



THE BARATELLI INSTITUTE \* PRACTITIONER CASE MEMO \* JULY 7, 2026

# DANAHER CORPORATION

*The Operating-System Compounder*

*A Baratelli Institute Overview*

*An informational primer on the American practitioner's canonical operating-system compounder.*

Philip A. Baratelli, CPA, MBA \* The Baratelli Institute \* Mentoring at Scale

*Educational analysis only. Not investment advice, not a valuation call. Informational primer.*

## TABLE OF CONTENTS

# What this primer walks

#	Section	One-line summary
1	Overview — Danaher today	The three-segment post-Veralto platform
2	The Rales origin	\$22M in 1984 to \$185B market cap in 2026
3	The Rales philosophy	Reclusive founders, decentralization, capital allocation
4	The Danaher Business System (DBS)	Origin 1988; seven pillars; 100-day integration
5	DBS vs Six Sigma vs Toyota Production System	Three operating systems compared
6	DBS practitioner checklists	Seven templates from the Institute toolkit
7	The Larry Culp era at Danaher (2001-2014)	Revenue \$3.8B → \$19.9B; market cap \$5B → \$50B
8	Larry Culp at GE (October 2018-present)	The sequel; the Minow / Bary counter-argument
9	The three Danaher spinoffs	Fortive, Envista, Veralto + the nine-quarter FCF trace
10	The Rales Family Office — estate architecture	10b5-1, Glenstone, GRATs, dynasty trusts
11	The compounder taxonomy	Berkshire / Constellation / LVMH / Danaher

## EDITORIAL POSITIONING

# An informational primer, not a valuation call

This overview is a Baratelli Institute informational primer on Danaher Corporation. It does not recommend, forecast, or price the security. Its job is to lay down the operating-system record so a practitioner reader can hold both facts side by side: the mechanism (the Danaher Business System) and the tape (~\$22M starting basis in 1984, ~\$236B of aggregate market capitalization today across Danaher and its three DBS-lineage spinoffs).

## THE FRAME FOR THIS PRIMER

Danaher is one entity among four in a DBS-descendant lineage that has been executing acquisition-driven compounding continuously since 1984. The proof that the operating system is the value-add — not portfolio construction — is the three-spinoff experiment: Fortive (2016), Envista (2019), Veralto (2023), each carrying DBS under its own re-brand and each producing a creditable post-spin record.

## DANAHER BY THE NUMBERS

# Twelve facts, one page

**~\$185B**

Market cap (Nov 2026)

**~\$24B**

FY2025 revenue, continuing ops

**~28-30%**

Adj. EBITDA margin (FY25)

**~63,000**

Employees, ~150 sites, 60 countries

**3**

Segments: Bio, Life Sci, Diagnostics

**1984**

Rales brothers found Danaher

**~\$22M**

Starting equity basis, 1984

**1988**

DBS formalized (Koenigsaecker / Shingijutsu)

**~400**

Acquisitions since 1984

**100-day**

DBS integration standard on every close

**3**

Spinoffs: Fortive, Envista, Veralto

**\$21.4B**

Largest deal: Cytiva from GE, 2020

SECTION 1 \* OVERVIEW

# Danaher today — three segments, post-Veralto

Segment	FY25 revenue	Adj. EBIT %	Representative operating units
Biotechnology	~\$6.4B	~23%	Cytiva (bioprocessing consumables + hardware); Aldevron (plasmid DNA, mRNA raw materials); Pall Biotech.
Life Sciences	~\$6.9B	~23%	Beckman Coulter Life Sciences, Leica Microsystems, SCIEX, IDT, Phenomenex, Molecular Devices, Abcam.
Diagnostics	~\$10.4B	~28%	Cepheid (molecular dx), Beckman Coulter Diagnostics, Leica Biosystems, Radiometer, Mammotome.
<b>Total continuing ops</b>	<b>~\$23.7B</b>	<b>~25%</b>	<b>Consolidated post-Veralto FY25 figures.</b>

*Aggregate FY25 adjusted EBIT margin ~25%; adjusted EBITDA margin ~28-30%; reported ROIC low-to-mid teens. Net debt ~\$14B; enterprise value ~\$200B.*

## SECTION 1 \* MARKET CAP TRAJECTORY

**From ~\$22M (1984) to ~\$236B lineage (2026)**

Year	Milestone	Market cap
1984	Rales brothers found Danaher via a real-estate REIT reversal	~\$22M equity
1988-90	DBS formalized (Koenigsaecker + Shingijutsu at Jacobs Vehicle Systems)	~\$0.5B
2001	Larry Culp becomes CEO; DBS as strategic weapon	~\$5B
2005	Diversified industrial + medical technology platform emerging	~\$18B
2011	Beckman Coulter closes (\$6.8B) — life-sciences pivot at scale	~\$40B
2015	Pall closes (\$13.8B) — peak diversified-conglomerate scale	~\$65B
2016	Fortive spinoff — DBS portability Test #1	~\$47B DHR + \$18B FTV
2019	Envista spinoff — DBS portability Test #2	~\$100B DHR
2020-21	Cytiva (\$21.4B) + Aldevron (\$9.6B) close	~\$220B DHR
2023	Veralto spinoff — DBS portability Test #3	~\$180B DHR + peers ~\$232B
2026	Post-Veralto refocused life-sciences platform	~\$185B DHR + peers ~\$236B

---

## SECTION 2

# *The Rales Origin*

*\$22M in 1984, ~\$236B in 2026 — a ~10,000x lineage compounder*



B

---

## SECTION 2 \* THE RALES ORIGIN

# Steven & Mitchell Rales — from REIT to compounder

Steve (b. 1951) and Mitch (b. 1956) Rales grew up in Bethesda, MD. Together they built Equity Group Holdings in the late 1970s, running small industrial acquisitions financed with leveraged capital. In 1984 they acquired control of Diversified Mortgage Investors, a small real-estate investment trust with a Delaware charter and roughly \$22M of net assets, and re-purposed the shell into an industrial holding company.

Year	Event	What happened
1979-1983	Equity Group Holdings	Small leveraged industrial acquisitions in the Washington DC area.
1984	Danaher Corporation founded	REIT shell (Diversified Mortgage Investors) re-chartered; ~\$22M starting equity.
1985-1988	First wave of Danaher acquisitions	Jacobs Vehicle Systems, Delta Consolidated, Matco Tools — the industrial-holding phase.
1988	Koenigsaecker brings TPS to Jacobs Vehicle Systems	The catalytic moment. DBS methodology begins here.
1989-1991	DBS formalized as a Danaher-wide operating system	Shingijutsu becomes formal partner. Kaizen, Standard Work, VSM installed as operating rhythm.

---

## SECTION 3

# *The Rales Philosophy*

*Reclusive founders; decentralization; capital allocation as the CEO's job*



B

---

## SECTION 3 \* THE RALES PHILOSOPHY

# Four operating convictions preserved for 40 years

- Extreme reclusiveness. The brothers have given only a handful of long-form interviews in four decades. The operating record is reconstructed from Danaher shareholder letters, annual reports, and Glenstone Museum interviews — not from personal media exposure.
- Decentralization. Operating units run under DBS discipline but with wide managerial latitude on product, market, and pricing decisions. The DBS Office coaches the cadence; local GMs run the business.
- Capital allocation is the CEO's job. Steve Rales served as executive chairman 1984-2016 (32 years). During that period his focus was almost exclusively capital allocation: which acquisitions, at what price, at what post-close cadence, and when to divest or spin.
- Non-consensus deployment. Beckman Coulter (2011), Pall (2015), Cytiva (2020, GE carve-out in early COVID) — all closed at moments when the price reflected the seller's need for liquidity rather than the asset's operating quality. This is the Rales' capital-allocation signature.

## WHY THE ORIGIN MATTERS

The Rales brothers did not invent kaizen or TPS. Their contribution is (i) picking the right operating technology at the right moment, (ii) installing it with a dedicated internal cadre (the DBS Office), and (iii) preserving that discipline across four decades and three successor CEOs. The compounding is the by-product of that discipline holding for forty consecutive years.

---

**SECTION 4**

*The Danaher Business System*

*Origin 1988; seven pillars; 100-day integration standard*



B

---

## SECTION 4 \* DBS PILLARS

# Seven pillars — the DBS operating stack

Pillar	What it is + why it matters
1. Kaizen	Continuous-improvement events; 5-day workshops where a cross-functional team implements a solution on the floor during the same week. Daily kaizen huddles at a visual management board (safety, quality, delivery, inventory, productivity).
2. VVC (Value Value Chain)	The DBS variant of value-stream mapping. Maps end-to-end product flow with cost data overlaid at each step. Every VVC produces a future-state map and a signed list of kaizen events.
3. PIT (Problem-Idea-Test)	Hypothesis-testing framework. Every proposed change goes through a structured Problem → Idea → Test cycle before it becomes standard work.
4. Gemba walks	Leader-on-the-floor discipline. Managers spend structured time observing the process at the point where value is created — not in the conference room.
5. Root-cause 5 Whys + Standard Work	Keep asking 'why' until a systemic root cause is reached; update Standard Work to prevent recurrence. The root cause is almost never the operator.
6. Policy Deployment (X-matrix / Hoshin Kanri) + VoC	Annual strategic priorities cascade through nested X-matrices (corporate → BU → site → team). Voice-of-the-Customer converts qualitative feedback into quantitative specs.
7. Talent grading + GM readiness	9-block talent grid; GM readiness reviews; internal GM succession. DBS is a leadership-development system as much as an operating system.

## SECTION 4 \* 100-DAY INTEGRATION PLAYBOOK

# Every acquisition — on DBS rhythm within 100 days

Window	Standard actions	Outcome
Days 1-15	DBS Office arrives; kick-off; VVC baseline at each site	Baseline metrics, waste identification, kaizen backlog created.
Days 16-30	Standard Work documented for key processes; visual mgmt boards installed	Local operators trained; daily huddle cadence starts.
Days 31-60	First 2-3 targeted kaizen events on largest waste opportunities	Baseline metrics improve; local team sees DBS mechanic work.
Days 61-90	Policy Deployment (X-matrix) drafted; VoC installed on commercial side	Strategic priorities cascade; commercial discipline begins.
Days 91-100	Sign-off review with corporate; ongoing DBS Office coaching cadence set	The acquired unit is now on the same rhythm as every other Danaher business.

*The 100-day standard has held since the mid-to-late 1990s. It is the specific mechanism by which Danaher scales acquisition integration without dilution of quality — the CEO's time is preserved for capital allocation while the DBS Office does the operational integration.*

---

**SECTION 5**

*Three Operating Systems*

*DBS vs Six Sigma vs Toyota Production System*



B

---

SECTION 5 \* COMPARISON

# Three operating systems — what actually differs

Dimension	Danaher Business System (DBS)	Six Sigma	Toyota Production System (TPS)
Philosophical roots	Continuous improvement + capital-allocation discipline; TPS-derived plus commercial (VoC) and strategic (Hoshin Kanri) layers.	Statistical process control; defect reduction anchored in Motorola / Bell Labs quality tradition.	Toyota Production System (Taiichi Ohno); flow, waste elimination, respect for people; the parent tradition of both.
Primary focus	Full operating system: shop floor + commercial + strategic + M&A integration.	Defect reduction inside an existing operating system; project-based (Green Belt / Black Belt).	End-to-end product flow; single-piece flow, andon, kanban; the manufacturing-native origin.
Deployment mechanism	Daily kaizen cadence + dedicated DBS Office + 100-day integration standard on every acquisition.	Discrete Six Sigma projects with certified belt-holders; DMAIC methodology.	Continuous kaizen on the line; jidoka (autonomation); heijunka (level scheduling).
Notable practitioners	Danaher (1988-present); Fortive, Envista, Veralto (post-spin); Roper (adjacent); Larry Culp at GE (2018-present).	GE under Welch (1995-2005); Honeywell; Motorola. Frequently displaced when the CEO who championed it leaves.	Toyota; a small number of full TPS-adopting Western firms (some Danaher units traced their DBS install directly to Shingijutsu-trained Toyota alumni).
Durability signal	Survived every Danaher CEO transition (Sherman → Culp → Joyce → Blair) plus three transformative spinoffs.	Did not survive GE Capital collapse; frequently retired at Welch-legacy firms after CEO transitions.	Continuously refined at Toyota since ~1948; the longest-running production system in industry.

---

**SECTION 6**

*Practitioner Toolkit*

*Seven printable checklists from the DBS field record*



B

---

## SECTION 6 \* PRACTITIONER TOOLKIT

# Seven templates — the printable Institute toolkit

Tool	What it does
1. VVC (Value Value Chain) mapping form	Site-level end-to-end product-flow map with cost overlay at each step; produces the future-state map + signed kaizen backlog.
2. PIT (Problem-Idea-Test) hypothesis log	Structured Problem → Idea → Test log; the DBS hypothesis-testing register before standard work is changed.
3. Kaizen event charter + closeout template	Pre-event chartering + 5-day event structure + post-event closeout ledger. The DBS discipline is that changes are implemented during the event.
4. Gemba walk observation register	Structured leader-observation form for the point-of-value walk. Time on the floor is scheduled and tracked.
5. 5-Whys root-cause worksheet	Systemic (not personal) root-cause discipline. Every defect resolution updates Standard Work.
6. Hoshin Kanri X-matrix cascade template	Corporate → BU → site → team strategic-priority cascade. The specific tool that solves the boardroom-to-floor gap.
7. GM readiness / 9-block talent review	Internal GM succession discipline. DBS is a leadership-development system as much as an operating system.

*All seven templates are shipped in the Baratelli Danaher DBS Toolkit workbook (printable one-page format). See Section IV of the Combined PDF.*

---

**SECTION 7**

*Larry Culp at Danaher (2001-2014)*

*The high-compounding era — revenue \$3.8B → \$19.9B*



---

B

## SECTION 7 \* CULP AT DANAHER

# The Culp tenure in numbers (2001-2014)

Metric	2001 (Culp starts)	2014 (Culp exits)	Multiple	Note
Revenue	~\$3.8B (FY2001)	~\$19.9B (FY2014)	~5.2x	Compound annual growth ~13-14%.
Net income	~\$0.35B	~\$2.6B	~7.4x	Margin expansion via DBS operational leverage.
Market cap	~\$5B (Jan 2001)	~\$50B (Dec 2014)	~10.0x	vs S&P 500 up ~1.85x over same period.
Employees	~30,000	~71,000	~2.4x	Scale roughly doubled while margin expanded.
Total acquisitions	—	~90 during tenure	—	Averaging ~6-7 closes per year on DBS integration standard.

*Key acquisitions under Culp: Radiometer (2004, \$730M), Leica Microsystems (2005, \$550M), Sybron Dental (2006, \$2.0B), Beckman Coulter (2011, \$6.8B), Videojet + IRIS. The life-sciences identity was built in this window.*

---

**SECTION 8**

*Larry Culp at GE (October 2018-present)*

*First external CEO in GE's 126-year history — the three-way split*



---

B

## SECTION 8 \* CULP AT GE (METRICS)

# GE transformation — the three-way split

When	Event	What it delivered
Oct 2018	Culp takes over as GE CEO	GE mkt cap ~\$80B; dividend cut; investment-grade rating pressure.
2019-2020	GE Capital wind-down accelerated; portfolio simplification	Sale of BioPharma to Danaher for \$21.4B — the Cytiva carve-out. First evidence of Culp installing DBS-style operating discipline at GE.
November 2021	Three-way split announced	GE HealthCare, GE Vernova (energy), GE Aerospace — the residual.
January 2023	GE HealthCare spins off	Trades separately; initial market cap ~\$27B.
April 2024	GE Vernova spins off	Trades separately; initial market cap ~\$45B.
Nov 2026	GE Aerospace residual	GE Aerospace + separated peers aggregate mkt cap ~\$380B — a ~4.75x expansion vs the pre-Culp ~\$80B base.

## SECTION 8 \* THE COUNTER-ARGUMENT

# The Minow / Bary debate — mechanism or moment?

The GE record is impressive, but honest analysts read it two ways. The DBS-scaled reading is that Culp installed the same operating discipline that produced Danaher's record; the mechanism is portable; the value added at GE reflects the mechanism working at industrial scale.

The counter-reading (associated with Nell Minow and analysts like Andrew Bary) is that the pre-Culp GE was carrying trapped value that would have been unlocked by any competent CEO willing to break up the conglomerate — that the three-way split was the specific mechanism that delivered the tape, not DBS-style operating installation.

## THE PRIMER'S STANCE

The primer's honest position: both readings have evidence. The DBS-scaled reading is supported by the post-split operating discipline visible at GE HealthCare and GE Vernova as separate public companies. The trapped-value reading is supported by the observation that pre-Culp GE Capital, GE Power, and GE Aerospace operated at very different economic quality — the split alone re-priced them. The two readings are complementary, not contradictory. Neither reading is the primer's job to adjudicate.

---

## SECTION 9

# *The Three Danaher Spinoffs*

*Fortive (2016) • Envista (2019) • Veralto (2023) • The nine-quarter FCF trace*



B

---

SECTION 9 \* THE THREE SPINOFFS

# Three portability tests — DBS carried into three re-brands

Entity	Ticker	Spin year	Initial mkt cap	Nov 2026 mkt cap	What each took
Fortive	NYSE:FTV	2016	~\$18B	~\$30B	Industrial tech + instrumentation (Fluke, Tektronix). DBS re-branded as Fortive Business System (FBS).
Envista	NYSE:NVST	2019	~\$4B	~\$4B	Dental (Nobel Biocare, Ormco, KaVo Kerr). Re-branded as Envista Business System (EBS).
Veralto	NYSE:VLTO	2023	~\$16B	~\$22B	Water quality + product identification (Hach, Videojet, ChemTreat). Re-branded as Veralto Enterprise System (VES).
<b>Aggregate</b>	—	—	<b>~\$38B</b>	<b>~\$56B</b>	<b>Three post-spin exemplars carrying DBS lineage under three re-brands.</b>

## SECTION 9 \* NINE-QUARTER FCF TRACE

# Danaher — nine quarters of free cash flow (Q1'24 → Q1'26)

Line item (\$B)	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26	9Q total
<b>Total revenue</b>	5.80	5.74	5.80	6.54	5.74	5.94	5.98	6.87	5.90	<b>54.31</b>
Adj. EBITDA (reconstructed)	1.75	1.68	1.72	2.20	1.75	1.85	1.90	2.35	1.85	17.05
Operating cash flow	1.30	1.20	1.32	1.85	1.32	1.40	1.45	1.95	1.42	13.21
Capex	(0.25)	(0.25)	(0.27)	(0.30)	(0.22)	(0.20)	(0.23)	(0.27)	(0.22)	(2.21)
Working capital Δ (implied)	(0.20)	(0.23)	(0.13)	0.35	(0.21)	(0.25)	(0.22)	0.40	(0.21)	(0.70)
<b>Free cash flow (OCF – capex)</b>	<b>1.05</b>	<b>0.95</b>	<b>1.05</b>	<b>1.55</b>	<b>1.10</b>	<b>1.20</b>	<b>1.22</b>	<b>1.68</b>	<b>1.20</b>	<b>11.00</b>
FCF / revenue conversion	18.1%	16.6%	18.1%	23.7%	19.2%	20.2%	20.4%	24.5%	20.3%	20.3%
Cumulative FCF	1.05	2.00	3.05	4.60	5.70	6.90	8.12	9.80	11.00	11.00

*Nine quarters, ~\$54.3B revenue, ~\$13.2B OCF, ~\$11.0B FCF, ~20.3% conversion. Q4 seasonality (23.7% in Q4'24, 24.5% in Q4'25) reflects year-end billings, inventory drawdown, receivables collection. The pattern is the practitioner's cash-flow-durability trace: no working-capital blowout, no capex step-up, no one-time distortion — a mature operating-system compounder generating consistent free cash flow across the post-Veralto cycle.*

---

**SECTION 10**

*The Rales Family Office*

*Estate architecture at the \$10B+ wealth tier — 10b5-1, Glenstone, GRATs*



## SECTION 10 \* ESTATE ARCHITECTURE

# The standard \$10B+ wealth-tier structural stack

Structure	How it fits the Rales architecture (illustrative; standard at the \$10B+ tier)
10b5-1 rule-based selling plans	Pre-scheduled sales under Rule 10b5-1(c) — the SEC affirmative defense for planned insider selling. The Rales brothers have used programmed sale plans consistently since the early 2000s.
GRAT (Grantor Retained Annuity Trust)	Zeroed-out GRAT technique: transfer appreciation to next generation with minimal gift-tax cost. Standard for founders with concentrated, appreciating public equity.
IDGT (Intentionally Defective Grantor Trust)	Grantor pays income tax on trust income, effectively making additional tax-free gifts. Combined with installment sales, one of the most efficient wealth-transfer structures at scale.
CLT (Charitable Lead Trust)	Pays a fixed annuity to charity for a term of years, remainder to family. Especially efficient at low interest rates.
Dynasty trust (Delaware / South Dakota)	Multi-generation trust exempt from GST tax. Delaware and South Dakota permit perpetual trusts.
Private foundation + DAF stack	Rales Family Foundation, Glenstone Foundation, and donor-advised-fund complements. Charitable deduction + control of philanthropic timing.

## SECTION 10 \* PHILANTHROPIC VEHICLES

# Where the wealth shows up publicly

Vehicle	Scale	What it does + why practitioners should notice
Glenstone Museum (Potomac, MD)	~\$2B+ endowment	Steve Rales' post-corporate signature project. 200-acre contemporary art museum + landscape. Free admission. Widely regarded as one of the finest private-collection art institutions in the United States.
Rales Family Foundation	Private foundation	Long-running Rales philanthropic vehicle. Focus on Washington DC-area education and Jewish community organizations.
Indian Paintbrush (film financing)	~\$500M+ cumulative	Steve Rales' film-financing company. Backer of every Wes Anderson feature since The Darjeeling Limited (2007). One of the more distinctive founder-post-corporate creative deployments.
Mitchell P. Rales foundation activity	Growing	Mitch Rales' focus areas include education and Washington-area civic institutions; less publicly visible than Steve's Glenstone/Indian Paintbrush profile.

---

**SECTION 11**

*The Compounder Taxonomy*

*Four archetypes: Berkshire, Constellation, LVMH, Danaher*



B

---

SECTION 11 \* FOUR ARCHETYPES

# Four compounder archetypes — the defining differences

Dimension	Berkshire Hathaway	Constellation Software	LVMH	Danaher
Value-add mechanism	Owner discretion + light operating touch. Capital allocation at the holdco is the value-add.	Permanent-capital VMS aggregation with a strict hurdle-rate discipline (Mark Leonard's 25% IRR after-tax rule).	Brand-portfolio compounding through maison assembly + creative direction + price-point discipline.	<b>Codified operating system (DBS) installed at every acquired target within a 100-day standard.</b>
Signature discipline	Match businesses to durable moats + write-downs are rare; permanent capital is the ballast.	Post-close, decentralized operation under Mark Leonard's cadence. Hundreds of small VMS acquisitions.	Long-cycle brand stewardship; maisons preserved with their own creative leadership.	<b>DBS Office cadre coaches every acquired unit. Kaizen daily; VVC + PIT + Hoshin Kanri cascade.</b>
Governance	Owner-operator (Buffett) + culture of decentralization at the operating subs.	Founder-CEO (Mark Leonard) + hurdle-rate governance at the deal review.	Founder-family (Arnault) + long-term brand equity as governance object.	<b>Owner-chairman (Rales) on capital allocation + professional CEO on operations. This division survived 4 CEOs.</b>
Public-market proof	Berkshire Hathaway 1965-present; ~19-20% CAGR over 60 years.	Constellation Software 2006-present; ~30%+ CAGR post-IPO.	LVMH 1987-present; multi-decade brand-portfolio compounding.	<b>Danaher 1984-present + 3 DBS-lineage spinoffs; ~\$236B aggregate mkt cap; ~10,000x on \$22M basis.</b>

## SECTION 11 \* ROPER CONTEXT

# The archetype has multiple exemplars — Roper Technologies

Danaher is the largest, longest-running exemplar of the operating-system-compounder archetype, but not the only one. Roper Technologies (NYSE:ROP) built a parallel record starting from a small industrial base in the late 1990s and evolving into a software-heavy diversified compounder with a codified capital-allocation and post-close operating cadence. Roper's discipline is closer to a cash-return-on-investment (CRI) framework than to DBS-style kaizen, but the archetype signature is shared: a durable operating rhythm that survives CEO transitions and is installed on every acquisition.

Exemplar	One-line profile
Danaher (NYSE:DHR)	1984-present; ~\$185B mkt cap; DBS; Rales / Culp / Blair lineage.
Fortive (NYSE:FTV)	2016-present spin from Danaher; ~\$30B mkt cap; Fortive Business System (FBS).
Envista (NYSE:NVST)	2019-present spin from Danaher; ~\$4B mkt cap; Envista Business System (EBS).
Veralto (NYSE:VLTO)	2023-present spin from Danaher; ~\$22B mkt cap; Veralto Enterprise System (VES).
Roper Technologies (NYSE:ROP)	1990s-present; ~\$55B mkt cap; software-heavy diversified; CRI-anchored discipline.
GE post-Culp (NYSE:GE + spins)	2018-present; the ongoing test case of whether DBS scales to industrial giants.

## PRACTITIONER TAKEAWAYS

# Four things a practitioner should carry

---

1. The mechanism is the operating system, not the portfolio. DBS — installed within 100 days on every acquisition — is Danaher's specific contribution. Three DBS-lineage spinoffs re-branded and re-carried the discipline; each has a creditable post-spin record. That is the strongest available evidence that the operating system is the value-add.
2. Capital allocation is separated from operations. Steve Rales as executive chairman 1984-2016 focused almost exclusively on capital allocation while a rotating series of professional CEOs (Sherman, Culp, Joyce, Blair) ran the operations under DBS discipline. The division of labor is the second Rales structural contribution.
3. The compounder taxonomy has four archetypes. Berkshire (owner discretion + light touch), Constellation (VMS aggregation + hurdle discipline), LVMH (brand-portfolio compounding), Danaher (codified operating system). Roper is the near-adjacent case. All four archetypes coexist; none is 'the right one.'
4. Positioning discipline matters. This primer is informational, not a valuation call. The Institute does not price the security or forecast returns. The record laid down here supports a practitioner reader's own analysis — which is where the value of the primer lives.

## RELATED READING

# Where this primer connects to the rest of the library

Related Institute reference	What it does
Danaher acquisitions record (~400 closes since 1984)	Institute reference ledger — every disclosed Danaher acquisition since 1984 with sector, size, integration lead.
Danaher subsidiaries ledger (~150 operating units)	Cross-reference of every current DHR / FTV / NVST / VLTO operating unit by segment and DBS install date.
Larry Culp at GE — the standalone GE record	The GE transformation record 2018-present as its own Institute reference — three-way split, HealthCare + Vernova + Aerospace.
Berkshire portfolio ledger (Buffett's ~40 wholly-owned + top 15 equity holdings)	The Berkshire archetype reference for the compounder taxonomy comparison.
Constellation Software case memo	The VMS-aggregator archetype reference — Mark Leonard, hurdle rates, decentralization.
LVMH maisons ledger	The brand-portfolio archetype reference — Arnault, maison stewardship, long-cycle brand equity.
Baratelli DBS Toolkit (workbook)	The printable practitioner-toolkit companion to Section 6 — seven templates.



THE BARATELLI INSTITUTE \* MENTORING AT SCALE

## Disclaimer and Notice

This overview is published by The Baratelli Institute as an informational primer for practitioner readers. It is not investment advice, is not a recommendation to buy, sell, or hold any security, and is not a valuation call on Danaher Corporation. It is not a forecast of future results. It is not intended for use in a fiduciary or advisory capacity.

Figures are approximate reconstructions from Danaher SEC filings and other public sources. Historical market-cap figures are directional; specific valuations should be independently verified. The Baratelli Institute operates under the Lowe v. SEC publisher exception. Any use of this material in an advisory context is the reader's independent responsibility.

[baratelliinstitute.com](https://baratelliinstitute.com) \* Philip A. Baratelli, CPA, MBA \* Mentoring at Scale

© 2026 The Baratelli Institute. Educational analysis only. Not investment advice.

---