

MAGNUS
CONSULTING

Assessing Marketing in Your Portfolio Companies:

A Guide for Private Equity

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Rigor in Marketing Leads to Repeatable Growth

For private equity investors, assessing a marketing organization can often feel like navigating a complex maze. Marketing performance can seem subjective compared to the clear-cut numbers of finance or operations. This ebook provides a structured approach to evaluating and enhancing Go-to-Market (GTM) maturity across your portfolio companies, empowering you to turn marketing into a measurable and strategic value lever.

We will introduce you to investor-grade marketing benchmarks and a comprehensive framework for assessing GTM maturity. You'll learn how to inject rigor and objectivity into your evaluation of marketing, enabling you to identify high-impact gaps and opportunities for growth.

Magnus Consulting's proprietary Magnify Diagnostic and specialized CMO Assessment tool are at the heart of this approach. These tools provide a systematic way to evaluate everything from pipeline health and brand positioning to team skills and tech stack. By the end of this ebook, you'll have a clear understanding of how to assess your portfolio's GTM health, identify the right leadership for growth, and institutionalize a culture of data-informed marketing excellence.

Executive summary

This ebook will guide you through:

- **Investor-Grade Marketing Benchmarks:** Key metrics and RAG (Red-Amber-Green) definitions to rigorously measure GTM performance.
- **The Magnus Marketing and CMO Assessment Tools A structured approach** to assessing portfolio GTM maturity
- **Magnify Diagnostic:** A deep dive sprint for us to support in assessing your maturity and produce an action plan to drive growth
- **Institutionalizing GTM Rigor:** How to integrate GTM into board reviews and create a culture of continuous improvement.
- **Your Next Steps:** A clear call-to-action for assessing and enhancing the GTM capabilities of your portfolio companies.

With the right tools and approach, you can transform marketing from a subjective art into a manageable science, unlocking significant value and driving superior returns across your portfolio.

Investor-Grade Marketing Benchmarks (with RAG Definitions)

To manage marketing and Go-to-Market (GTM) with the same rigor applied to other critical value levers, private equity firms rely on **objective benchmarks**. These metrics provide a clear, quantifiable picture of a GTM engine's health and efficiency. Based on extensive industry benchmarks and best practices from leading SaaS companies, here are the key metrics and targets that indicate a robust and efficient GTM operation:

> Customer Acquisition Cost (CAC) Payback Period

This metric measures the number of months it takes to recoup the cost of acquiring a new customer. For scalable SaaS growth, the **target is typically less than 15 months**. World-class companies often achieve payback periods of 12 months or less. Anything above 18 months is generally considered problematic, signaling cash-intensive growth that may not be sustainable.

- RAG (Red-Amber-Green) Status:
 - **Green:** <15 months CAC payback
 - **Amber:** ~15-18 months
 - **Red:** >18 months (requires immediate attention)

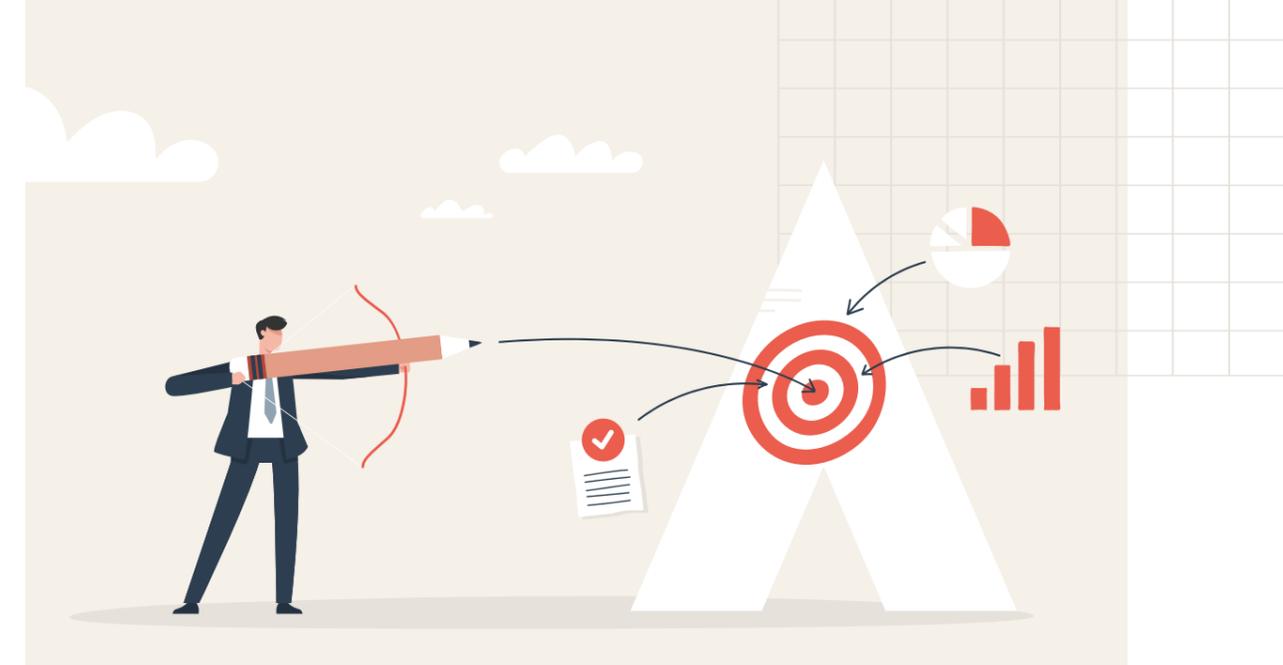
CONTEXT: OpenView's 2023 survey found the median CAC payback for SaaS firms under \$20M ARR to be around 11-14 months, with top performers significantly below 12 months.

> Net Revenue Retention (NRR)

NRR is the percentage of recurring revenue retained and expanded from existing customers, accounting for upsells, cross-sells, and churn. For SaaS businesses, a **target NRR of >110%** is crucial, indicating that the company is not just retaining but actively growing its existing accounts. An NRR above 120% is considered exceptional, often seen in best-in-class enterprise SaaS.

- RAG Status:
 - **Green:** >110% (accounts are growing)
 - **Amber:** 100-110%
 - **Red:** <100% (net shrinkage)

CONTEXT: Median NRR typically hovers around 100-105% in recent SaaS benchmarks. Investors highly value NRR because high retention and expansion signify strong product-market fit and efficient growth, as new sales can build upon a growing base rather than merely replacing churn.



> Pipeline Coverage

This is the ratio of the pipeline value for a given period to the sales target for that same period. A **target of ~3x coverage** of quota or forecasted bookings is generally recommended. In essence, to reliably hit sales goals, the qualified sales pipeline should be approximately three times the required bookings.

- RAG Status:
 - **Green:** $\geq 3x$ pipeline-to-quota
 - **Amber:** $\sim 2x$
 - **Red:** $< 2x$

CONTEXT: Low coverage suggests either inadequate demand generation or overly optimistic forecasts, which is a significant red flag for investors. Many PE operating playbooks use 3x as a rule of thumb; for example, if the next quarter's sales target is \$10M, ensuring ~\$30M of qualified pipeline is in play is critical.

> Gross Revenue Retention (GRR)

GRR measures the annual percentage of revenue retained, *excluding* expansions. It provides a pure measure of churn. Healthy GRR for B2B SaaS is typically **85-90%+**. If GRR drops below $\sim 80\%$, it signals significant customer success issues.

- RAG Status:
 - **Green:** >90%
 - **Amber:** $\sim 80-90\%$
 - **Red:** <80%

CONTEXT: GRR complements NRR by isolating churn. High NRR can sometimes mask underlying churn if upsells are strong, making both metrics essential for a complete picture.

> LTV:CAC Ratio

This ratio compares the Lifetime Value (LTV) of a customer to their Customer Acquisition Cost (CAC). A **target of >3:1** over the customer's lifetime is crucial, meaning the gross profit generated from a customer should be at least three times the cost to acquire them. If the LTV:CAC ratio is less than 3, it indicates that either CAC is too high, retention is too low, or pricing is insufficient.

- **RAG Status:**
 - **Green:** >3
 - **Red:** <2 (likely value destruction)

CONTEXT: Many investors use this as a gating metric for scaling marketing and sales spend, ensuring that growth is profitable.

> Marketing % of Pipeline or Revenue

This metric quantifies the portion of qualified pipeline or closed deals that are **sourced by marketing**, as opposed to sales outbound efforts or partner channels. Best-in-class marketing teams in enterprise sales environments typically drive **50%+ of the pipeline**. If marketing-sourced pipeline is very low, the company may be overly reliant on sales prospecting or channel partners.

- **RAG Status:**
 - **Green:** Marketing directly drives >50% of pipeline
 - **Red:** <20% (anemically low)

CONTEXT: While the ideal target varies by business model (e.g., an account-based approach might see marketing influencing deals more than directly sourcing them), investors want to see marketing's contribution increasing over time.

> CAC Ratio (Cost per \$1 of New ARR)

Also known as the "Magic Number" or Sales & Marketing efficiency. It's calculated as $(\text{Quarterly ARR growth} * 4) / \text{last quarter's Sales \& Marketing spend}$. A Magic Number **>1.0 is strong**, indicating that \$1 of S&M spend yields more than \$1 of new ARR in a year, while <0.5 is weak.

- **RAG Status:**
 - **Green:** >0.75
 - **Red:** <0.5

CONTEXT: Alternatively, simply track S&M as a percentage of ARR growth. OpenView indicates that median S&M spend is around 30–40% of revenue for growth-stage SaaS, but the efficiency of that spend is paramount.

USING RAG BENCHMARKS: A DASHBOARD FOR ACTION

Many PE firms effectively implement a **RAG (Red-Amber-Green) dashboard** for these metrics in their portfolio reviews. For instance, a **<15-month CAC payback and >110% NRR would be "Green"** (on track), whereas a 24-month CAC payback or 90% NRR would be "Red" (a clear flag for intervention). It's crucial to calibrate RAG thresholds to the specific company's model and stage; a 6-month payback might be unrealistic for an enterprise software startup but achievable for a Product-Led Growth (PLG) developer tool. This scorecard should be updated monthly or quarterly and actively discussed in board meetings. **INVESTOR TIP:** Consider tying management incentives or earn-outs partly to improvements in these metrics (e.g., a bonus for achieving CAC payback under a specific target) to align everyone on GTM efficiency.

CAC Payback < 15 months
NRR > 110%
3x Pipeline Coverage

These serve as quick rules of thumb for a healthy SaaS go-to-market. OpenView's 2023 SaaS survey confirms that top-quartile firms operate around or above these levels (e.g., best NRR ~120%, efficient paybacks ~12 months). Use these benchmarks to stress-test each portfolio company's performance; anything significantly off-target may indicate a substantial opportunity for value creation or a risk to underwrite.

INVESTOR TAKEAWAY

What gets measured gets managed

Insist on **consistent GTM metrics and RAG targets** in your portfolio reporting. By diligently tracking payback, retention, pipeline, and efficiency benchmarks, investors can quickly identify where marketing and sales are underperforming and push for necessary course-correction. In PE-owned companies, "investor-grade" marketing means **hitting metrics that justify premium valuations**—efficient growth, sticky revenue, and scalable pipeline generation. Magnus provides the expertise to establish and monitor these critical benchmarks, ensuring your portfolio companies are on track for optimal performance.

How to Assess Portfolio GTM Maturity (The Magnus Marketing Assessment)

Assessing a marketing organization can often feel like navigating a complex maze for investors. It's typically not their core domain, and marketing performance can seem subjective or "squishy" compared to the clear-cut numbers of finance or operations. To inject rigor and objectivity into this crucial area, Magnus Consulting has developed a structured assessment approach, supported by our proprietary **Magnify Diagnostic** and specialized **CMO Assessment** tool. These tools empower PE firms to systematically evaluate and enhance GTM maturity across their portfolio companies.

The CMO Assessment:

> Right Leadership for Right Growth

Complementing the Magnify Diagnostic, Magnus offers a specialized **CMO Assessment** tool. The quality of marketing leadership is often the linchpin of GTM success (or failure). This assessment is invaluable for PE firms during both the hiring process and for ongoing performance benchmarking across their portfolio. It prompts an evaluation of whether the CMO is more strategic or tactical than the company needs, their data literacy, alignment with the CEO, and ability to build a high-performing team. For example, an early-stage company might need a hands-on executor, while a \$100M company requires a strategic leader capable of managing scale. The framework helps identify if the current CMO is the right fit or if changes are needed. As one of our insights highlights, a high-performing CMO **"accelerates pipeline, optimizes CAC/payback, and improves sales velocity—tying directly to valuation uplift,"** whereas a weak one correlates with lead wastage or stagnation. PE firms have even made CMO changes in the first 100 days when an assessment indicated a gap that would hinder the investment thesis.

RAG Cadence and Board Integration:

> Institutionalizing GTM Rigor

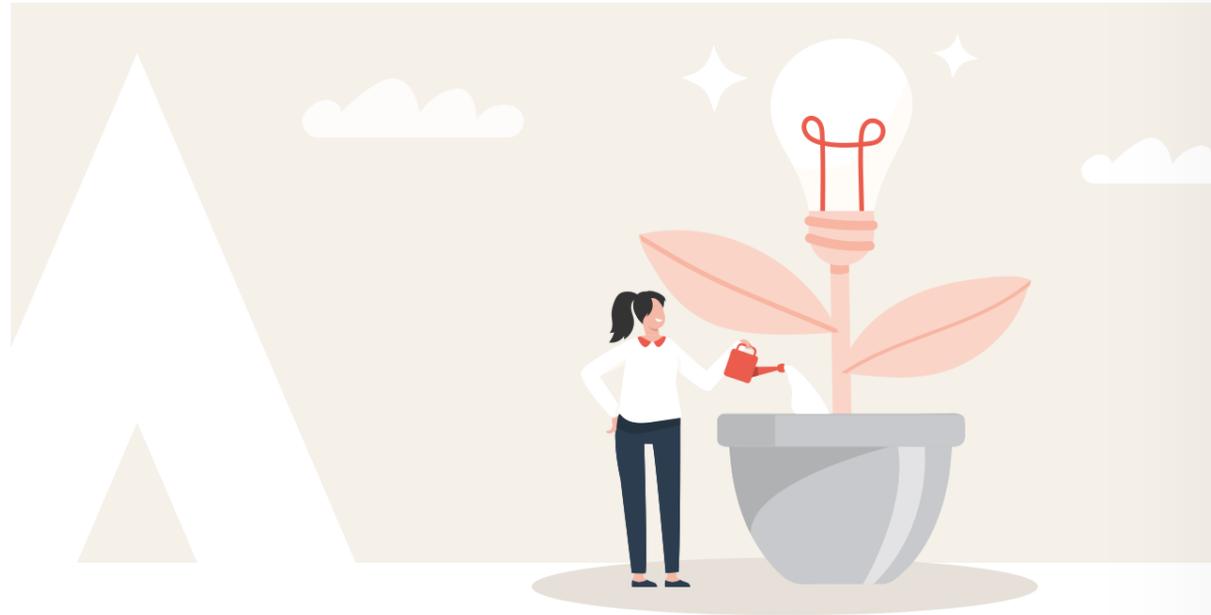
Every portfolio company's marketing team should be assessed at entry (investment) and then at regular intervals (e.g., quarterly). The Magnus tools are designed to facilitate this, enabling monthly updates in management meetings. Key guidance: any *Red* item warrants a follow-up action plan. *Amber* means watch closely or discuss at the board to ensure it doesn't slip. By institutionalizing a RAG cadence, PE owners create a common language with management. For example, "Our pipeline impact is Red this quarter due to lead shortfall—we are adding budget to paid search and partner marketing to compensate." Over time, this fosters a culture of **data-informed marketing leadership across the portfolio**, ensuring **no surprises** as potential GTM issues are flagged early.

Integrating GTM into board reviews is paramount. Rather than marketing being a mere narrative, these quantitative scores and benchmarks should be part of the board pack, just like financial KPIs. For example, a board template might include a "Sales & Marketing" section with pipeline by source, CAC, and retention metrics, alongside commentary. This elevates marketing to equal footing with finance and operations in governance. The CMO Assessment's value lies in providing the **investment team with a shared framework to discuss GTM performance with management**. Everyone, from the CEO to the Operating Partner to the CMO, sees the same RAG criteria and benchmark targets, fostering accountability. Cross-Portfolio Learning:

> Qualitative Insights and Actionable Guidance

Beyond numerical scores, the Magnus assessment tools provide an *observation guide*—questions and best practices for each area. For instance, under Pipeline Impact: "Is there a defined MQL→SQL handoff process? Are sales and marketing aligned on target ICP and SLA for lead follow-up?" If answers are weak, these are noted in the assessment. Similarly, under Team Health: "Does the CMO have a succession plan or bench of talent? Is there heavy reliance on a single demand gen channel?" These notes add texture to the numeric score and guide where an operating partner might need to dig deeper during diligence or a portfolio review





Applying the Tool: > From Diagnosis to Value Creation

In practice, an Operating Partner or deal team member can deploy this scorecard during due diligence (to evaluate a target's GTM maturity) and again post-close to prioritize 100-day plan actions. It's often a simple Excel-based tool with drop-down ratings and space for notes, populated through interviews and data requests. One PE survey found investors struggle with evaluating "quality of the team" and "marketing ROI" in diligence; a structured approach like this systematically surfaces those facets. The output might be a one-page dashboard: e.g., **Pipeline Impact – 55% (Red)**: marketing generating only 20% of pipeline, CAC payback 24 months (below benchmark). **Awareness – 70% (Amber)**: decent brand in core niche, NPS = 30, but low share of voice outside home region. **Execution – 60% (Amber)**: team is lean, some modern tools in place, but no marketing operations role (data quality issues). This directs the discussion to specific gaps rather than vague "marketing isn't pulling weight" sentiment.

INVESTOR TAKEAWAY

Trust but verify your marketing function.

Use a **consistent assessment tool** like Magnus's **Magnify Diagnostic** and **CMO Assessment** to gauge GTM health across all portfolio companies. By scoring the pillars of pipeline, positioning, and execution (and the CMO's effectiveness), you gain unparalleled visibility into where marketing is enabling—or constraining—growth. This disciplined approach transforms marketing analysis from subjective to objective. For investors, the benefit is twofold: it **identifies low-hanging fruit** (e.g., a company underinvesting in a high-ROI channel) and provides early warning of GTM risks that could derail the investment thesis. In sum, a marketing assessment framework is your essential dashboard for **GTM value creation opportunities**, ensuring that every investment is optimized for commercial success.

The Magnify Diagnostic: > A Holistic 7P Framework

Magnify is Magnus's proprietary commercial gap analysis tool, designed to provide a comprehensive, actionable roadmap for growth. It enables us to identify opportunities and challenges by assessing a GTM organization across seven critical dimensions, or "Ps":

1. **Priorities:** Do we have crystal-clear GTM priorities that align with overall business objectives?
2. **Plans:** Is there a robust GTM plan in place that directly contributes to achieving strategic goals?
3. **Positioning:** Is the brand and its offerings relevant, differentiated, and resonating with target audiences?
4. **People:** Does the team possess the right skills, structure, and leadership to execute the GTM strategy effectively?
5. **Process:** Are the internal workflows and handoffs clear, efficient, and optimized for seamless customer engagement?
6. **Platforms:** Does the technology stack (Martech, Salestech) enable growth, provide clarity, and support data-driven decision-making?
7. **Performance:** Are key metrics being consistently measured and managed to track progress and ensure accountability?

Each of these seven lenses delivers focused insights to drive measurable commercial impact, helping portfolio companies to acquire customers faster, extend customer lifetime value, and grow pipeline to win more deals. The Magnify Diagnostic offers three specialized lenses for deeper dives:

- **Brand Excellence:** This diagnostic defines and sharpens a brand's positioning, narrative, and market relevance. It's particularly valuable when evolving a proposition, entering new markets, or validating distinctiveness. The output is a brand performance diagnosis with actionable guidance to strengthen brand equity and support GTM success.
- **Commercial Excellence:** This evaluates the overall commercial engine—marketing, sales, and RevOps—ensuring alignment, performance, and scalability. It includes deep dives into sales, marketing, and RevOps performance, roles, collaboration, and handoff reviews. The output is a commercial growth roadmap aligned to business ambition, with prioritized actions to accelerate performance across the full commercial engine.
- **Marketing Excellence:** This assesses and elevates the strategic role, structure, and performance of the marketing function. It benchmarks marketing maturity across the 7Ps, identifies capability gaps, and recommends KPIs and role evolution. The output is a practical diagnostic and focused plan to elevate marketing as a strategic growth driver, increasing impact and improving alignment.

Your Next Steps to GTM Excellence

To Private Equity Operating Partners and portfolio executives, the message is clear: a structured, data-driven approach to assessing marketing is the first step toward unlocking its full potential. The insights and tools outlined in this ebook are designed to empower you to move beyond subjective evaluations and embrace a more rigorous, objective approach to GTM management.

The insights and strategies outlined in this ebook, powered by Magnus Consulting's expertise and innovative tools, are designed to empower you to transform your GTM functions into powerful engines of growth.

We encourage you to **take the following next steps** to diagnose issues, identify opportunities, and accelerate commercial excellence across your portfolio:

1. Start with our Online Assessment Tool:

This interactive tool is a practical first step to diagnose potential issues and identify areas for immediate improvement. It's inspired by the principles of our comprehensive **CMO Assessment** and **Team Assessment** giving you a snapshot of where your GTM stands against industry benchmarks.

- **Access the tool here:** <https://magnusconsulting.co.uk/m-pulse>
- Pick one portfolio company and use the tool to identify at least two "red" areas to address. This will provide a data-driven starting point for discussion and intervention.

2. Schedule a GTM Deep Dive:

- Engage Magnus to conduct a **Magnify Diagnostic** for one of your portfolio companies. Our experts will provide a comprehensive assessment of your GTM capabilities and a clear, actionable roadmap for growth.

3. Contact Magnus Today:

- Let's have a conversation about how our tailored solutions can help you build a culture of GTM excellence across your portfolio. Our experts are ready to partner with you to diagnose issues, craft winning strategies, and implement change that drives measurable growth and superior exit multiples.

Don't leave your portfolio's GTM performance to chance.

Contact Magnus Consulting today and let us help you turn marketing into a powerful, predictable engine for value creation.

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WHEN PRIORITIES SHIFT, MOMENTUM MATTERS.

Magnus Consulting is a B2B growth consultancy supporting ambitious businesses align marketing and sales on where to focus and how to win – embedding the strategy, behaviours, and systems for teams to succeed.

Find out more: <https://magnusconsulting.co.uk>
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