ILLUSTRATIVE COMPOSITE — REPRESENTATIVE FIGURES FOR DEMONSTRATION

THE 80/20 INSTITUTE

INDUSTRIAL DISTRIBUTION · PE-BACKED

How a $418M distributor added $14.2M in EBITDA in 18 months with 80/20.

A Profitable Growth Operating System® deployment that turned complexity into focus — and focus into equity value.

~$418M	PE-backed	Southeast US	18 months
Revenue	Ownership	Industrial distribution	Engagement

+$14.2M	+310 bps	+$18M	1.9x
EBITDA GAIN	MATERIAL MARGIN	QUAD-1 REVENUE	EQUITY VALUE
+42% · ahead of plan			on track to >2.5x

THE CHALLENGE

A profitable business buried in complexity

Meridian was a $418M distributor running flat. Fifteen years of “say yes to every order” had buried it in complexity: 14,000 SKUs, 3,200 customers, and a service model that treated a $2,000 account the same as a $2M one.

EBITDA sat at $34.2M — an 8.2% margin — and growth had stalled. The sponsor had underwritten the deal to a 2.5x return. Eighteen months into the hold, the plan was behind, and the board wanted a credible path to the number.

THE GOAL

A clear number, on a clock

The business didn’t need more activity. It needed focus on the **critical few** — the customers and products that actually created value.

> THE MANDATE
>
> **$48M EBITDA within 24 months — a $13.8M gap from day one — to keep the 2.5x exit thesis intact.**

THE APPROACH

Five 80/20 moves, in sequence

1. **Segmented the business with 80/20 (Quads).** Stratifying customers and products revealed the focus map for everything that followed. → 19% of customers drove 80% of margin.

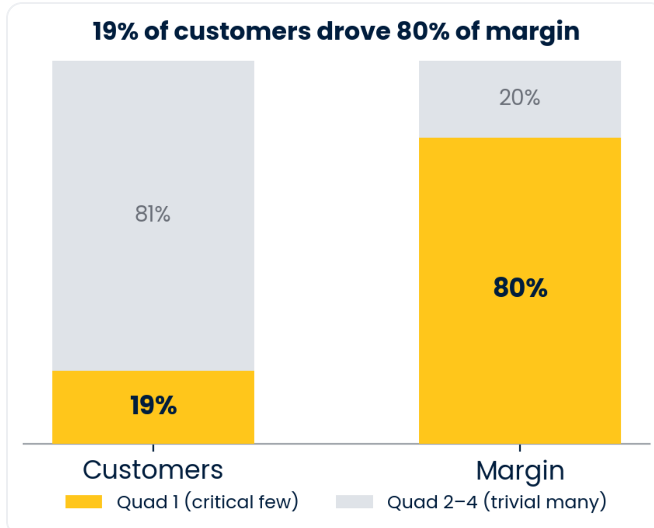
2. **Repriced the long tail.** Systematic price realization on B-items and Quad-4 accounts, with a Zero-Up on the worst margins. → +310 bps material margin (~$6.4M).

3. **Consolidated procurement.** Rationalized the supplier base and renegotiated the vital-few categories. → $5.1M cost out.

4. **Aligned go-to-market to the Quads.** Target Selling and key-account coverage on Quad-1 “A” accounts; cut overserve on Quad-4. → +$18M Quad-1 revenue (~$3.9M EBITDA).

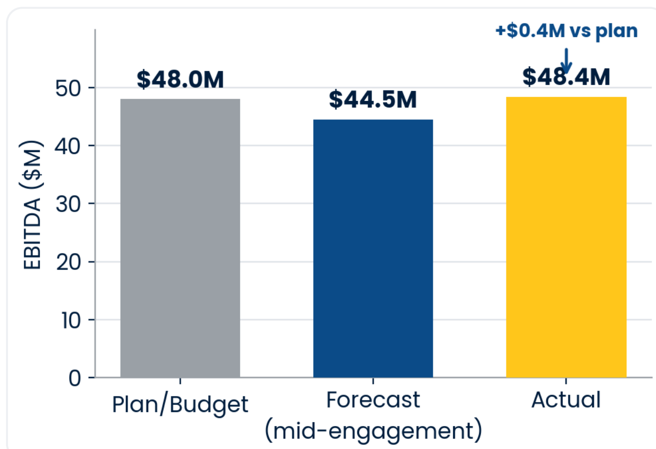
5. **Installed the operating cadence.** SMP, an X-Matrix, and Targets-to-Improve gave the team a weekly rhythm to hold the gains. → The capability that outlasts the engagement.

The 80/20 reveal



Source: 80/20 Quad analysis output (illustrative).

Actual EBITDA beat plan by $0.4M



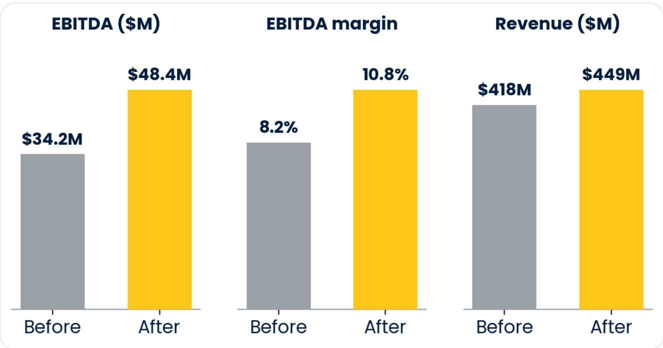
Source: sponsor value-creation plan, mid-year QBR, FY close (illustrative).

THE RESULTS

Margin expansion — not just top line — drove the result

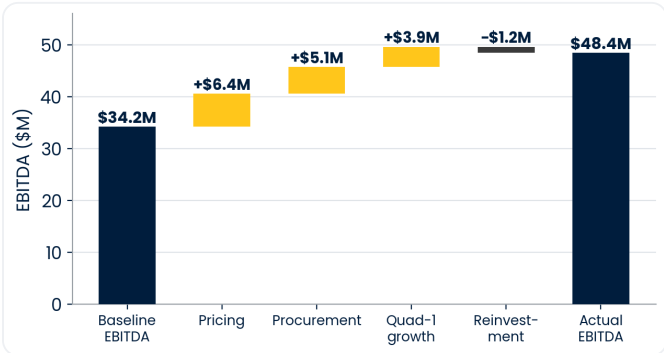
Eighteen months in, EBITDA reached $48.4M, up $14.2M, beating a plan the board feared was out of reach. Every dollar of gain traces to a specific 80/20 move.

Before → After



Source: Meridian FY-close P&Ls (illustrative).

Every dollar traces to a move



Source: lever attribution, FY close (illustrative).

> “We stopped chasing every order and started serving the customers who actually paid us. In eighteen months we added more EBITDA than the prior five years combined.
>
> — CEO, MERIDIAN INDUSTRIAL SUPPLY

WHAT'S NEXT

With the cadence installed, Meridian now runs its own quarterly 80/20 review and has turned to bolt-on M&A — buying smaller distributors and applying the same segmentation playbook on day one. The focus didn’t just lift one year’s EBITDA; it became how the company operates. The sponsor’s 2.5x thesis is back on track, with upside.

The 80/20 Institute helps middle-market leaders apply the Profitable Growth Operating System® to **3X equity in 3 years** — by focusing on the critical few, not the trivial many.

See what 80/20 could unlock → the8020institute.com

1. EBITDA, revenue, and margin figures from Meridian FY-close P&Ls (illustrative composite).
2. Budget and forecast figures from sponsor value-creation plan and mid-year QBR (illustrative).
3. Segmentation and lever-attribution figures from 80/20 Quad analysis output (illustrative).
4. “Meridian Industrial Supply” is a representative composite for demonstration; figures are illustrative and not a specific client.