KEYSTONEIQ

Stress Test Your Value Creation Plan

Five customer commitments, and the evidence each one needs long before a buyer asks.

Match each customer commitment in your plan to one of the five below. Read what it usually rests on, then what it actually needs. Put the question marked ASK to your management team: their answer tells you whether the commitment is evidenced or only asserted. Score the plan overleaf.

01 Retention in the top value tier

RESTS ON An aggregate churn rate calculated on customer counts, so a customer worth £40,000 and one worth £400 count the same.

NEEDS Value-weighted retention for a fixed group of customers, plus movement between tiers. Most high-value customers do not churn, they decay.

ASK *"Show me retention for the top 20% by value, measured on value not headcount, for each of the last three years."*

02 Cross-sell and category breadth

RESTS ON Products per customer across the whole base, which rises whenever you acquire multi-category customers even if nobody has broadened.

NEEDS Breadth trajectory for a fixed group over time, which separates real broadening from a change in the acquisition mix.

ASK *"Take the customers active three years ago who are still active. Has their category breadth increased?"*

03 Pricing and average order value

RESTS ON A single blended figure in the monthly pack, with no view of who is buying at that level.

NEEDS Order value and purchase frequency together, by tier. Blended order value rises when the bottom of the base falls away, so it reports success while the business loses customers.

ASK *"Show order value and frequency side by side, by value tier, same tiers, three years."*

04 New customer acquisition

RESTS ON Volume, cost per acquisition, and a blended lifetime value built on an average customer.

NEEDS The value of each acquisition year compared with the incumbent base at the same age. Falling quality is invisible in revenue for 18 to 30 months, then it is not.

ASK *"For each of the last four years, what were those customers worth in year one, and what are they worth now?"*

05 Customer concentration

RESTS ON A top ten table at a single date, with no trajectory attached.

NEEDS Direction and speed across the hold, and whether concentration fell because the top shrank or the middle grew. Same number, opposite outcomes.

ASK *"Plot the revenue share of the top decile at entry and each year since. Which end of the base is moving?"*

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Score the plan

Tick one column per row. **Evidenced** means you could produce the answer to that commitment's question on page one. **Asserted** means you have a number, but not one that answers it. Use row 06 for anything the five do not cover. The middle column is the one to watch: it becomes the right-hand column the moment a buyer asks.

COMMITMENT	EVIDENCED AT CUSTOMER LEVEL	ASSERTED FROM AGGREGATES	NOT MEASURED
01 **Retention in the top value tier**	☐	☐	☐
02 **Cross-sell and category breadth**	☐	☐	☐
03 **Pricing and average order value**	☐	☐	☐
04 **New customer acquisition**	☐	☐	☐
05 **Customer concentration**	☐	☐	☐
06 *Other, as written in your plan*	☐	☐	☐

READING THE SCORE

Three or four in the first column is the normal position for a well-run asset.

Two or fewer means the plan is monitored on numbers that cannot show whether it worked.

Anything in the third column will be found by the buyer rather than by you.

Why all five fail the same way

Aggregate reporting answers how much. A value creation plan makes promises about which customers. No amount of care with the first will answer the second, and 60% of general partners name building the right data and KPIs as their hardest finance-function challenge at exit.

Source: EY-Parthenon, Global Private Equity Exit Readiness Study 2026. ey.com

Where the answers are

All five sit in transaction-level customer data, which almost every portfolio company already holds. The input is an anonymised extract: transaction ID, customer ID, date, value, category. No personally identifiable information, and most companies can produce it within 24 hours.

Keystone IQ's Revenue Quality Architecture™ rebuilds the customer base from that extract and answers all five directly. The Health Check sets the baseline at entry. The Customer Base Diagnostic runs at year 2, when there is still hold period to act on what it finds, and again at year 4, when the exit evidence layer starts to matter.

> *The businesses that come out of this well are not the ones with better plans. They are the ones that started looking a year or two earlier.*
>
> NATALIE MCCRAE, FOUNDER, KEYSTONE IQ

Talk to us about your customer base. Days not weeks. Fixed scope. No PII required. info@keystoneiq.co · keystoneiq.co