SBI | Grow Intelligently

The Coverage Reset

The Performance Gap in Business Services Isn't Closing

Despite high M&A activity, the business services sector's Rule of performance barely moved between FY2023 and FY2025, rising from 20.1 to 21.6. The weakness wasn't universal. In The Precision Premium, SBI's analysis of 70 publicly traded business services firms found 24% delivered both above-median growth and above-median EBITDA margin. The other 76% missed at least one.

The 24% that outperformed ran an M&A playbook focused on density: acquisitions that deepened the existing coverage model. Most of the 76% chased breadth, adding geographies, service lines, and buyer types to expand TAM. The density builders' Rule of performance hit 32.2 in FY25, 10.6 points above the sector median. That gap doesn't stop at margins. At the same revenue, the best and worst coverage profiles trade multiples apart in enterprise value.

The Moves Are Obvious, the Right Order Isn't

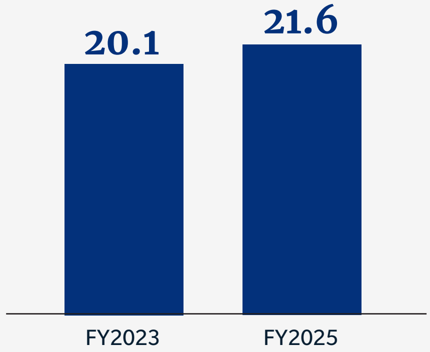
Most leaders whose acquisitions haven't paid off know the moves needed to close the gap. TRIM names the four moves commonly run for restructuring coverage after M&A:

- Triage what isn't working
- Remap what counts as an account
- Intensify resources on the highest-density accounts
- Measure to inform the next move

The moves are well known. The hard part is the order, because the same four moves in different sequences produce opposite outcomes.

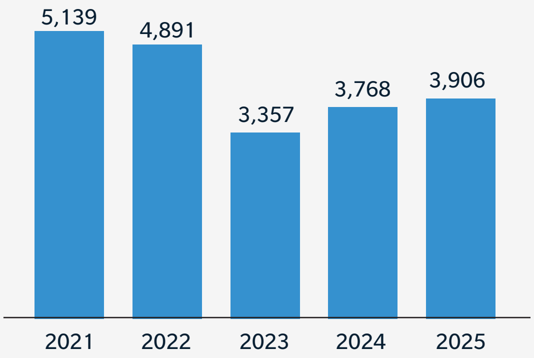
Business services growth stalled despite high M&A activity

Business services median rule of performance

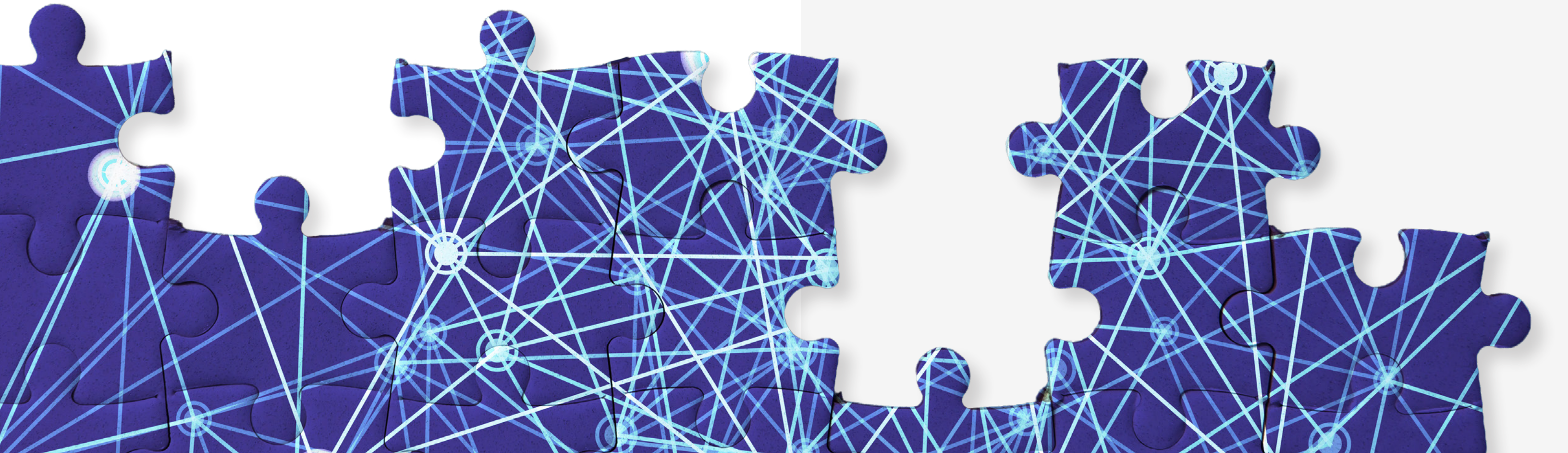


Source: SBI analysis of 70 publicly traded business services firms.

Business services M&A deal volume



Source: R.L. Hulett Business Services M&A Update, Q4 2025.



Two Companies, Same Start, Opposite Outcomes

TTEC Holdings and ISS A/S started from the same place: multi-service portfolios, thinning margins, and a clear need to restructure. They led with different first moves, and the results split.

TTEC ran cost programs before triaging. In 2024, leadership ran profit optimization across the Engage segment while pursuing "an expanded geographic delivery footprint and client portfolio." Engage's BPO business was facing AI pricing pressure while the firm kept expanding Digital. The exposure surfaced segment by segment. A $196M Engage writedown hit in Q2 2024, then a larger $205M Digital writedown in Q4 2025. Across FY2024 and FY2025, TTEC booked nearly $500M in net losses. Cost programs hit their targets, but cost cuts do not offset a legacy segment that should have been triaged or a diversification bet that should not have been made.

ISS triaged first. In late 2020, the company launched OneISS, exited multiple country operations, and consolidated around the integrated facility services key account model. Operating margin moved from 0.5% in 2020 to 5% by 2024.

Same starting point. Different first move. That is what separated a 5% operating margin from $500M in losses.

ISS ran the right first move for its situation. In another profile, leading with that same move would destroy value. What sets the right order is the coverage profile the firm occupies, and there are four of them.

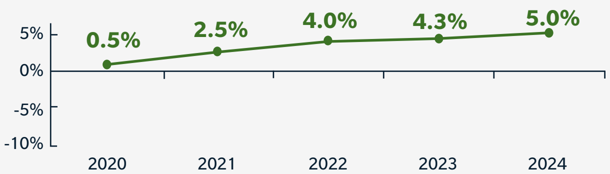
Two companies. Same start. Different first move. Opposite outcomes.

Operating margin trajectory after each company started executing its sequence.

ISS A/S

Right order. Margin restored.

OPERATING MARGIN



SEQUENCE RUN

1. **Triage first**
Exited multiple country operations
2. **Remap**
Consolidated around key account model
3. **Cost reset followed**
Aligned to focused strategy

OUTCOME

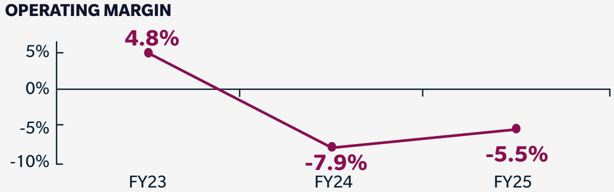
+450 bps

Operating margin, 2020 to 2024

TTEC HOLDINGS

Wrong order. Two impairments.

OPERATING MARGIN



SEQUENCE RUN

1. **Cost programs**
Engage segment optimized
2. **Platform expansion**
Diversification continued
3. **Triage deferred**
No segment exits

OUTCOME

−1,030 bps

Operating margin, FY23 to FY25

Plus $401M in segment impairments
($196M Engage Q2 2024; $205M Digital Q4 2025)

Source: ISS A/S Annual Reports 2020-2024 (operating margin before other items, adjusted for restructuring in 2020); TTEC Holdings 10-K filings, FY2023-FY2025 (operating margin and net loss); Q2 2024 and FY2024-FY2025 earnings releases (impairments).

Four Moves, Four Profiles, One Matrix

The Precision Premium mapped the 70 firms to four profiles and measured the performance gap across them. Two axes determine the profile a firm lands in: infrastructure carryover (whether existing routes, platforms, and labor pools carry the new segment) and commercial continuity (whether the same buyer, pitch, and sales motion work in the new segment).

- Compounding Zone: high carryover, high continuity. Density built and intact.
- The Stretch: high carryover, low continuity. Real infrastructure stretched across too many commercial dimensions.
- Scaling Wall: low carryover, high continuity. Focused but lacking the infrastructure to scale.
- Full Exposure: low carryover, low continuity. Spread across multiple commercial dimensions without shared infrastructure.

Profile by Profile: Where to Start

The matrix below shows where each profile starts. The profile sections that follow cover the most common wrong-order failure and what the sequence demands of leadership and the operating partner.

THE TRIM SEQUENCE

Same four moves. The order changes by profile.

Run in the wrong order, the moves cancel each other out. Run in the right order, they compound.

THE FOUR MOVES

TRIAGE	REMAP	INTENSIFY	MEASURE
Cut what is not working.	Redefine what counts as an account.	Concentrate resources on the highest-density accounts.	Build the data foundation that informs the next move.

SEQUENCE BY PROFILE Each profile uses all four moves. The order is what changes.

Profile	1ST	2ND	3RD	4TH
Compounding Zone The model already works. Push more resources through it.	INTENSIFY	MEASURE	REMAP	TRIAGE
The Stretch Fix the unit of analysis. Every other move runs on bad data.	REMAP	INTENSIFY	TRIAGE	MEASURE
Scaling Wall Build visibility first. Other moves allocate blind without it.	MEASURE	REMAP	INTENSIFY	TRIAGE
Full Exposure Exit what cannot be supported. Every other move compounds the problem.	TRIAGE	REMAP	INTENSIFY	MEASURE

Compounding Zone: Don’t Stop Compounding

Compounding Zone firms sit high on both axes. Existing infrastructure carries every segment they have added, and the same buyers, pitch, and sales motion work across all of them. The easiest way to lose that position is to stop running what built it. Compounding Zone companies should intensify first because the model already works. The job is adding more capacity where it already pays off.

TRIM in execution:

- **Intensify (1st):** Tighten ROAD discipline (Retain, Opportunistic, Acquire, Develop) so 85%+ of field capacity sits on Retain, Acquire, and Develop; Opportunistic accounts run on low-touch or digital coverage. Put more capital into the highest-density zones. Use M&A to extend density, not to enter new categories.
- **Measure (2nd):** Build early-warning tracking on two signals: margin compression and competitors building density against you. Catch the early losses before they show up in the financials.
- **Remap (3rd):** Refresh territory and account definitions as M&A adds density. Light touch; what’s there is mostly working.
- **Triage (4th):** Periodic review only. Aggressive triage in this profile usually cuts lines that were contributing density.

Most Compounding Zone slippage comes from complacency. When the firm stops working its strongest zones hard, competitors move in and take share there first. The wrong-sequence failure is rarer but distinct: Triaging too early, cutting lines that were still adding density, and opening gaps competitors fill.

The Compounding Zone lead holds or breaks fastest at the deal table, where each acquisition either strengthens it or dilutes it. Capital and integration capacity should go to acquisitions that deepen density inside the existing infrastructure, not bolt-ons that widen the commercial footprint. The internal pressure to chase a diversification story is the surest way to fall out of the Compounding Zone before it stops compounding.

In the field, the failure is slower. Territories go stale and reps drift onto low-value accounts while the firm coasts. The work is keeping field capacity on Acquire, Develop, and Retain accounts, with active hunters assigned to the accounts most at risk.

For the operating partner, this is the profile that rewards a longer hold. Each additional year of ownership produces a higher exit value than the last, as long as density discipline holds. The unforced error is approving a diversification bolt-on to chase a higher exit multiple.

COMPOUNDING ZONE

WHY INTENSIFY FIRST

INTENSIFY

The model already works. Push more resources through it before doing anything else.

SIGNALS TO TRACK

WORKING

- 85%+ field capacity on Retain/Acquire/Develop
- Adjusted EBITDA tracks acquisition pace
- Cost-to-serve falling

NOT WORKING

- Margin compression at the edges
- Adjacent operators building density

TRAP TO AVOID

RIGHT ORDER

1st INTENSIFY → 2nd MEASURE → 3rd REMAP → 4th TRIAGE

COMMON MISTAKE

TRIAGE → INTENSIFY → MEASURE → REMAP

Cuts lines that were contributing density. Creates gaps competitors fill.

The Stretch: Pick a Lane

In a Stretch profile the infrastructure carries the business. Routes, platforms, and labor pools do their job. The damage is commercial: that infrastructure has been pointed at too many different buyers and sales motions, and accounts fragment, with one customer showing up as separate accounts under different service lines. Remap comes first, because until an account is defined correctly, every other move solves the wrong problem.

That fragmentation is also why Triage moves to third. Three service lines selling to the same customer look like redundancy, but they are usually three teams covering three different buyers inside one account. Cut a line and the buyer behind it goes uncovered, often taking the rest of the account with them.

TRIM in execution:

- Remap (1st): Redefine what counts as an account. Legal entities become buying centers in multi-service firms; geographic territories become density zones in route-based firms. Rebuild the territory and account hierarchy on the corrected definition.
- Intensify (2nd): Reallocate field resources to the redefined accounts using ROAD. Many reps will be reassigned.
- Triage (3rd): With the account definition corrected, most apparent service-line redundancies turn out to be coverage gaps in disguise. Cut narrowly and only after Remap and Intensify have run.
- Measure (4th): Set up tracking on the redefined account base to monitor density gains and margin recovery.

The correct order is hard to execute because the firm has usually spent years building the case for a structure that now has to come apart. Leaders can explain how each service line, geography, or buyer segment fits the strategy on its own, but the commercial model to cover all of them at once was never built. The result is declining productivity per rep, lengthening sales cycles, and margin pressure that looks cyclical but is structural.

The data makes the wrong move look right. Under the old account definition, the lines actually holding density show up as underperformers, and cutting them looks like the obvious call. Fixing the definition instead of cutting is the harder path, and it reaches past sales. The account definition is wired into CRM, P&L by service line, cross-sell reporting, and incentive design, and none of those change without leadership authorizing the rebuild. Reported growth in this window will lag the work, so the operating plan has to anchor on Remap progress rather than revenue for approximately the first 12 months.

Beyond the systems, a Remap rewrites the field itself: account assignments change, quotas redistribute, and comp accelerators built for the old structure break. The reps with the largest cross-service-line books are also the most portable, so a transition quarter that protects their books across old and new assignments keeps the top of the field from walking. Pipeline coverage targets need a Remap-window haircut so the in-year number can absorb the disruption.

THE STRETCH

WHY REMAP FIRST

REMAP

Every other move runs on bad data until the account definition is fixed.

SIGNALS TO TRACK

WORKING

- Account hierarchy rebuilt on corrected definition
- Cost-to-serve variance shrinks across accounts
- Reps reassigned to redefined accounts

NOT WORKING

- Productivity per rep declining
- Sales cycles lengthening

TRAP TO AVOID

RIGHT ORDER

1ST REMAP → 2ND INTENSIFY → 3RD TRIAGE → 4TH MEASURE

COMMON MISTAKE

TRIAGE → REMAP → INTENSIFY → MEASURE

Cuts service lines that look weak under the wrong account definition but were actually contributing density.

For the operating partner, Stretch companies usually require an extended hold. Remap often takes 12 months to bed down before Intensify produces visible margin recovery. M&A has to pause during Remap. Adding accounts to a coverage model still being redefined creates work that will have to be undone.

Scaling Wall: Build the Floor

The commercial engine works in a Scaling Wall firm, and it works well enough to outrun the operation behind it. The infrastructure to support that growth was never built. Measure comes first, because without visibility into account profitability and where the operation bottlenecks, every other move runs on guesswork.

TRIM in execution:

- Measure (1st): Build the data foundation: CRM and data hygiene, account profitability tracking, operational bottleneck visibility, segment-level economics. The output is a clear picture of where the floor is.
- Remap (2nd): Restructure coverage around what the data shows is scaling. The account definition usually changes once the data exposes the real patterns.
- Intensify (3rd): Move field resources to where the operational layer can support more load. Don't push harder than the back end can carry.
- Triage (4th): Light pruning only. Once Measure produces real account profitability data, the accounts that should go will be obvious.

Sales leadership pushes for more coverage, the field pushes for more capacity, and the data to direct either one does not exist yet. That is the most common wrong sequence in Scaling Wall, running Intensify before Measure. The new capacity lands on accounts the firm cannot serve profitably, and margin compression accelerates rather than easing.

SCALING WALL

WHY MEASURE FIRST

MEASURE

Without visibility, every other move is a guess. Build the data foundation first.

SIGNALS TO TRACK

WORKING

- Account profitability tracking in place
- Operational bottlenecks visible
- Segment-level economics defined

NOT WORKING

- Sales pushing for capacity without data
- New accounts unprofitable to serve

TRAP TO AVOID

RIGHT ORDER

1ST MEASURE → 2ND REMAP → 3RD INTENSIFY → 4TH TRIAGE

COMMON MISTAKE

INTENSIFY → MEASURE → REMAP → TRIAGE

Pushes harder on coverage in a model not built to carry it. Margin compression accelerates.

The fix is known and rarely funded: analytics, CRM, and account profitability tracking read as overhead in a firm built on commercial intensity, so the request gets cut from the operating plan. Most Scaling Wall firms keep adding capacity instead, and the missing data foundation deepens the margin compression until it triggers a board-level review.

Even with the budget approved, holding the field at current capacity until the data is in is the hardest part. Requests for more reps, more territories, and faster ramp programs all point the wrong way, because that capacity still has nowhere profitable to land. The Measure phase only changes field behavior if the data work is scoped around the questions reps and managers ask, not just the ones finance asks.

For the operating partner, this is where capital allocation matters most in the early hold period. Measurement and operational infrastructure have to be funded before commercial coverage. Get that order wrong and the capital meant to drive growth compounds the margin problem instead.

Full Exposure: Triage First, Everything Else Later

FULL EXPOSURE

WHY TRIAGE FIRST

TRIAGE

Every other move makes the problem worse until the most exposed segments are exited.

SIGNALS TO TRACK

WORKING

- Visible scope reduction underway
- Surviving segments showing margin recovery
- M&A paused until triage complete

NOT WORKING

- Cost programs running across full portfolio
- Diversification story being defended

TRAP TO AVOID

RIGHT ORDER

1ST TRIAGE → 2ND REMAP → 3RD INTENSIFY → 4TH MEASURE

COMMON MISTAKE

COST PROG → PLATFORM EXP → TRIAGE → REMAP

Running cost programs across an undifferentiated portfolio. Cost reduction does not save a segment that should not be in the portfolio.

The segments in a Full Exposure portfolio have little in common. The infrastructure underneath does not carry far across them, and the buyers and sales motions mostly do not overlap. Every move other than Triage makes that worse. Remap restructures around businesses that should not be in the portfolio at all. Intensify pushes resources into segments that cannot pay them back. Measure reports on a company that should be smaller than it is.

TRIM in execution:

- Triage (1st): Exit the service lines, geographies, or segments the existing infrastructure cannot support and that are losing money.
- Remap (2nd): Restructure coverage around what remains after triage. The account definition usually has to be rebuilt from scratch.
- Intensify (3rd): Concentrate field resources on the surviving high-density zones. Capacity will be smaller than before triage; the focus is on running it hard, not spreading it thin.
- Measure (4th): Set up tracking on the smaller business to catch any return of breadth drift early.

Running this order is hard because Full Exposure leadership has spent years building a diversification story across multiple acquisitions. The wrong-sequence failure is running cost programs across the whole portfolio. The cost targets get hit, but the savings come from segments that should have been exited, so the cuts only delay an impairment instead of preventing it.

Avoiding that means following through on the Triage and rebuilding around what stays, not patching it. Partial Triage destroys more value than the original expansion did, because revenue shrinks but the cost base doesn't, and the remaining business carries overhead it can no longer support. That rebuild usually means leadership changes alongside the segment exits.

Below leadership, the field has to shrink before it is redesigned. Reps and FLMs aligned to exiting segments need to be redeployed or off-boarded inside 90 days. Dragging the decision lets attrition pick which talent stays, and the wrong sellers leave first. The sellers whose books transfer cleanly to the surviving high-density zones are the retention priority, and they need plans built around them before divestiture announcements go public.

For the operating partner, the divestiture-versus-restructure decision dominates the hold. Some Full Exposure positions can be triaged into a Stretch profile by exiting the most exposed segments and reconcentrating around shared infrastructure. Others should be broken up: the assets are worth more separately than together, and the market will pay more for two focused operators than one diluted platform.

The First 100 Days

The right first move only matters if it gets run. The hundred days have three windows, with the profile-specific work concentrated in the middle.

The first move only matters if it actually gets run.

Decide, run the first move, bridge to the next. The work diverges by profile in the middle phase.

DECIDE	RUN THE FIRST MOVE	BRIDGE TO THE NEXT MOVE
DAY 1 – DAY 30	DAY 30 – DAY 60	DAY 60 – DAY 100

DAYS 1–30 | REACH A DECISION

01 Confirm the profile
CEO + CFO + CRO + lead investor agree on which profile fits.

02 Name the sequence
Document the first move and what comes after.

03 Pause the contradicting work
Stop programs running against the corrected sequence.

DAYS 31–60 | THE WORK DIVERGES BY PROFILE

Compounding Zone	INTENSIFY	Rebalance field capacity against ROAD by Day 60. Set 12-month M&A pipeline target.
The Stretch	REMAP	Stand up Remap working group. Target new account definition and territory map by Day 90.
Scaling Wall	MEASURE	Hire/assign analytics leadership. Scope data work and lock the timeline.
Full Exposure	TRIAGE	Identify segments to exit. Start divestiture or wind-down.

DAYS 61–100 | THREE THINGS IN MOTION BY DAY 100

01 First move funded
Capital and capacity visible in the operating plan.

02 Measurement started
Track density gains, margin shifts, ROAD compliance.

03 Next move has start date
Sequence compounds only if moves run close together.

WATCH FOR **Running the corrected sequence alongside the work the company was already doing.**

Source: SBI, The Coverage Reset, 2026.

Days 1–30: Decide

The first 30 days are about reaching a decision on which profile fits and which sequence to run. Three things have to happen before any work starts.

- Confirm the profile. Leadership has to agree on which of the four profiles fits the company. This is the most contested conversation in the room because it determines what the first move is and which projects get paused.
- Name the first move and what comes after it. The sequence becomes the tiebreaker for every prioritization call that follows.
- Pause the contradicting work. Most companies have active programs that contradict the right first move: Compounding Zone firms approving diversification bolt-ons, Full Exposure firms running platform expansion, Stretch firms triaging service lines, Scaling Wall firms adding sales coverage.

Days 31–60: Run the First Move

The second 30 days move from deciding to doing. Capital and leadership attention go behind the first move.

- Compounding Zone: Rebalance field capacity using ROAD by day 60. Set the M&A pipeline target for the next 12 months and the integration capacity to match.
- The Stretch: Start the Remap working group with commercial, finance, and operations leadership. Target the new account definition and rebuilt territory map by day 90.
- Scaling Wall: Hire or assign the operations and analytics leadership to own the measurement build. Scope the data work and lock the timeline. Do not start commercial moves in parallel.
- Full Exposure: Identify the segments to exit and start the divestiture or wind-down. The hard conversation in this window is which segments are out, not how to fix them.

Days 61–100: Bridge to the Next Move

These final 40 days set up the second move while the first one keeps running. Three things should be in motion by day 100.

- The first move is funded. Capital, capacity, and leadership time are visible in the operating plan.
- The measurement work has started. Even when Measure is the fourth move, the data work begins now. Density gains, margin shifts, ROAD compliance, and integration progress are the early read on whether the sequence is working.
- The next move has a start date. The moves only build on each other if they run close enough together. A first move in isolation, with everything else deferred, gets the company back to where it started.

What the Wrong Order Costs

The cost of running the moves in the wrong order is not abstract. At estimated sector multiples, a $300M revenue platform with the top-quartile profile (22.6% EBITDA margin, 16x multiple) trades at roughly $1.08B. The same revenue platform with the bottom-quartile profile (5.9% EBITDA margin, 8x multiple) trades at roughly $142M. That is roughly a 7.6x EV difference between two firms in the same sector at the same revenue scale, separated mostly by which moves they ran first.

The bottom group did not get there by running fewer moves. Most ran the same four moves the top group ran. The order was different, and the order is what made the difference.

Same sector. Same revenue. ~7.6x EV difference.
Enterprise value of a $300M revenue platform, by performance profile.

TOP QUARTILE PROFILE: $300M revenue x 22.6% EBITDA margin x 16x multiple = $1.08B enterprise value

BOTTOM QUARTILE PROFILE: $300M revenue x 5.9% EBITDA margin x 8x multiple = $142M enterprise value

EV GAP
~$940M
~7.6x EV

Source: SBI analysis of 70 publicly traded business services firms, FY2025. EBITDA Margins per SBI analysis. Multiples are SBI estimates: a 16x premium and 8x discount applied around the ~14x business services sector EV/EBITDA (Damodaran, NYU Stern, January 2026).

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