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PORTFOLIO COMMERCIAL ARCHITECTURE

The Shared Commercial Engine

What happened when multi-company platforms tried to make distribution reusable.

Organizations that own, build, franchise, or fund many businesses keep making a version of the same claim. The businesses share a parent, a brand, an operating system, or an investor, so they should be able to share customers. Each new one starts warmer than the last.

The claim shows up in venture studio pitch decks, in merger proxies, in private equity value creation plans, in franchise disclosure documents, and in the founding logic of many agency holding companies. It is old enough to have been tested many times in public.

What the record shows is more precise than either the promise or the usual dismissal of it. Shared distribution is real. It also has a boundary, and the boundary sits in a different place depending on one variable.

That variable is how similar the buyers are.

Buyer overlap does not decide whether the center can own distribution. It decides how far down the commercial funnel the center can reach before the work has to move into the individual business.

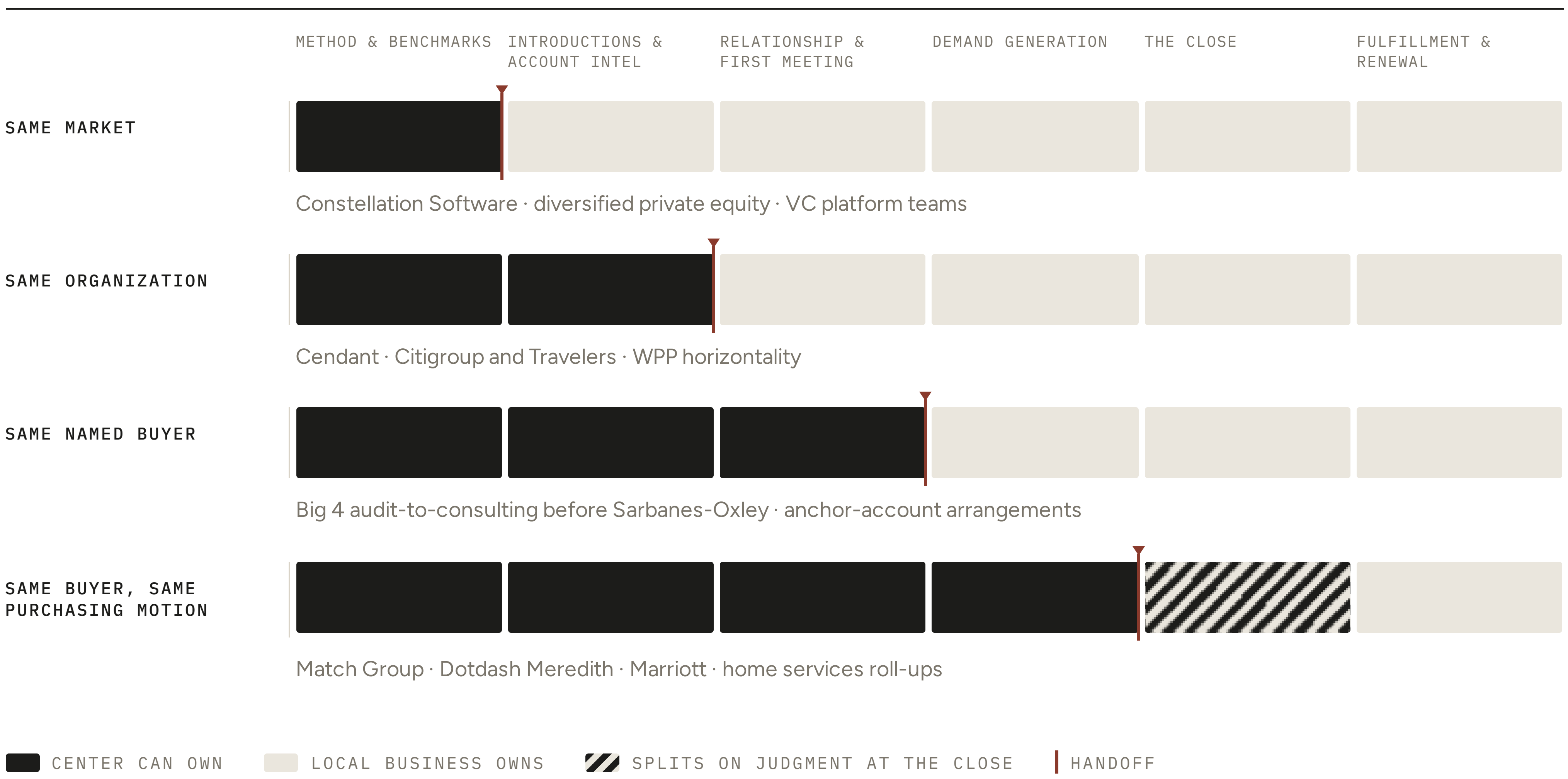
THE FRAMEWORK

The handoff point

Four levels of overlap appear across the cases, and they predict how much of the funnel stays central.

FIGURE 1

Where the handoff falls, by buyer overlap. Filled means the center can own the stage. Open means the local business owns it. The rule marks the handoff.



The useful part of this is the top two rows, because that is where most portfolios actually sit and where they consistently overestimate themselves.

Same market is weak overlap

Two businesses in adjacent categories share reputation and category knowledge. They do not share a buyer, and nothing commercial transfers beyond method.

Same customer company is often still weak overlap

This is the row that fools people, and two of the largest cross-sell theses in American corporate history sat in it.

Cendant was built on it. The 1997 merger proxy told shareholders the combination of HFS brands reaching more than 100 million customers with CUC's direct marketing expertise and roughly 69 million members would produce new growth through direct marketing of memberships into the hotel base. The same document disclosed the risk that anticipated cross-marketing benefits and technological efficiencies would not be fully recognized. [FACT] A detail from the SEC record is independent of the accounting fraud that followed and speaks directly to the point: after closing, the company attempted to conduct its business with parallel but separate financial reporting structures for the two legacy halves. [FACT] The organizations that were going to cross-market to each other did not merge their books.

Citigroup ran the same test at larger scale. The 1998 Travelers merger was justified publicly on selling insurance and banking to a shared retail customer. Citigroup spun off Travelers Property Casualty in 2002 and sold Travelers Life to MetLife in 2005. [FACT · CAUSE INFERRED]

Same named buyer is where it starts to work

McKinsey's survey work on post-merger cross-selling contains the cleanest quantification available. In one technology services organization, accounts where salespeople had strong relationships with relevant decision-makers reached an 80 percent cross-selling rate within a year, while accounts requiring reps to sell to unfamiliar people took roughly 18 months longer to achieve similar results. [FACT] Same company, same products, same salesforce. The only difference was whether the seller already knew the person.

Same buyer plus same purchasing motion is where permanent central selling becomes viable

The accounting firms selling consulting into audit relationships through the 1990s worked well enough to become a regulatory problem, and Sarbanes-Oxley substantially prohibited it in 2002. [FACT] The second product went to the same individual, in the same building, during an engagement already underway, from someone that individual was already paying.

That is the bar. Not the same industry. Not the same company. The same person, mid-relationship, buying something similar the same way.

TEMPORAL HANDOFF

One handoff per company

EFOUNDERS / HEXA STARTUP STUDIO · 40+ COMPANIES BOUNDARY: 12–18 MONTHS

The clearest case of a temporal boundary is eFounders, the SaaS studio now operating as Hexa, because it published its own operating model over a decade and revised it in public.

The first letter, from September 2013, describes an ambition to pool more across the portfolio and notes in passing that they rarely made cross-selling campaigns, with hosting, technology, and vendors all chosen independently by each startup at the time. [FACT] The founder allowed that not everything they tried would work.

Seven years later the model had not expanded. It had settled. Letter #8 reports that the way of working remained relatively untouched in nine years: the core team works with founders for 12 to 18 months with the goal of making the company independent from the studio, assembling around ten people, building a first version, and reaching small traction, after which the company raises a seed round and leaves. [FACT] TechCrunch described the same architecture from outside in 2023, noting that the studio supplies product design, go-to-market strategy, hiring, and fundraising for roughly the first year, then moves on. [FACT]

More than forty companies came through it. By the 2022 restructuring, portfolio companies had hired 3,000 people and reached a total valuation of $5 billion. [FACT]

What matters is the shape rather than the outcome. The studio tested cross-selling early, found little, and stopped. What it kept was commercial work during formation, on a fixed clock, followed by complete transfer. Nine years without structural change is unusual stability for anything in venture.

The handoff was not the failure of the shared model. The handoff was the model.

FUNCTIONAL HANDOFF

One handoff per transaction

HOME SERVICES PLATFORMS · FRANCHISE SYSTEMS COMMON OWNERSHIP AND NONE BOUNDARY: THE CLOSE

The temporal version is not the only one, and it may not be the more common one.

Private equity home services platforms are the most controlled test available of whether similarity eliminates the boundary. Everything is held constant. Common ownership. Nearly identical businesses. The same buyer, which is a homeowner with a broken system. The same purchasing motion. A stated strategy of standardization.

Practitioner descriptions of what these platforms centralize are consistent across independent sources: dispatch systems, call-center discipline, centralized procurement, technician recruiting, management reporting, pricing governance, along with brand and digital acquisition. [FACT] The consolidation thesis is explicitly to transform numerous small independent businesses into unified platforms with centralized purchasing, marketing, and operational efficiency. [FACT]

Then look at where revenue is created. The same sources describe residential growth as depending on call-center conversion, local marketing, financing availability, replacement demand, and technician productivity. [FACT] The center generates the lead and books the appointment. The technician sells the replacement job standing in the customer's basement.

At maximum similarity, with everything else centralized, the close stayed local.

Franchise systems show the same architecture with no ownership involved at all. The franchisor permanently owns brand, the national advertising fund, lead generation systems, customer database tools, pricing guidance, training, and methodology. Marriott's filings describe the mechanics plainly: franchisees contribute to the national marketing and advertising programs, and pay fees for use of centralized reservation systems. [FACT] Contribution rates are published and specific, for example 0.7% of weekly gross sales toward local digital marketing at one home services brand. [FACT]

The franchise industry has also priced this finding, which is the strongest independent corroboration in the research. From practitioner guidance on how marketing royalties are set:

> Business-to-business and service brands are often a more considered purchase with a relationship sell. Marketing royalties for these brands are considerably less, usually 1-3% of sales. Why? Because they rely on the franchisee, or their sales team, to make face-to-face contact with the decision-maker.
>
> FRANCHISING.COM PRACTITIONER GUIDANCE ON MARKETING FUND STRUCTURE

An entire industry converged on charging less for the central commercial system where the sale requires a relationship, wrote the reason down, and embedded it in standard contracts. Nobody in this industry was participating in a debate about portfolio strategy. They were setting a fee.

Maximum similarity pushes the handoff farther down the funnel. It does not necessarily remove it.

BOUNDARY CONDITION

The exception that is not an exception

A reader who has worked in a large portfolio will object that some organizations genuinely do run one commercial team across many businesses. They do. Three of them are worth inspecting because the inspection is where the mechanism becomes visible.

MATCH GROUP 10+ COMPETING BRANDS · ONE END USER CENTER CLOSES

Match Group runs central advertising sales across brands that compete with each other for the same users. Match Media Group offers advertisers with budgets of $25K+ a single point of contact to run campaigns across the portfolio or on specific sites. [FACT] The rest of the structure is common scale in payments, analytics, moderation, experimentation, and certain back-office functions behind brand autonomy at the front. [FACT] The central salesforce works because the advertiser does not care which app supplied the impression.

MARRIOTT 30+ BRANDS · PROPERTIES IT DOES NOT OWN CENTER SELLS, PROPERTY FULFILLS

Marriott is the more important case, because it removes the variable everyone assumes is doing the work. Sales Force One, launched in 2008, is a companywide structure built around sharing sales resources, clearly defining roles and responsibilities, tying compensation to results, and pursuing under-penetrated high-value accounts. [FACT] It sells across more than thirty brands and thousands of properties Marriott does not own.

Ownership is not the variable.

A franchisor with no equity in the local business can run permanent central sales, and a holding company with full equity in every unit routinely cannot. What makes the central function possible is common demand architecture, meaning a buyer purchasing a standardized unit the same way each time. Corporate travel managers and meeting planners buy room nights. Which brand supplies them is a detail.

DOTDASH MEREDITH 40+ UNRELATED BRANDS · ONE SALESFORCE ORGANIZED BY ADVERTISER

Dotdash Meredith contributes the sharpest structural observation. One commercial organization sells across forty-plus brands as unrelated as People, Investopedia, Allrecipes, and Byrdie. After the merger, the combined company adopted an organization where sales teams are organized around content verticals rather than around publishing brands, with flexibility where some advertisers do not fit into one specific content category. [FACT]

The salesforce did not organize by business. It organized by advertiser.

The unit of commercial organization follows the buyer, not the business.

THE NEGATIVE CASE

What happens when you push past the boundary

WPP 160+ P&LS · HORIZONTALITY 2006–2018 RETIRED

WPP ran the experiment at maximum scale and left a public record.

Sorrell's horizontality produced bespoke cross-agency client teams. Team Detroit, five agencies working together for Ford from 2006, became Team GTB in more than 40 offices with more than twenty WPP companies on the account by 2017, a structure its own leader described on stage as complicated, noting it included no fewer than five PR agencies. [FACT]

The first half worked. An industry assessment in 2013 concluded that as a new business tool the structure had indeed won and protected several assignments, while evidence on delivered integration was much more mixed and many high-profile team structures had fallen. [FACT] Contemporary analysis named the delivery cost: the dedicated agency approach forgoes access to best-of-class talent. [FACT] A client who buys the holding company gets whoever the holding company assigns.

Two things closed it. Integration had limits because the agencies often had their own P&Ls, and there were more than 160 of them. [FACT] And the structures depended on named individuals. WPP built Enfatico globally to serve Dell; the clients who agreed the deal left Dell, and Enfatico expired and was folded into another agency. [FACT]

By 2018 the term was retired, with Mark Read saying WPP was ditching the word because it wasn't well understood. [FACT] Within a week of Sorrell's departure, Ford called a creative review.

WPP could centralize access and the right to compete for a global account. That is a real asset. It could not centralize the specialized work required to serve the account, and it could not solve who got paid for what.

The opposite extreme is worth naming briefly. Constellation Software has acquired hundreds of vertical software businesses, operates a head office of roughly fourteen people, and does not centralize sales, product development, or human resources. [FACT] It shares capital allocation, acquisition process, and benchmarks. It is among the best long-run compounders of the period, and it centralizes nothing customer-facing at all.

SYNTHESIS

What the center is actually good at

Across every structure examined, the same division appears.

Permanently centralizable HOLDS AT EVERY TIER	Central until a handoff POSITION SET BY OVERLAP	Usually local JUDGMENT-DEPENDENT
Capital allocation	Initial positioning	Product-specific qualification
Back office	Buyer mapping	Detailed scoping
Recruiting	The first commercial motion	Judgment-heavy pricing
Benchmarks	Early outbound	Closing where presence matters
Tooling	Partnerships	Account management
Procurement	Opening an anchor account	Customer success
CRM architecture	First meetings	Renewals requiring fresh judgment
Commercial analytics	Sales process design	Mature category selling
Compensation frameworks	Early pricing hypotheses	
Training	Commercial talent sourcing	
Operating method		
Institutional standing		
Brand		
Shared data		
Demand generation where buyers overlap		

The line between the second band and the third is domain credibility. A person covering seven businesses is credible in none of them at the level a buyer spending real money requires.

The method for building a sales playbook can be shared. The sales playbook itself usually encodes a specific buyer.

FAILURE MODES

Why these programs fail

Four failure modes recur, and they are economically meaningful rather than merely untidy.

Buyer divergence	The center is trying to sell too many things to too many different decision-makers. This is the dominant cause and the one the overlap framework describes.
Crossing the handoff point	The organization keeps central control after the work has become business-specific. WPP is the largest documented instance.
Attribution and compensation	Nobody knows whose customer, quota, or P&L a cross-portfolio sale belongs to. This appears even where centralization genuinely works. The Dotdash Meredith transition's central operational problem was how to compensate someone in the midst of a transition when their client list was about to change. [FACT] Survey work across 549 sales managers found that cross-selling fails when business units resist collaboration, fearing loss of control and ownership of certain customers and product lines. [FACT]
Half-built programs	Academic work on complex selling states that three-quarters of all cross-selling initiatives fail, typically for sales force-related reasons. [FACT] McKinsey's survey of more than 75 M&A executives across twelve industries found the average gap between goal and result was 20 percent, and that capturing the majority of identified synergies took three to five years. [FACT] The same multi-source survey of sales managers found the relationship between cross-selling performance and firm EBITDA to be U-shaped, with low cross-selling performance negatively associated with EBITDA. [FACT · CORRELATIONAL]

That last finding is the one worth sitting with. A half-committed cross-portfolio commercial program consumes seller attention and creates territorial conflict without producing revenue. The choice is between doing it properly and not doing it.

WHAT TRANSFERS

What compounds

Some things transferred reliably across portfolios of every kind studied.

Method. Benchmarks. Recruiting capability. Operating knowledge. Institutional standing. Shared procurement. Demand generation infrastructure where the buyer is common. Experience establishing a first commercial motion.

Some things generally did not transfer across divergent buyers. Customer relationships. Active pipeline. Mature quota ownership. Product-specific closing expertise.

Distribution itself is less transferable than the capability to repeatedly create it.

That is a tendency rather than a law. Match, Marriott, and media networks are real exceptions where shared demand architecture lets considerably more transfer, and any portfolio sitting at that level of overlap should behave differently from the ones that are not.

EVIDENCE AND LIMITS

The research draws on shareholder letters, merger proxies and SEC records, founder-written operating letters, contemporaneous trade journalism, survey-based academic and consulting work, and industry practitioner guidance. Several limits are worth stating in place.

Cendant's outcome is contaminated by the accounting fraud disclosed in April 1998, so only the merger documents and the separate-reporting fact are used. The Citigroup attribution is inferential; the corporate actions are documented and the cause is not. The home services and franchise evidence comes from practitioner and trade sources of lower quality than the primary cases, and is used only where multiple independent sources describe the same operating architecture, with specific financial figures excluded. Marriott's current split of quota and compensation between the central organization and individual properties could not be resolved from public sources.

No case was found of a permanent central quota-carrying salesforce sustained across businesses with genuinely divergent buyers. That absence is meaningful and it is still absence of public evidence rather than proof.

Judgment at the point of sale is the strongest mechanism the research identified for why closing resists centralization even at high overlap. It is a boundary condition supported by the cases, not the only possible explanation.

Postmortems get written about reversals and rarely about quiet successes, so the record likely overstates how reliably these programs fail.

THE FINDING

Shared distribution has a boundary. Buyer overlap determines how far down the funnel the center can reach before the work moves local.

A venture studio may hand the commercial motion over once per company. A franchise system hands it over once per transaction, permanently, on every job. A media network barely hands it over at all. The same mechanism produces all three.

Ownership is not what governs this. Marriott sells for properties it does not own. Holding companies with full equity in every unit routinely cannot sell for them.

The unit of commercial organization follows the buyer, not the business.

Customer relationships rarely become a portfolio asset across divergent buyers. The capability to repeatedly create distribution can.

The most transferable part of distribution was never the customer. It was learning where to hand the customer off.

SOURCE NOTES

Primary and near-primary sources include: CUC/HFS merger proxy (DEFM14A, 1997) and SEC administrative record on Cendant (2000); Marriott International proxy filings (1998); eFounders Letters #1 (2013) and #8 (2020) and Hexa published materials; Marriott Sales Force One program documentation (2008) and Marriott U.S. Sales Organization descriptions; Match Media Group published advertiser materials; Constellation Software shareholder letters.

Trade and journalism sources include Digiday on the Dotdash Meredith reorganization (2022), Campaign and AdNews on WPP horizontality and its retirement (2017–2018), moreaboutadvertising.com on Enfatico and Team GTB, Forbes on WPP's dedicated agency model (2017), TechCrunch on Hexa (2022–2023), and Flock Associates' industry assessment of holding company team structures (2013).

Survey and academic sources include McKinsey's cross-selling research drawn from more than 75 M&A executives across twelve industries, and multi-source survey work across 549 sales managers on cross-selling structure and firm performance. Franchise and home services architecture is drawn from franchising.com practitioner guidance on marketing royalty structures, published franchise disclosure materials, and multiple independent descriptions of private equity home services platform operating models.