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The Cost of Fragmentation in Value Creation

Why disconnected advisory models are destroying returns — and what an integrated, operator-led execution model looks like

By Tracy L. Williams

The BrainDance Collective, LLC

PREPARED FOR PRIVATE EQUITY, INDEPENDENT SPONSORS, AND ETA BUYERS
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Executive Summary

Private equity sponsors, independent sponsors, and entrepreneurship-through-acquisition (ETA) buyers are running into the same wall from different directions: **they are buying value creation in pieces** — and paying for that fragmentation twice, once in advisory fees and again in the value that never shows up at exit.

A typical buyer today assembles a stack: data analytics from one provider, AI and automation from another, financial expertise from a fractional CFO or accounting firm, and operational execution from whoever is left standing internally. Each piece, in isolation, is competent. Assembled together, the model fails at a rate the industry now documents in detail.

The number is stark: **67% of value creation failures are controllable**, and 53% trace directly to poor implementation — not macro shocks, tariffs, or bad luck (Simon-Kucher / Carnegie Consulting, 2025–26). This is not a talent problem. It is a structural one.

Across engagement after engagement, the same pattern repeats:

- Insights are generated but not executed
- Technology is implemented without business alignment
- Financial models are disconnected from operational reality
- Initiatives are funded, staffed for a quarter, and quietly lose their owner

The result is a consistent, measurable gap between the value a diligence team identifies and the value a portfolio company actually realizes.

The Core Thesis

Value creation fails when strategy, analytics, AI, finance, and execution are separated.

Buyers should stop assembling a patchwork of capabilities and start demanding integrated, operator-led platforms that combine investment insight, data intelligence, and execution discipline under a single accountable team. That standard — and what to look for in a partner built to meet it — is the subject of this paper.

I. The Fragmentation Problem

How Buyers Currently Procure Value Creation

Most deal sponsors, especially in the lower middle market, source capabilities across multiple, disconnected providers:

Function	Typical Provider
Data analytics	Analytics firm / BI consultants
AI & automation	AI agency / software vendor
Financial expertise	Fractional CFO / accounting firm
Operational execution	Internal team / consultants
M&A diligence	Transaction advisory firm

This model appears logical on a whiteboard. In practice, it creates systemic failure, because no single provider is accountable for the outcome — only for their slice of it.

In practice, that means a sponsor is running four or five separate vendor relationships at once — each with its own contract, its own reporting cadence, and its own definition of success. The analytics firm is optimizing for insight delivered, not insight acted on. The AI vendor is optimizing for tools deployed, not KPIs moved. The fractional CFO is optimizing for clean financials, not for driving the initiatives those financials measure. The internal team is left to stitch all of it together, usually without the authority or the bandwidth to do so.

None of these providers is doing anything wrong by the terms of their own engagement. That is precisely the problem: the fragmentation is built into the incentive structure before a single meeting is held. Figure 1 makes the contrast concrete — the same four functions, procured two different ways.



Figure 1. The structural difference between a vendor stack and an integrated operating system.

The Hidden Failure Modes

Insight without execution. Analytics firms produce dashboards, reports, and insight — but no ownership of outcomes, no translation into operational change, and no accountability for EBITDA impact. Value gets identified. It doesn't get captured.

Technology without context. AI and automation vendors deploy workflow tools, copilots, and data pipelines without a deep understanding of the business's economics or its value creation priorities. The result is technology adoption without ROI — and it is now a documented, industry-wide pattern.

Nowhere is this clearer than in AI deployment itself. **75% of portfolio companies arrive at close either fully unprepared or only partially ready for AI deployment**, and only about **20% have moved a use case into**

production with measurable results (Accordion/Wakefield Research 2026; Bain Global Private Equity Report). The gap isn't the technology — it's the absence of a system to absorb it.

Finance without operational leverage. Financial advisors and CFOs build models, track performance, and report metrics — but have limited ability to drive operational change and a weak connection to the teams doing the work. Measurement happens. Transformation doesn't.

Execution without intelligence. Operators attempt growth initiatives, cost reductions, and system improvements without data infrastructure, predictive insight, or integrated financial modeling behind them. Effort is real. Precision isn't.

Each layer operates independently, which compounds rather than cancels the loss: priorities go misaligned, work gets duplicated, execution slows, and returns come in below the underwritten case.

II. Why This Problem Is Getting Worse

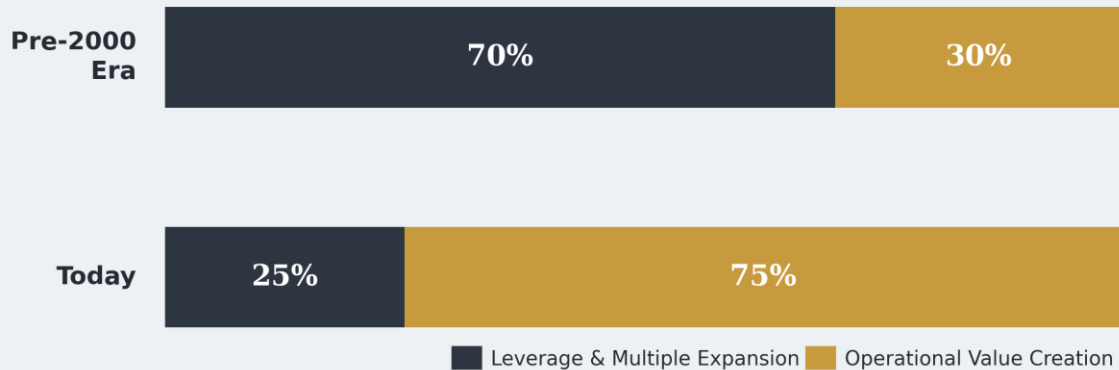
Three forces are converging to make fragmentation more expensive than it used to be, not less.

First, the provider landscape has exploded. AI vendors, analytics platforms, fractional executives, and niche consultants have multiplied — each solving a piece of the problem, none solving the whole of it.

Second, businesses themselves have gotten more complex. Multi-system environments, fragmented data, and digital transformation requirements mean no single siloed provider can manage the full picture, even within their own lane.

Third, and most decisively, the old return engine is gone. Entry-buyout multiples remain elevated at roughly 12x, hold periods have stretched to about 6.1 years, and the industry is sitting on an estimated \$1.3 trillion in dry powder waiting to be deployed into a market with a narrow exit window (Allianz Research; Forbes, 2026). Financial engineering can no longer carry the return.

Where Private Equity Value Creation Actually Comes From



Source: Institute for Private Capital / CAIS Group — 2,951 fully-exited PE deals, 1984–2018

Figure 2. Leverage's share of PE value creation has fallen from roughly 70% before 2000 to roughly 25% today. Operational execution now carries the return.

Execution is not one lever among many anymore — for most deals, it is the only lever a sponsor fully controls.

III. The Integrated Model: A New Standard

Instead of assembling fragmented services, buyers should require integrated value creation platforms defined by:

- Unified strategy across investment thesis and operating plan
- Embedded data & analytics, not a bolt-on reporting layer
- AI & automation aligned to outcomes, not experimentation
- Financial intelligence linked directly to operations
- Execution ownership and accountability that sits with one team

IV. The Unified Value Engine™

This is the operating model BrainDance built to eliminate fragmentation — a single, repeatable cycle that keeps strategy, data, AI, finance, and execution inside one accountable team rather than scattered across five invoices.



Figure 3. The Unified Value Engine™ — the proprietary five-stage operating cadence run inside every BrainDance engagement.

Each stage feeds the next, and the cycle repeats on a fixed cadence rather than running once at the start of an engagement:

Strategy & Investment Insight is built by operators with investment backgrounds — the value creation thesis, market position, and M&A strategy, grounded in deal economics rather than generic playbooks.

Embedded Data & Analytics means KPI architecture tied directly to value drivers, real-time dashboards, and predictive analytics designed for execution, not for a quarterly board deck.

AI Enablement is purpose-built: process automation and AI-driven insight embedded in the actual workflow, deployed to move a specific metric — not adopted for its own sake.

Financial Integration connects scenario planning and capital allocation directly to KPI-to-EBITDA linkage, so finance is embedded in execution rather than reporting on it after the fact.

PMO-Led Execution closes the loop: centralized tracking, weekly cadence, and one clearly accountable owner per initiative — orchestrated, not delegated.

V. The Role of the Operator

This is the most critical differentiator, and the one most fragmented models get wrong.

Not Just Advisors — Operators

The right partner deploys seasoned operators and investment-savvy professionals: people who have both built businesses and evaluated investments, not analysts who have only ever advised from the outside.

Operators with investment experience bring something a pure advisory relationship structurally cannot:

- They understand value creation at a granular, line-item level
- They prioritize initiatives based on ROI, not on what's easiest to staff
- They translate strategy into executable plans instead of slide decks
- They drive accountability because they've been accountable for a P&L themselves

VI. The Integrated Advantage

Fragmented Model vs. Integrated Model

Dimension	Fragmented Model	Integrated Model
Strategy	Separate	Integrated
Analytics	Standalone	Embedded
AI	Disconnected	Aligned to outcomes
Finance	Reporting-focused	Execution-linked
Execution	Diffuse	PMO-driven
Accountability	Unclear	Centralized

VII. Quantifying the Impact

The directional evidence is consistent across independent research: integration increases speed, alignment, and realized value. The figures below, drawn from recent industry research, quantify what fragmentation costs — and what closing the gap is worth.

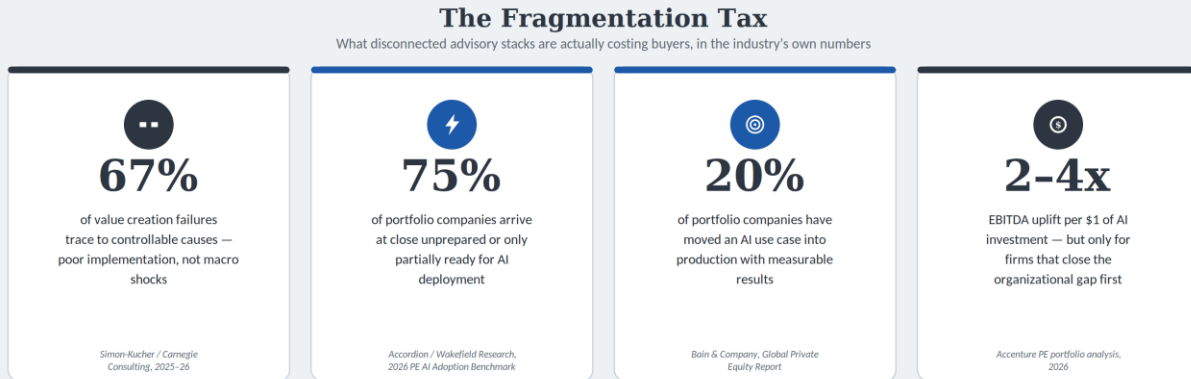


Figure 4. The fragmentation tax, in the industry's own numbers.

BrainDance has seen this gap firsthand in exit outcomes. In one recent survey of middle-market sellers, the spread between projected realized valuations and prospective premium exits was **6.8x versus 9.8x EBITDA** — a **three-turn gap** (Capstone survey data). Depending on how a business is prepared and positioned in the months and years before a sale, that spread alone can represent tens of millions of dollars in lost value.

VIII. Implications for Buyers and Sponsors

Private Equity Firms

- Move beyond siloed providers
- Integrate analytics, AI, and execution under one accountable team
- Demand measurable accountability from every partner on the cap table of vendors

Independent Sponsors

- Replace a fragmented advisory stack with a single integrated execution platform
- Scale portfolio support without building full internal infrastructure
- Access institutional-grade capability at a fraction of a large firm's cost

ETA / Search Fund Operators

- Accelerate the operating learning curve from day one
- Avoid the early-stage execution mistakes that erode a thin margin for error
- Build institutional-grade capability without a large-firm price tag

IX. Conclusion

The industry has evolved beyond financial engineering. It now faces a different, less forgiving challenge: execution fragmentation.

The firms that win will not be those with the best individual advisors. They will be those with the most integrated execution models — one system, one team, one outcome.

For buyers, sponsors, and search-fund operators, the imperative is straightforward: don't assemble a fragmented advisory stack and hope it adds up. Seek out a partner built as a single, integrated system — one where strategy, data, AI, finance, and execution sit under one roof, with one team accountable for the result.

Final Thought

Value is not created in silos. It is created in systems.

BrainDance built the Unified Value Engine™ to be that system. If your current advisory stack looks more like the left side of Figure 1 than the right, that gap is worth a conversation.

About the Author

Tracy L. Williams leads client value creation strategy at The BrainDance Collective, where she works directly with private equity sponsors, independent sponsors, and founder-led management teams to close the gap between strategy and execution. Her work centers on the same operating discipline outlined in this paper: embedding data, AI, and financial intelligence into a single, PMO-led execution cadence rather than treating them as separate workstreams.

About The BrainDance Collective

The BrainDance Collective is a collection of experienced executives who design and execute solutions to complex problems — achieving the primary mission of a private company or agency shoulder to shoulder with its team, from within the organization. Guided by three commitments — Integrity Over Everything, Partners Not Vendors, and People Are the Point — BrainDance brings 150+ years of combined executive experience across Fortune 500 brands to bear on middle-market value creation and exit preparation.

(678) 462-9926 · letstango@braindancecollective.com