

# Portco Speed Rounds

## The 10-day closing: Process



### Why does your 10-day close process take 20 days?

Three main factors are usually to blame:

- 1 People
- 2 Process
- 3 Technology

Non-standardized processes are the key operational challenge facing portfolio companies, leading to inefficiencies and costly errors.

### Changing a decentralized process requires a shift from reactive to proactive

The first episode of the 10-day financial statement closing mini-series focused on the challenges associated with your people. Addressing the issues we discussed and identifying appropriate roles for your team members, including removing duplicative efforts and clarifying responsibilities, is part of the equation to successfully achieve a 10-day close. Another element, which should be explored in tandem, is your process. In many cases, identifying the needs of your people may not come to light until you have established the process, or vice versa depending on needs.

To identify the process, consider conducting a specialized workshop. In this setting, a procedure checklist should be developed, and targeted strategies can be formulated to enhance efficiency based on the specific needs of the company. By anticipating what will be needed for the close and identifying which tasks can be completed in advance, the overall procedure can be expedited. Emphasis on strong communication is critical, including clarity on what is needed when and providing timely status updates. Additionally, it's crucial to comprehend the underlying reasons for experiencing delays so that they can be avoided and/or remedied quickly to enable a true 10-day close. Solidifying this phase will position the company with a clear closing process to integrate across all entities and positions, facilitating multiple parties to work in unison.

#### Key buyer perspectives

- ▶ **Chief financial officer**  
A primary challenge faced when integrating portfolio companies is aligning financial closing timelines. Although the newly acquired company will have a fraction of the time to complete its close process, the key is initiating an effective process that clearly defines the specific information needed.
- ▶ **Controller**  
It's never too early to consider the financial close process – that includes during the due diligence process. Beginning the conversations early and asking the right questions will enable, prepare and better position your team to anticipate the road ahead.

#### The fund perspective

Understanding the effect that the new process may have on overall investment strategy and performance is critical in considering any potential implications for value creation, risk management and investor reporting.

#### The Portco perspective

The ability to consistently deliver a timely close demonstrates financial integrity and operational efficiency and is an opportunity to provide valuable information that can influence management decisions and satisfy the reporting requirements of the PE firm and other stakeholders.

#### Takeaway

The 10-day closing is attainable, but only with a strong focus placed on people, process and technology. Once you've addressed the factors that are inhibiting your people and have implemented an effective process, you can apply it across all of your businesses for a streamlined approach.

#### EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](http://ey.com/privacy). EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit [ey.com](http://ey.com).

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

© 2024 Ernst & Young LLP. All Rights Reserved.

US SCORE no. #: 2405-4536137. ED none.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

[ey.com](http://ey.com)