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OFFICE OF THE CFO

WHERE'S MY MOIC?

The Workforce Multiplier Effect

Walk into any private equity boardroom and ask about return multiples, and you will get precision down to the second decimal point. Ask about workforce investments generating those returns, and suddenly the room goes quiet. Everyone knows people matter. But can anyone connect the dots between that training budget, the new hire in operations, and the multiple you are banking on at exit? The honest answer is usually no.

This represents one of the most glaring blind spots in modern value creation. Not because portfolio companies lack talent or skimp on development. The problem is structural. Most organizations still manage people investments and business outcomes as if they exist in parallel universes. Human resources tracks engagement scores and completion rates. Finance tracks EBITDA and cash flow. The two teams might sit in the same building, but they are speaking different languages and measuring different things.

The result? Companies make millions in workforce investments while flying blind on the returns. They know training happened. They assume it helped. But they cannot draw a straight line from specific people decisions to the multiple they are building. For an industry obsessed with measurement and accountability, this disconnect should be unacceptable. Yet it persists across portfolios because nobody has cracked the code on systematically connecting human capital spend to value creation outcomes.

Here is what makes this especially maddening: The tools and technology exist today to solve this problem. The measurement frameworks are proven. But most organizations have not made the leap because they are still thinking about workforce development the old way, as a cost center that produces soft benefits rather than as an investment vehicle that should generate measurable returns.

Consider a concrete example. Your portfolio company identifies a high performer in operations who consistently makes everyone around her better. When she joins a project, productivity jumps. When she mentors new hires, they ramp faster. When she solves a problem, the solution sticks and spreads. This person is what military strategists call a force multiplier, someone whose impact extends far beyond their individual contribution. Now ask yourself: does your organization have a systematic way to identify these people, measure their multiplication effect, develop more of them, and track the returns on that development investment? If the answer is no, you are leaving serious money on the table.

The math is straightforward once you can see it. A force multiplier who improves 10 people's performance by 15% creates value equivalent to hiring one and a half additional employees, except without the recruiting costs, onboarding time, or increased headcount. Scale that across an organization and the numbers become material. But quantifying this effect requires integration between systems that were never designed to talk to each other.

Traditional human resource systems evolved to handle compliance, payroll, and benefits administration. They track who got trained, who got promoted, who left the company. Financial systems evolved to handle the general ledger, accounts payable and receivable, and management reporting.

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They track revenue, costs, and cash. Neither system was architected to measure how investments in people translate into business outcomes, which creates the natural lag between workforce improvements and financial visibility. This architectural limitation makes it appear that people investments deliver fuzzy benefits rather than hard returns.

The organizations cracking this code share common characteristics. They have abandoned the fiction that human resources and finance can operate in separate silos. They have implemented unified analytics platforms that connect individual development data with business performance metrics in real time. They have created clear definitions that both teams use when discussing workforce return on investment (ROI). Most importantly, they have shifted their mental model from managing people as costs to optimizing people as capital investments that should generate measurable multiples.

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Modern workforce analytics platforms make this integration possible in ways that were not feasible even five years ago. Cloud-based systems can now pull data from learning management systems, performance management tools, project tracking software, and financial reporting platforms, then layer on artificial intelligence (AI) to identify patterns invisible to human analysis. These platforms can flag when someone's development trajectory suggests multiplication potential before it shows up in team metrics. They can calculate the dollar impact of mentorship relationships. They can forecast which training investments will generate returns and which will dissipate without trace.

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- How many force multipliers do we have?
- What percentage of our workforce demonstrates multiplication characteristics?
- What is the average time between identifying multiplication potential and seeing it impact team performance?
- Which development programs systematically create more multipliers?
- What is the return on our leadership development spend measured in actual business outcomes rather than satisfaction scores?

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These questions make some human resource professionals uncomfortable because they sound reductive. But private equity understands something fundamental: You cannot improve what you cannot measure, and you cannot justify investments you cannot quantify. The alternative to measuring workforce returns is not treating people better or respecting them more. The alternative is continuing to make people investments based on intuition and hoping they pay off, which is exactly how organizations waste millions on training programs that deliver no lasting value.

Building this capability requires a structured approach that addresses three core elements.

- Organizations need comprehensive assessment of existing data sources across human resource and business systems, creating a master measurement dictionary that defines every indicator, calculation methodology, and tracking standard.
- They need systematic identification methodologies that explicitly connect individual development to team results using clear hierarchies: strategic indicators aligned with business outcomes, operational drivers affecting daily performance, and individual metrics measuring contribution potential.
- They need technology platforms that automate data flow between systems with real-time connectivity and drill-through capabilities that let leaders validate the numbers independently.

The payoff extends beyond better measurement. Companies that master workforce multiplication transparency gain tangible competitive advantages. They can make development decisions based on projected returns rather than budget availability. They can demonstrate to investors that people spending drives value creation rather than representing a necessary evil. They can identify and accelerate high-impact talent before competitors poach them. They can systematically build the organizational capability that separates top-quartile performers from the rest of the pack.

Consider what changes when a chief financial officer (CFO) can tell the board that last quarter's $200,000 leadership development investment is tracking to generate $1.2 million in improved productivity over the next 12 months, with the methodology and supporting data available for review. That conversation looks nothing like the typical human resource budget discussion where training gets justified through engagement scores and retention rates. One represents capital allocation. The other represents cost management. Private equity knows the difference.

The transformation requires leadership courage to challenge comfortable assumptions. It means telling human resource teams they need to think like investors and demonstrate returns, telling finance teams they need to expand their measurement frameworks beyond traditional financial metrics, and accepting that some workforce investments will show poor returns and should be cut, while others deserve dramatic expansion. This level of accountability makes some people nervous, but it represents the only path to treating people as the strategic assets everyone claims they are.

Six months from now, imagine your organization has **systematic force multiplier identification and development**. Portfolio companies can trace specific training investments to business impact within the same quarter. Boards review workforce multiplication metrics alongside financial performance. The chief human resources officer and CFO present using identical frameworks and definitions. That future is achievable with existing technology and proven methodologies. The only question is whether you will take action before your competitors do. In private equity (PE), the organizations that move first on measurement capabilities typically maintain that advantage throughout the hold period. The workforce multiplication gap you close today becomes the value creation edge you bank at exit.

KEY TAKEAWAYS

- Most portfolio companies cannot connect specific workforce investments to measurable multiple on invested capital (MOIC) because human resources (HR) and finance systems operate in separate silos, creating a blind spot where millions get spent without quantifiable returns.
- Force multipliers — employees who systematically improve everyone around them —can generate value equivalent to over one and a half additional hires without the cost or headcount, but most organizations lack systematic identification and development processes.
- Modern AI-powered analytics platforms now enable real-time integration between people development data and business outcomes, eliminating the traditional lag and making workforce ROI visible within quarters, not years.
- Organizations that master workforce multiplication transparency can demonstrate concrete returns on training spend (e.g., $200,000 leadership investment tracking to $1.2 million productivity improvement), fundamentally changing how boards view people investments from cost management to capital allocation.
- The technology and frameworks exist today — the competitive advantage goes to whoever implements first during the hold period, creating measurable value creation capabilities that competitors cannot quickly replicate, and investors will pay premium multiples to acquire.

How Ankura Can Help

Ankura Office of the CFO® specializes in bridging the gap between workforce investments and quantifiable business outcomes for PE-backed companies. We do not deliver generic workforce consulting or theoretical frameworks. We build integrated measurement systems that connect your people spending directly to your value creation thesis, giving you the transparency to make workforce decisions with the same rigor you apply to capital allocation.

Our approach combines deep financial expertise with proven force multiplier identification methodologies. We start by assessing your existing data landscape across HR and financial systems, then design unified analytics frameworks that both teams can use. We implement the technology platforms that automate integration and provide real-time visibility. Most importantly, we work alongside your portfolio company leadership to build the organizational capability that persists after our engagement ends.

The result? Portfolio companies that can demonstrate workforce MOIC to their boards with the same precision they show for any other investment. CFOs who can quantify the returns on training and development spending. Human resource leaders who earn strategic credibility through measurable value creation. And PE investors who gain a differentiated capability that compounds throughout the hold period and enhances exit multiples.

We have helped dozens of PE-backed companies transform workforce spending from a necessary expense into a measured value driver. If you are ready to stop flying blind on people investments and start treating human capital with the same analytical discipline you apply to everything else in your portfolio, let's talk about what workforce multiplication transparency could mean for your next exit.

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Elliot Fuhr serves as Senior Managing Director, Leader of Innovation, and Office of the CFO® Founder at Ankura. With extensive experience working with private equity-backed portfolio companies, Elliot specializes in workforce transformation strategies that deliver measurable MOIC improvements. His work focuses on helping finance leaders move beyond traditional metrics to build systematic approaches for identifying and developing force multipliers. Before Ankura, Elliot held CFO and senior finance roles where he pioneered integrated measurement frameworks that connected people investments directly to value creation outcomes. He brings a practitioner's perspective to workforce optimization, having personally navigated the challenge of demonstrating returns on human capital spending to skeptical boards and investors.