

The Portfolio Discipline Framework.

Operating principles for margin clarity and strategic focus — for operators, PE/VC teams, and industry leaders evaluating whether their portfolio amplifies or dilutes their advantage.

INTRODUCTION

A portfolio doesn't drift toward clarity.

It drifts toward sprawl.

Disney's ongoing debate over whether to stay in streaming or return to high-margin content licensing is the same question every \$10M–\$50M service business faces on a smaller scale: does each line on your menu strengthen your core advantage, or dilute it? Most operators expand their menu to avoid saying no — and the positioning gets blurrier with every addition. This framework gives you four tools to evaluate whether your service lines, product offerings, or strategic initiatives are amplifying or eroding your advantage.

01 The Menu Discipline Scorecard

A quick diagnostic for portfolio clarity. Score each dimension from 1 (weak) to 5 (strong).

- Differentiation Strength — a clear, defensible advantage, or "me too" work added to avoid saying no?
- Margin Consistency — stable across offerings, or does a new line quietly drag down blended margin?
- Operational Focus — delivered with excellence, or are competencies stretched thin?
- Customer Decision Clarity — unmistakable value, or does the menu create confusion and comparison-shopping?
- Strategic Fit — reinforces the core business, or dilutes it?

SCORE INTERPRETATION

20–25 — tight, advantage-amplifying

14–19 — drifting, tightening recommended

Below 14 — eroding margin and clarity

02 The Margin Amplification Test

A simple way to see whether an offering strengthens or weakens your economics. Ask five questions of it:

- Does it increase average deal size?
- Does it increase customer lifetime value?
- Does it reduce cost to serve?
- Does it improve pricing power?
- Does it deepen differentiation?

The read: fewer than three "yes" answers means it's likely diluting margin. Four or five means it's amplifying advantage. Especially useful for PE/VC diligence — it reveals whether growth is coming from strategic focus or menu sprawl.

03 The Portfolio Tightening Roadmap

A step-by-step process for reducing sprawl without reducing revenue.

- Step 1 — Map the Menu. List every offering, SKU, or service line. Include pricing, margin, volume, and operational complexity.
 - Step 2 — Identify the Anchor Offerings. Which drive the highest margin, strongest differentiation, and most repeatable delivery?
 - Step 3 — Classify Everything Else. Bucket each remaining offering as an Amplifier, a Distractor, or a Diluter.
 - Step 4 — Eliminate or Restructure Diluters. Cut, bundle, or reposition offerings that dilute advantage.
 - Step 5 — Reinforce the Anchors. Invest in depth, not breadth — delivery, pricing, packaging, customer experience.
 - Step 6 — Communicate the New Menu. Customers respond positively to clarity. A tighter menu feels more premium, not less.
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04 The “Say No” Decision Rubric

A disciplined way to evaluate new opportunities. Before adding any new offering, ask:

- Does this strengthen our core advantage?
- Can we deliver it with excellence from day one?
- Will it improve margin within 12 months?
- Does it simplify the customer decision?
- Does it scale without adding operational drag?

The rule: if the answer isn't "yes" to at least four, the correct answer is no. This rubric protects operators from the quiet erosion that comes from "we can do that too."

CLOSING PRINCIPLE

A portfolio should amplify your advantage, not dilute it. A tighter menu forces better margin decisions. Clarity scales. Sprawl doesn't.

Axiom Advisory helps SMB owners/operators, PE/VC teams, and industry leaders evaluate whether their portfolios are amplifying or eroding their advantage — starting with a Clarity Audit grounded in your actual financials.

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