CMG 360™

ASSESSMENT

Two perspectives. One strategy.

Regional Distribution Company

Sample Deliverable · Anonymized

Lower Middle Market · Distribution

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CMG Financial Solutions™ · *Building Better Businesses*

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About This Assessment

The CMG 360™ Assessment is an integrated diagnostic and market intelligence report. It combines two proprietary CMG frameworks: **COMPASS™**, the internal diagnostic, and **BEACON™**, the market intelligence report. Together they give ownership one view of the business inside and out, and one prioritized path forward.

This approach is **Context-Aware Business Diagnostics™**. The diagnosis is built around the questions this owner is actually asking and the market this company actually competes in, not a one-size-fits-all checklist.

How to read the scores

COMPASS scores seven operating domains on a 0 to 100 scale. Scores of 75 and above reflect a systematized strength. Scores from 45 to 74 are developing. Scores below 45 mark the domains to address first. Financial performance is benchmarked against industry data, so each score reflects how the business compares to its market rather than an absolute standard. Financial outcomes are lagging indicators, and COMPASS identifies the operating sources before they reach the P&L.

This assessment was prepared for a privately held regional distribution company in the lower middle market. Findings are based on management-provided financials, operating interviews, and CMG-sourced market research using industry databases and trade benchmarks. All names, locations, and partners have been removed.

Executive Summary

Overall CMG 360™ score: **55 / 100** *(Developing)*

The internal view (COMPASS™)

The company earns a developing profile. Organization and talent (88) and systems and technology (71) are genuine, systematized strengths. Capital and cash flow (34) and accounting and financial reporting (38) are the domains to address first. Today the business moves at the speed of those weakest domains.

The external view (BEACON™)

The company competes in a large, fragmented market with a national TAM of $46B and a regional served market of $1.8B. Private equity is actively consolidating both competitors and customers. That consolidation is the defining market force over the next three years, and it is both the principal risk and the principal opportunity.

The combined view

The bridge connects each internal gap to the external opportunity it unlocks. Strengthening cash, financial reporting, and the sales engine positions the company to grow into the demand BEACON has sized, to hold margin through an inflationary cycle, and to command a premium valuation when the owner is ready to sell.

Company Profile

Regional Distribution Company is a privately held, owner-operated distributor serving commercial accounts across the Southeast United States. The company runs a delivery fleet and a relationship-based outside sales team. Revenue has grown steadily, and the owner is preparing for a potential sale within three years.

Financial Highlights

$32.4M	14%	23.8%	5.6%
Revenue	Revenue Growth (YoY)	Gross Margin	EBITDA Margin

Growth of 14 percent paired with a 5.6 percent EBITDA margin is the core tension in the numbers: the business is winning more volume than its cash and its margin currently support.

Concerns & Curiosities

At intake, ownership identified five questions and concerns. The CMG 360™ Assessment is built to answer each one.

1.	Wants to sell the business within three years	EXIT GOAL
2.	Wage inflation is running high	COST PRESSURE
3.	Fuel availability and cost are volatile	COST PRESSURE
4.	Customers are being rolled up by PE acquisitions	MARKET RISK
5.	The sales force is aging with no replacements in place	TALENT RISK

Context-Aware Business Diagnostics™: *the diagnosis below is built around these questions, not a generic checklist.*

COMPASS™ Internal Diagnostic

COMPASS scores seven operating domains against industry benchmarks. The table below shows where the business stands and the action that lifts each domain. Appendix A sets out each domain's strengths, weaknesses, and the financial indicators behind the score, measured against industry benchmarks and goals.

Domain	Score	Rating	CMG Action Plan
Capital & Cash Flow	34	Foundational	Install a 13-week cash forecast and tie every growth decision to it. First priority.
Margin Quality & Revenue Model	52	Developing	Introduce price escalation tied to wage and fuel, and review pricing every quarter.
Sales, Customers & Go-to-Market	45	Developing	Document the sales process and build a repeatable pipeline beyond individual relationships.
Planning & Strategic Execution	60	Developing	Run a regular planning cadence with clear targets and accountability.
Organization Design & Talent	88	Strong	A systematized strength. Use the bench to carry the build and scale phases.
Accounting & Financial Reporting	38	Foundational	Clean up the monthly close and produce reliable, timely financials. Priority alongside cash.
Systems & Technology	71	Developing	Extend the systems already in place into the sales and reporting workflows.

The Random Excellence™ read

COMPASS reveals a pattern of Random Excellence™. The company has systematized its strength in people and in systems, where performance no longer depends on any one individual. In cash and in financial reporting, that same capability still lives with a few people and a handful of manual routines. A business moves at the speed of its weakest domain, not its best. The path forward raises the weakest domains to match the strongest.

BEACON™ Market Intelligence

BEACON places the company in its market and at its point in the cycle, using industry data to size the opportunity and read where the market is heading.

$46B	$1.8B	$78M
TAM · national category	SAM · regional served market	SOM · obtainable in 3 to 5 years

Market position

The company is an established mid-tier regional player competing on service and relationships. It holds a small share of a large, fragmented market, which leaves substantial room to grow.

Cycle & outlook

Private equity is consolidating the sector. Competitors are being acquired and customers are being rolled up into larger, more sophisticated buyers, while wage and fuel costs rise. Consolidation is the defining force in this market over the next three years. It raises the risk of losing accounts to a consolidator, and it raises the opportunity to gain share, to become a preferred vendor to the consolidators, and to position the company itself for an attractive sale.

Best-in-class benchmarks

Top-quartile peers operate gross margins in the 28 to 30 percent range, collect receivables inside 35 days, run formalized sales engines, and optimize fleet routing against fuel cost. These benchmarks define the bar and the roadmap.

The Bridge

The bridge is where COMPASS meets BEACON. Each internal gap is connected to the specific external opportunity it unlocks once addressed.

COMPASS Gap	What It Means Internally	What It Unlocks Externally (BEACON™)
Capital & Cash Flow · 34	Growth eats more cash than it throws off. Every peak season runs on the credit line and a held breath.	Headroom to win the bigger contracts and chase the demand BEACON sized, instead of capping out at every peak.
Accounting & Reporting · 38	The owner steers on numbers that are months old and not quite right, so half the calls are guesses.	Financials clean enough to earn a premium multiple, not a discount, when the sale comes in three years.
Sales & GTM · 45	Revenue lives in a handful of relationships. When a rep walks, the accounts can walk with them.	Share gained as rivals get rolled up, and a revenue base that outlasts the retiring reps and transfers to a buyer.
Margin Quality · 52	Pricing has not kept pace with wage and fuel inflation, so volume growth has not turned into profit growth.	Margin resilience that holds through the cycle and lifts enterprise value at the sale.

Fixing the floor inside is what lets the business act on the opportunity outside.

Strategic Recommendations

The sequence raises the weakest domains first, then builds, then scales, so growth lands on a foundation that holds.

1. Stabilize *Capital & Cash Flow · Accounting*

Build a 13-week cash forecast and clean up the monthly close. The scramble ends and the owner can trust the numbers behind every decision.

2. Build *Sales & GTM · Margin*

Stand up a repeatable sales engine and put real pricing and margin discipline in place. Revenue turns predictable and profitable, no longer riding on a few relationships.

3. Scale *Planning · Org & Talent · Systems*

Run a real planning cadence and put the already-strong people and systems to work on growth. The business compounds and is worth materially more to a buyer in three years.

The 3 / 6 / 9 / 12 month roadmap

Horizon	Actions
3 months	• Build a 13-week cash forecast and monthly reporting • Add a fuel surcharge and wage-driven price escalation • Map customer concentration and PE-owned accounts • Document the sales process and launch a CRM
6 months	• Produce GAAP-clean financials and normalize EBITDA • Move to quarterly pricing tied to wage and fuel • Diversify customers and court the consolidators • Recruit next-generation reps and pair with seniors
9 months	• Build a management layer and cut owner dependence • Lock in supplier and fuel arrangements • Secure multi-year deals with top accounts • Transition retiring reps' relationships
12 months	• Assemble a sell-side readiness package • Demonstrate margin resilience to wage and fuel • Show a diversified, contracted revenue base • Show a repeatable sales engine, not one person

Each phase turns red domains green and adds enterprise value, so the business is worth more when the sale comes.

In Closing

The CMG 360™ Assessment gives ownership one scored, benchmarked view of the business, inside and out, and one prioritized roadmap. COMPASS shows where the business stands. BEACON shows where the market is heading. The bridge turns the gap between them into a plan.

Context-Aware Business Diagnostics™. The diagnosis fit the business in front of us, the questions this owner asked, and the market this company competes in.

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Appendix A The Full COMPASS™ Report

This is the complete COMPASS diagnostic. The assessment scored 160 weighted questions across the seven operating domains, measured them against two years of financial statements and industry benchmarks, and incorporated the owner's five concerns. Each domain sets out what it measures, its strengths and weaknesses, and the recommended action. The financial indicators for all seven domains, measured against industry benchmarks and goals, are consolidated in the section that follows the domain detail.

Composite score: 55 / 100 *(Developing).* The company has systematized excellence in people and systems. Cash and financial reporting still run on individuals. A business moves at the speed of its weakest domain, and the plan raises the weakest to match the strongest.

The seven-domain scorecard

Domain	Score	Rating
Capital & Cash Flow	34	Foundational
Margin Quality & Revenue Model	52	Developing
Sales, Customers & Go-to-Market	45	Developing
Planning & Strategic Execution	60	Developing
Organization Design & Talent	88	Strong
Accounting & Financial Reporting	38	Foundational
Systems & Technology	71	Developing
Overall CMG 360™	**55**	**Developing**

Domain detail

Capital & Cash Flow 34 / 100 *(Foundational)*

What it measures. Liquidity, working capital management, cash conversion, capital structure, and the ability to fund growth from operations.

STRENGTHS

- Established line of credit and a supportive banking relationship
- Revenue is growing, which creates real upside once cash is managed

WEAKNESSES

- No rolling cash forecast, so liquidity is managed reactively
- The line of credit runs near its limit through seasonal peaks
- Receivables and inventory tie up cash faster than earnings replace it

Action. Install a 13-week rolling cash forecast, tie growth and purchasing decisions to it, and launch a working-capital program for receivables and inventory. This is the first priority.

Margin Quality & Revenue Model 52 / 100 *(Developing)*

What it measures. Gross margin durability, pricing discipline, revenue mix, and how well price keeps pace with input costs.

STRENGTHS

- Stable, positive gross margin on a clear core product mix
- Full pricing authority, with nothing structurally capping margin
- Revenue growing well ahead of the peer rate

WEAKNESSES

- Pricing has not recovered wage and fuel inflation
- No price-escalation or fuel-surcharge terms in agreements
- Margin by customer and product is not measured

Action. Introduce price escalation tied to wage and fuel indices, add a fuel surcharge, and review pricing every quarter against cost movement.

Sales, Customers & Go-to-Market 45 / 100 *(Developing)*

What it measures. Pipeline, customer concentration, sales process repeatability, and go-to-market structure.

STRENGTHS

- Long-tenured relationships and a strong service reputation
- High retention within the existing customer base

WEAKNESSES

- Revenue depends on individuals, not a documented process
- No CRM and no formal pipeline, so new business is inconsistent
- Limited visibility into contracted backlog and the revenue funnel
- Several top accounts sit with reps near retirement or with consolidating buyers

Action. Document the sales process, deploy a CRM, build a repeatable pipeline, and put succession plans on the key accounts.

Planning & Strategic Execution 60 / 100 *(Developing)*

What it measures. Planning cadence, goal setting, KPIs, accountability, and the link between strategy and execution.

STRENGTHS

- Clear ownership vision and a defined three-year objective
- Strong day-to-day execution

WEAKNESSES

- Planning is informal, without cadence, targets, or accountability
- Few documented goals and a limited KPI structure

Action. Install a planning cadence with clear targets, named owners, and a monthly review tied to the financials.

Organization Design & Talent 88 / 100 *(Strong)*

What it measures. Organization structure, role clarity, bench depth, culture, and key-person dependence.

STRENGTHS

- Capable, tenured team with clear roles and real depth
- Strong culture, with performance not dependent on any one person
- Operations run well without constant owner involvement

WEAKNESSES

- The outside sales team is aging with no identified successors
- A management layer to support a future sale is not yet formalized

Action. Leverage this strength. Use the bench to carry the stabilize, build, and scale phases and to absorb the sales transition.

Accounting & Financial Reporting 38 / 100 *(Foundational)*

What it measures. Timeliness and reliability of the close, reporting quality, internal controls, and decision-grade information.

STRENGTHS

- Books are maintained, with capable accounting staff in place
- Clean source data to build reliable reporting on

WEAKNESSES

- The monthly close is slow, so decisions rely on dated numbers
- Financials are not GAAP-normalized, which weakens a future sale
- Limited management reporting beyond basic statements

Action. Clean up the close, tighten controls, and produce reliable, timely, GAAP-consistent financials. Priority alongside cash, and essential to a credible sale.

Systems & Technology 71 / 100 *(Developing)*

What it measures. Core systems, data integrity, automation, and how well technology supports the operation.

STRENGTHS

- Core ERP and operating systems in place and well used
- Fleet and inventory managed with real tools, not spreadsheets

WEAKNESSES

- Systems are underused in sales and in financial reporting
- Data is not connected across functions for a single view

Action. Extend the systems already in place into the sales and reporting workflows to close the remaining gaps.

Financial Indicators vs Industry Benchmarks

Executive summary. The company grows faster than its market but converts less of that growth into cash and margin than its peers do. The strengths are real, with revenue expanding at roughly twice the market rate and a team more productive than peers. The gaps cluster in three places, cash, financial reporting, and pricing, which are the levers that most affect both day-to-day stability and the value of the business at a sale.

BEHIND THE BENCHMARK

- Liquidity and cash: current ratio 1.15x against 1.6x, line of credit at 88% against under 50%, and cash conversion of 71 days against 45
- Margin: gross margin 23.8% against 28 to 30%, and EBITDA 5.6% against 9%
- Reporting: monthly close of 21 days against 5 to 7, and days sales outstanding of 52 against 35
- Concentration and visibility: top five customers at 47% against under 30%, with no tracked backlog or revenue funnel

AHEAD OF THE BENCHMARK

- Growth: revenue up 14% against a 6 to 8% market
- People: revenue per employee of $410K against $350K, with deep tenure and strong retention

Net read. Closing the cash, reporting, and pricing gaps while holding the above-market growth is the path to a stronger and more valuable business.

Financial ratios are benchmarked against industry peer data by NAICS code and size band. Operational measures are stated against best-practice goals and reflect CMG assessment. Company figures are shaded where they trail the benchmark, and where they lead it.

Metric	Company	Industry Benchmark / Goal
Capital & Cash Flow 34 / 100 · Foundational		
Current ratio	**1.15x**	1.6x
Line of credit utilization	**88%**	under 50%
Cash conversion cycle	**71 days**	45 days
Days cash on hand	**9 days**	30 days
Margin Quality & Revenue Model 52 / 100 · Developing		
Gross margin	**23.8%**	28 to 30%
EBITDA margin	**5.6%**	9.0%
Revenue growth (YoY)	**14%**	6 to 8%
Sales, Customers & Go-to-Market 45 / 100 · Developing		
Top-5 customer concentration	**47%**	under 30%
Customer retention	**over 90%**	85%
New-customer revenue	**under 5% of sales**	10 to 15%
Backlog: contracted revenue	**not tracked**	60 to 90 days visible
Backlog: revenue funnel	**no weighted pipeline**	3x coverage, tracked
Planning & Strategic Execution 60 / 100 · Developing		
Formal annual plan	**not maintained**	standard
Budget-to-actual review	**ad hoc**	monthly
Owned KPIs	**limited**	dashboarded
Organization Design & Talent 88 / 100 · Strong		
Revenue per employee	**$410K**	$350K
Average sales-rep tenure	**18 years**	9 years
Labor cost as % of revenue	**14.2%**	15.0%

Accounting & Financial Reporting 38 / 100 · Foundational		
Monthly close	**21 days**	5 to 7 days
Days sales outstanding	**52 days**	35 days
GAAP-consistent statements	**not maintained**	standard
Systems & Technology 71 / 100 · Developing		
ERP system	**in place**	in place
CRM system	**not in place**	in place
Cross-system integration	**partial**	integrated

Appendix B The Full BEACON™ Report

This is the complete BEACON market intelligence report. It sizes the market, profiles the customer base, places the company within it, reads the cycle and pricing dynamics, measures the company against the market, and translates the external picture into strategy.

$46B	$1.8B	$78M
TAM · national category	SAM · regional served market	SOM · obtainable in 3 to 5 years

1. Client Profile

Regional Distribution Company is a mid-tier, owner-operated distributor serving commercial accounts across the Southeast United States. It competes on service and relationships against larger national players and an active set of private-equity-backed consolidators. Current revenue is approximately $32.4M.

2. Customer Profile

The company sells to commercial accounts across the Southeast: contractors, regional operators, and mid-sized end users that value delivery reliability and product availability over lowest price. The base is built on long-tenured relationships, with the top five accounts at roughly 47 percent of revenue. A growing share of these customers is being acquired by private-equity-backed consolidators, which concentrates buying power, raises service and pricing expectations, and puts legacy relationships at risk unless the company earns preferred-vendor status with the acquirers. The priority is to diversify the base and to position for the larger, more sophisticated buyers the market is creating.

3. Total Addressable Market (TAM)

$46B. The national market for the company's product category. This is the full demand for the category across all geographies and customer segments, and it frames the ceiling of the opportunity.

4. Serviceable Addressable Market (SAM)

$1.8B. Within the company's Southeast footprint and served product segments, this is the realistic playing field given current geography, product lines, and customer types.

5. Serviceable Obtainable Market (SOM)

$78M. The share realistically obtainable in three to five years, against current revenue of $32.4M. The gap between the two is the growth runway, reachable through share capture, account expansion, and a disciplined go-to-market.

6. Market Summary

The market is large, fragmented, and consolidating. Private equity is acquiring competitors and rolling up customers into larger, more sophisticated buyers. Wage and fuel inflation pressure the cost base across the sector. National players and consolidators hold larger shares but compete less on relationship, which leaves the company's service reputation as a defensible edge. That edge converts into share only when it is paired with a repeatable sales engine and disciplined pricing.

7. Pricing Programs

Pricing in this market runs through volume tiers, annual rebates, and, among disciplined operators, fuel surcharges and wage-indexed escalation. The company prices largely deal by deal, without a formal program, and has not passed through recent wage and fuel inflation. Best-in-class peers publish tier structures, write escalation into contracts, and review price quarterly against cost movement. A formal pricing program, with escalation clauses, a fuel surcharge, and a quarterly review, is the fastest route to closing the margin gap to the market without chasing volume.

8. Company Performance vs Market

Measured against the market, the company is gaining share while leaving margin on the table.

Measure	Company	Market
Top-line growth (YoY)	**14%**	6 to 8%
Gross margin	**23.8%**	28 to 30%
Revenue per employee	**$410K**	$350K

The read. The company is winning volume at roughly twice the market's growth rate, which confirms a real service advantage and a genuine share-capture opportunity. The margin gap is the cost of that growth, because price has not kept pace with wages and fuel. The correlation is clear: growth has been bought with margin. Closing the pricing gap while holding above-market growth is the central value-creation lever, and the one that most lifts enterprise value at a sale.

9. Assumptions & Sources

Market figures are derived from industry databases, trade-association data, and CMG-sourced research, and are sized for decision-making rather than precision. TAM reflects national category demand. SAM applies the company's served geography and segments. SOM applies an achievable share trajectory over three to five years. Financial figures are management-provided and anonymized.

10. Strategic Recommendations

Gain share as competitors are absorbed, by acquiring orphaned accounts and talent. Become a preferred vendor to the consolidators acquiring the company's customers, rather than losing those accounts. Diversify the customer base to reduce concentration. Recover margin through pricing discipline to fund the growth. Position the company for an attractive sale within the owner's three-year window by demonstrating share resilience and a transferable revenue base.

11. How to Use This Report

Use BEACON to set the growth target (SOM), to prioritize the accounts and segments worth pursuing, to inform pricing against the cost cycle, and to frame the equity story for a future sale. Pair it with COMPASS: the internal roadmap in Appendix A builds the capability to capture the external opportunity BEACON has sized.