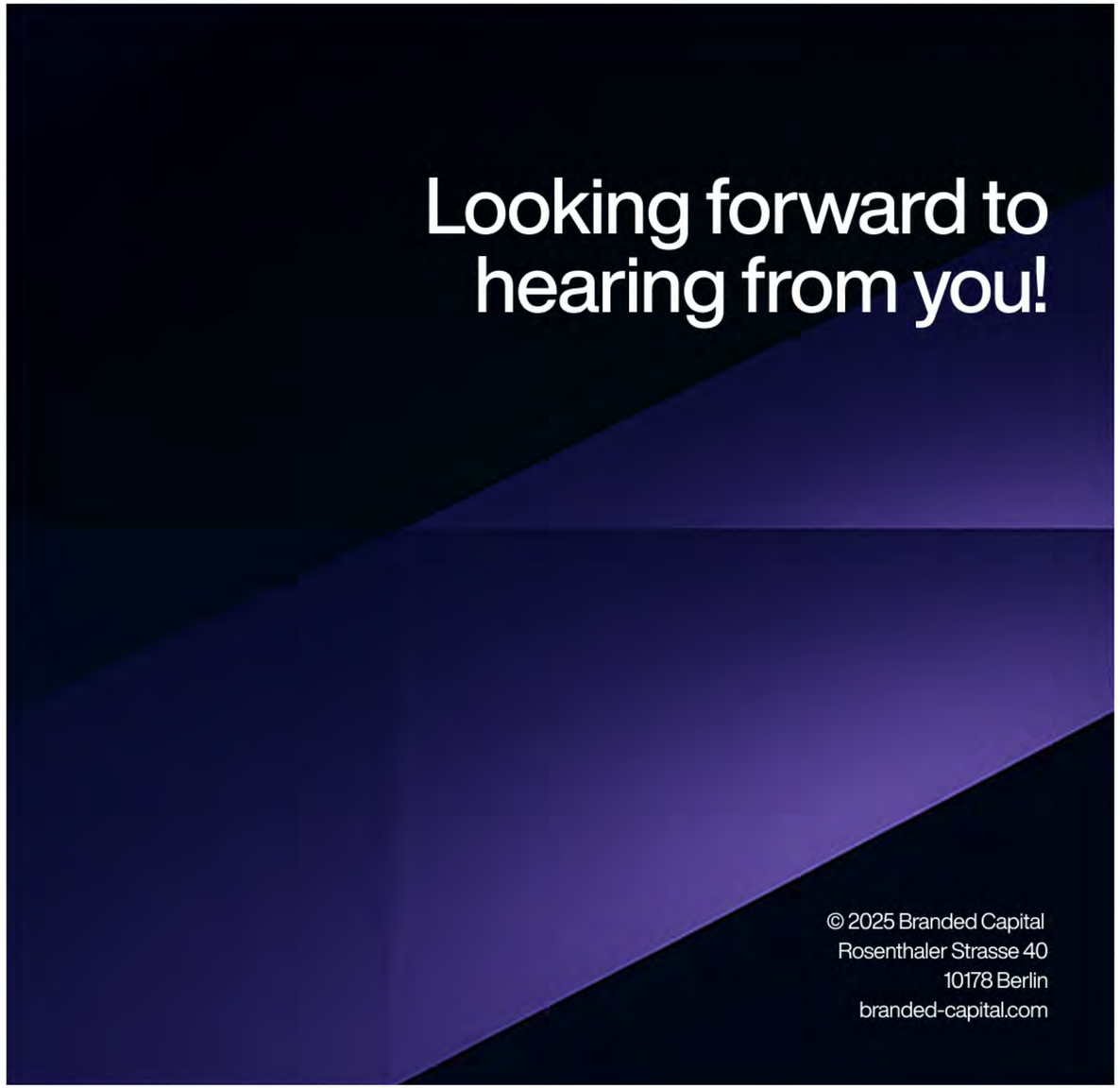
- The Sales team can't articulate value
- Marketing spend lacks ROI
- Acquisitions created brand confusion
- EVP doesn't attract the right talent
- No compelling buyer story towards exit



Two or more indicators? You likely have some low-hanging fruits in brand value creation :)

For a first analysis of your brand value creation potential: Take our Brand Value Creation Pathway assessment to identify your potential roadmap, expected timeline to results, and specific initiatives based on your portfolio company's current situation.

Ready to explore brand value creation for your portfolio? Contact us for a complimentary consultation.



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