

Private Equity Commercial Value Creation in Industrials and Business Services

Global Study Results

SIMON 
KUCHER
Unlocking better growth



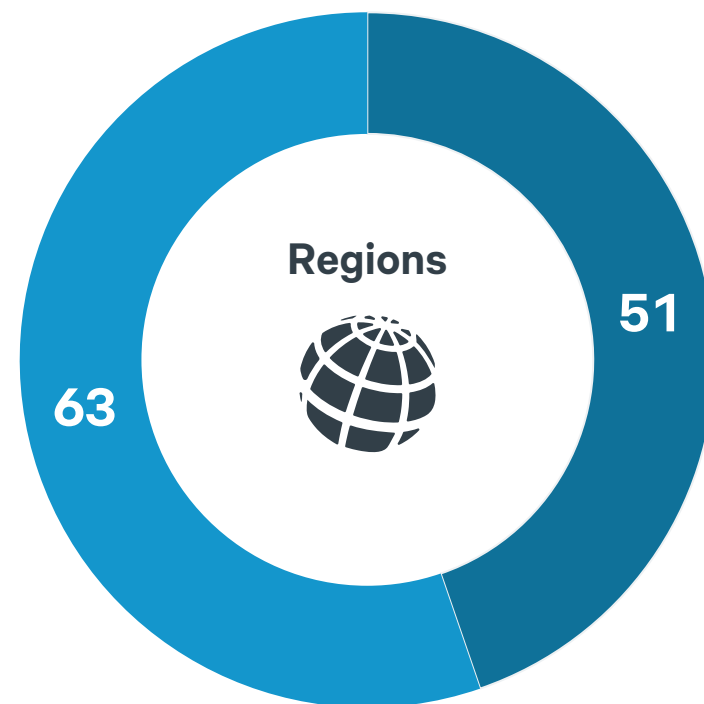
114

private equity executives
participated in the Industrial and
Business Services Value Creation
Study 2025



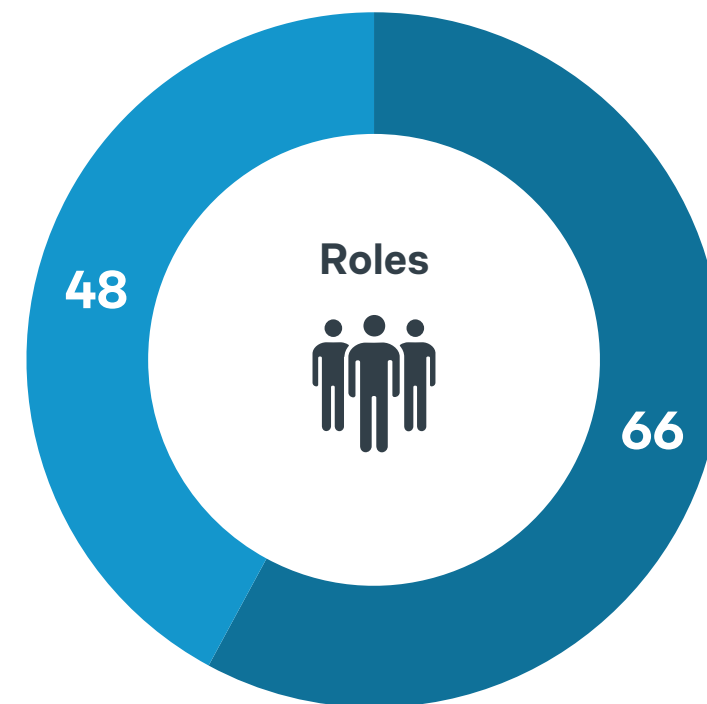
Sample distribution

% share of participants



EMEA


North America

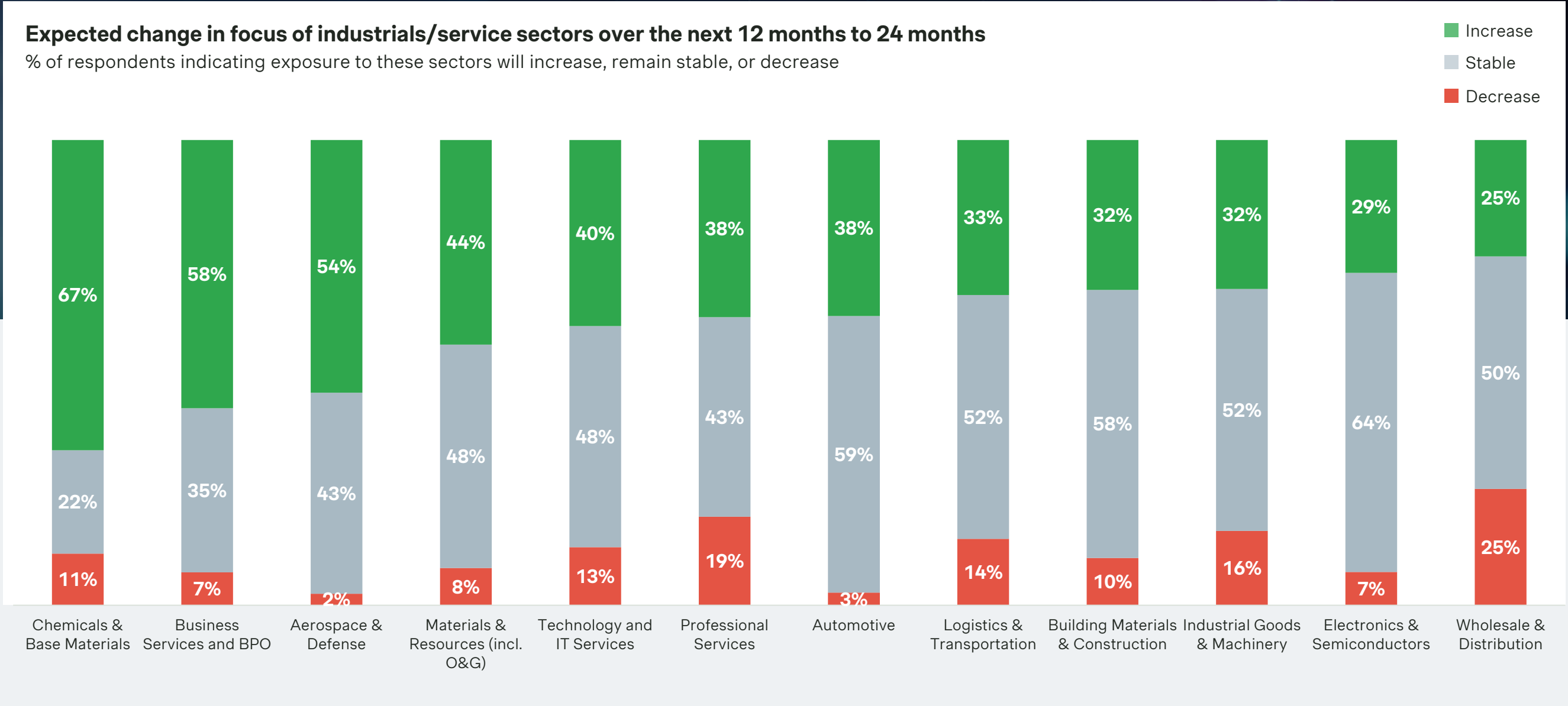


Ops team

Deal team

We surveyed executives who invest across industrial/service sectors, highlighting exposure to chemicals/base materials, business services and A&D expected to increase the most





Source: Simon-Kucher PE Value Creation Study 2025 (n=114) [Q: "How will your firm's exposure to these sectors change over the next 12 to 24 months?"]

Macroeconomic volatility continues to force PE's to be more adaptive to changing circumstances, with economic downturn, tariffs, and geopolitical risks as top challenges

Top challenges to investment thesis in the next 12-24 months
% of respondents ranking challenge in top 3



Economic downturn



Tariffs



Geopolitical risks



Source: Simon-Kucher PE Value Creation Study 2025 (n=114) [Q: “What do you believe are the top challenges to meeting the investment thesis in the next 12-24 months?”]

Key takeaways from our Commercial Value Creation Study 2025

1

Operational improvements surge

78% expect increased importance

More than three-quarters of respondents now rate operational improvements, already the top equity story driver, as a rising priority - a 56% jump from last year's expectations

2

Pricing leads value playbook

Fastest path, highest reliability

75% say pricing is the go-to lever, delivering impact in under 8 months with only a 4% failure rate, making it the most reliable and efficient tool in the value creation arsenal

3

Digital, especially GenAI, takes the lead

82% call it critical for the next year

Digital levers, especially Generative AI, have taken center stage. Systems, infrastructure, and channel optimization follow as the next big climbers in value creation prominence

4

Execution > strategy

Top reason for failure: 42% cite execution risk

Missed goals are less about poor strategy and more about failure to execute, the biggest single cause of unsuccessful initiatives

5

VCPs go agile

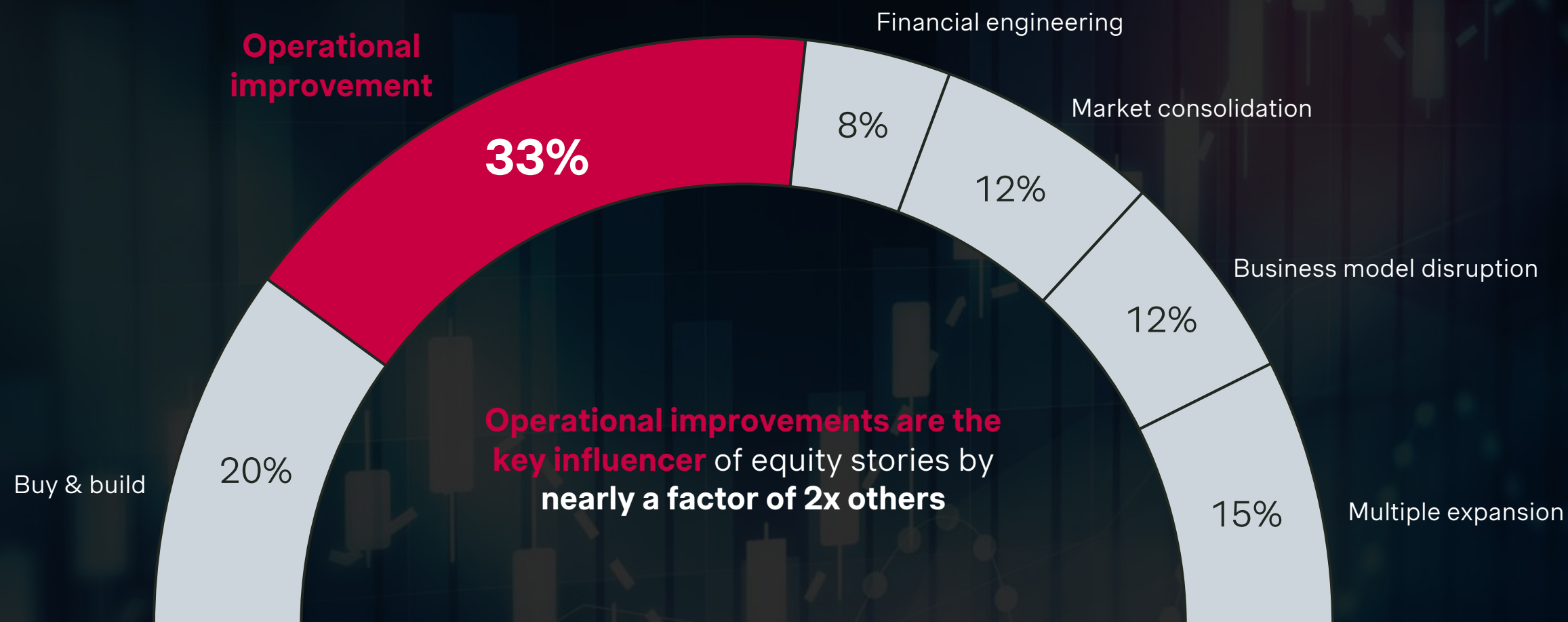
39% plan to review every 3-6 months

Firms are doubling down on active portfolio management, with a 100% increase in regular VCP reviews compared to last year, showing a clear shift to dynamic, hands-on oversight

Operational improvements remain the dominant driver of equity stories

Key equity story drivers over last 12-24 months

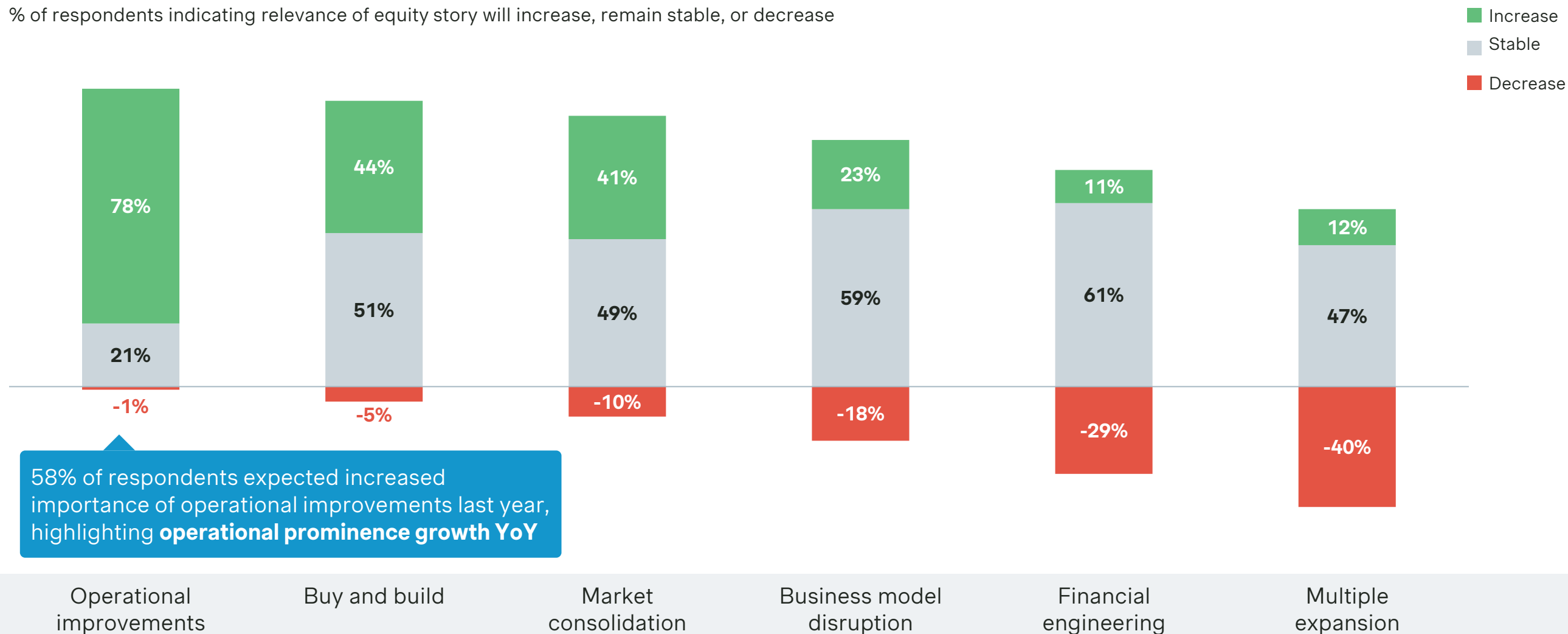
Average importance allocation of out 100 points



Private equity focus on operational excellence is only expected to grow

Expected change in relevance of equity stories on acquisition over next 12 months

% of respondents indicating relevance of equity story will increase, remain stable, or decrease

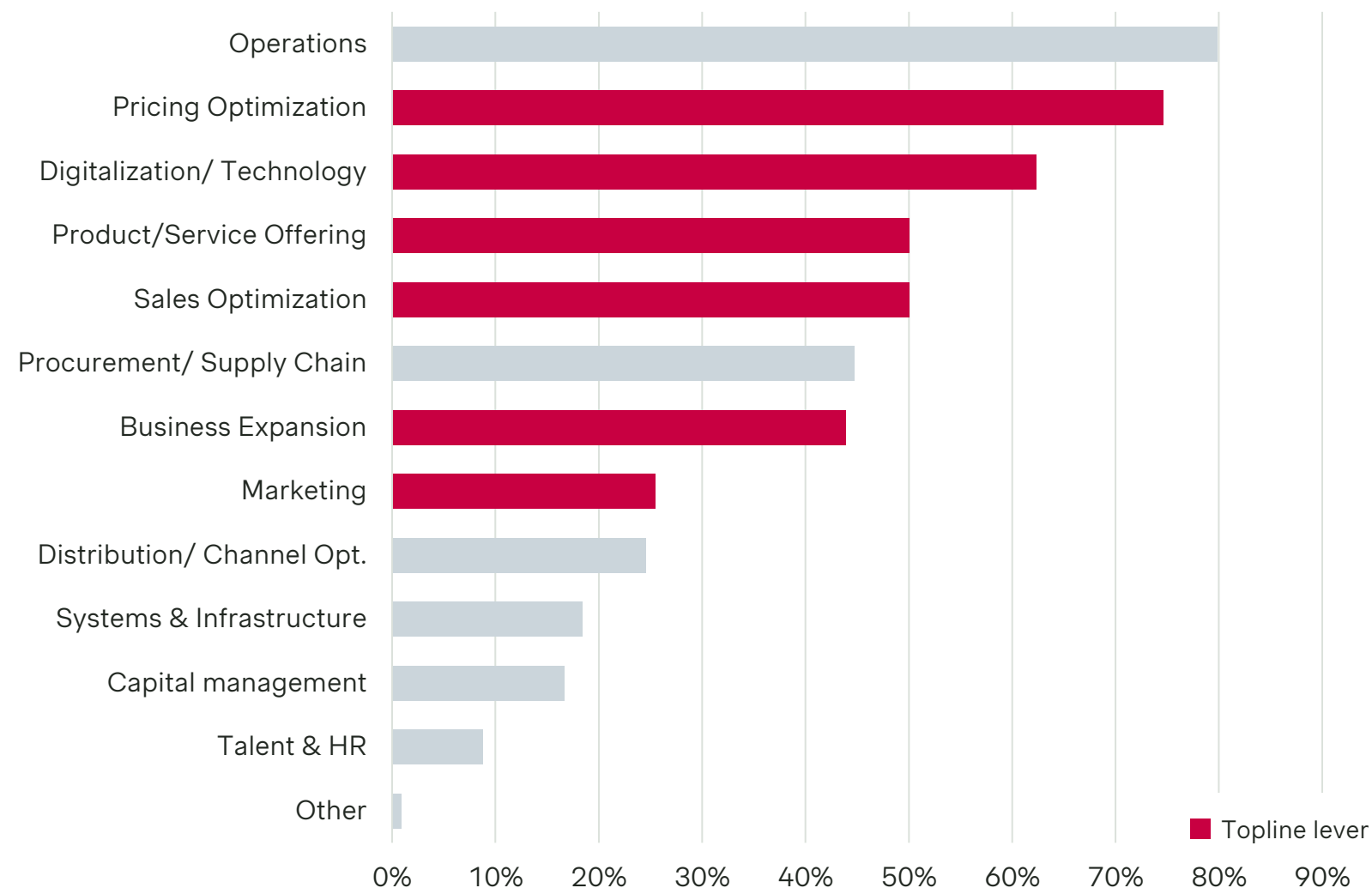


Majority of key levers are topline focused

Pricing (75%) and operations (80%) are the top 2 levers as historical contributors to the investment case

Top operational improvement levers based on contribution to the investment case

% of respondents selecting lever as a top 5 contributor to return



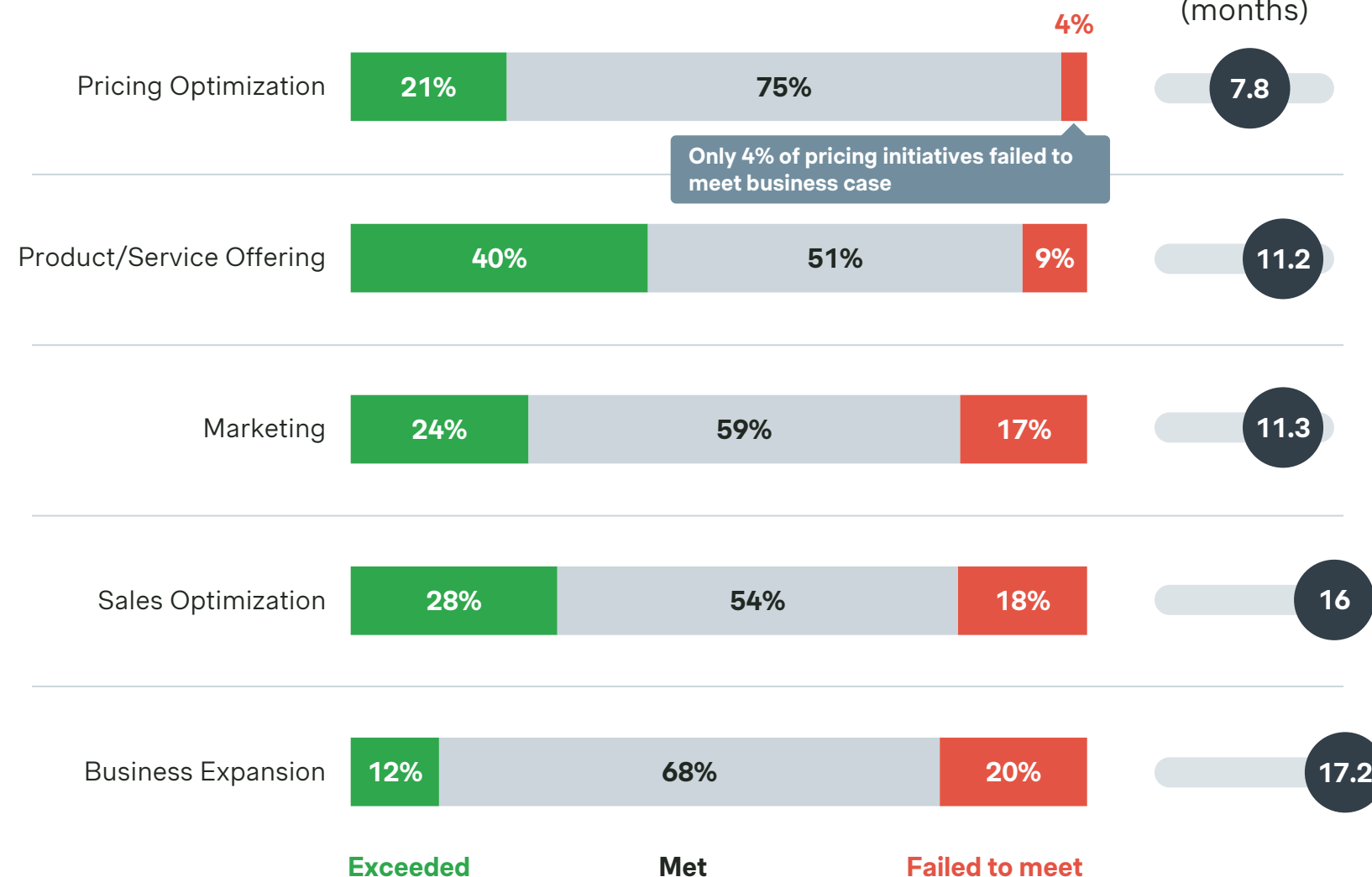
Source: Simon-Kucher PE Value Creation Study 2025 (n=114) [Q: "Focusing on operational improvement value creation initiatives in your typical portfolio companies, please select the top five levers based on their contribution to the investment case."]

Pricing is the lowest-risk, fastest impact creation lever

Only 4% of pricing initiatives failed to meet business case, and also has the fastest time to impact, making it the most reliable and efficient tool in the value creation arsenal

Historical performance of topline value creation initiatives

% of respondents indicating given initiative types historically met, exceeded, or failed to meet business case goals

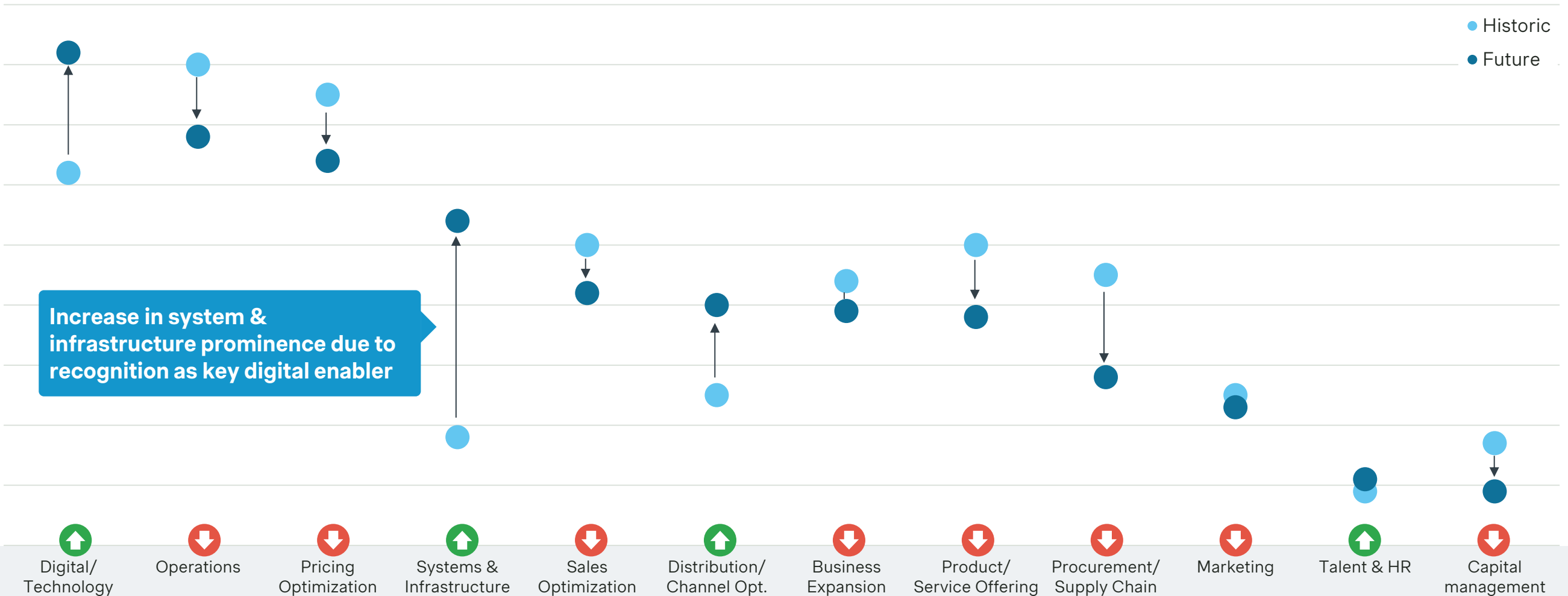


Source: Simon-Kucher PE Value Creation Study 2025 (n=114) [Q: "Which historical operational improvement value creation initiatives typically met / exceeded / failed to reach their business case goals?" / "What is the typical time to impact (in months) for the following value creation initiatives post initiation?"]

Digital topics are expected to be key lever moving forward

Historical vs. future performance of operational improvement value creation initiatives

% of respondents selecting lever as a top 5 contributor to investment case, historically and expected in the future

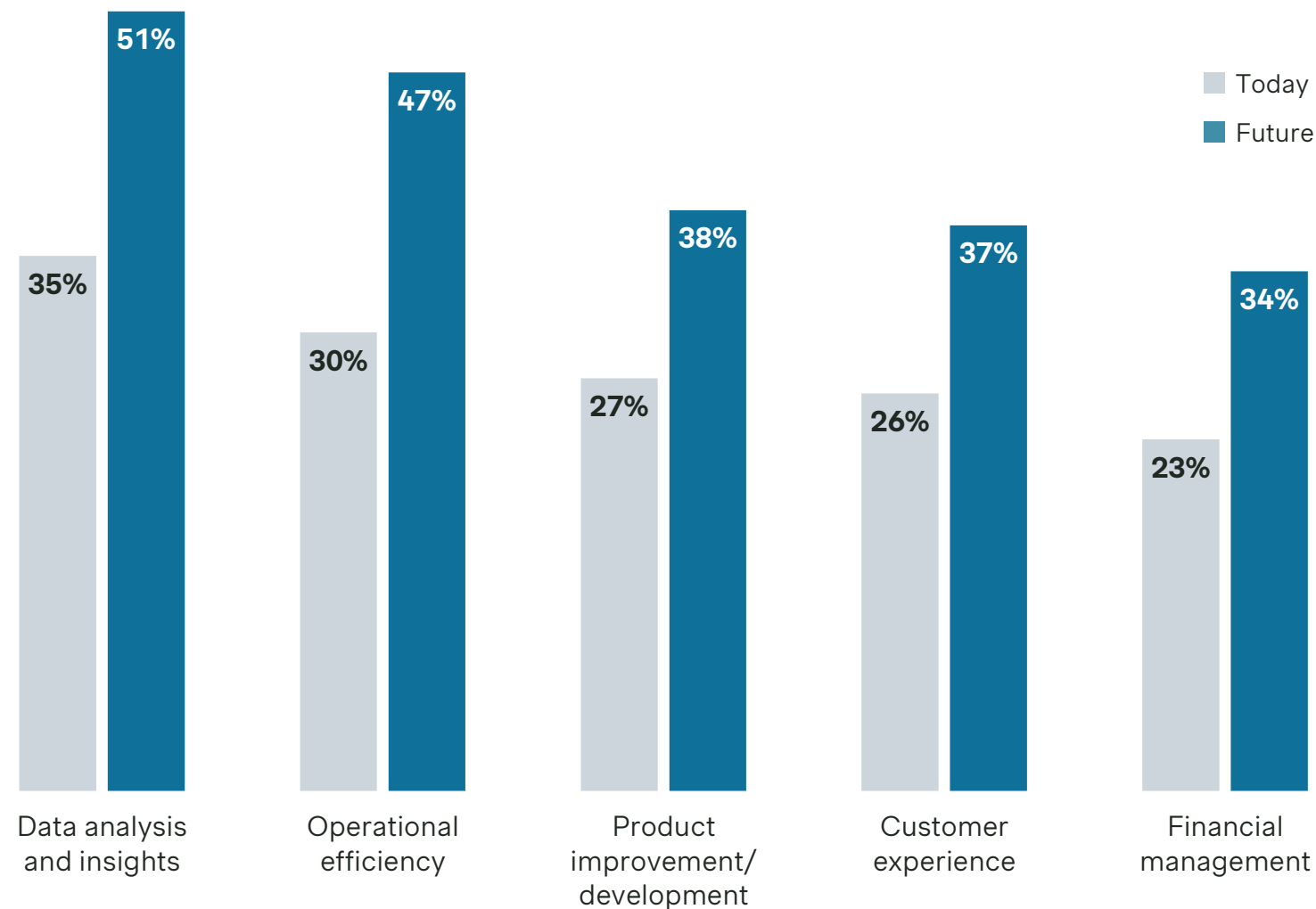


GenAI is playing an increased role in value creation, especially with data analysis and insights

GenAI is leveraged across use cases in about a third of cases today, and AI adoption is expected to grow significantly across all applications

AI use cases in private equity firms

% of respondents indicating given use case for AI & generative AI is being used in their firm



Source: Simon-Kucher PE Value Creation Study 2025 (n=114) [Q: "What role is (generative) AI playing for your firm in value creation?"]

Not all initiatives succeed, but underperformance is often controllable



67% controllable reasons



33% uncontrollable reasons¹

2/3 initiative failures stem from controllable factors

Top controllable reasons for business case underperformance

% of respondents selecting reason that has driven failed business case achievement for value creation initiatives

Poor implementation

The execution of the initiatives was mishandled, with failures in planning, resource allocation, or management

53%

Unrealistic business case

Initiatives driven by overly optimistic expectations and aggressive targets, leading to unrealistic assumptions

37%

PortCo resistance

Key stakeholders involved in executing the initiatives at the portfolio company level were not aligned or sufficiently bought-in

35%

8%

No sustainable transformation

7%

Resistance from other internal stakeholders

¹) Includes "Unforeseen change in circumstances", "Changes in the market environment", and "Unsuited external partner (e.g., consulting firm)"

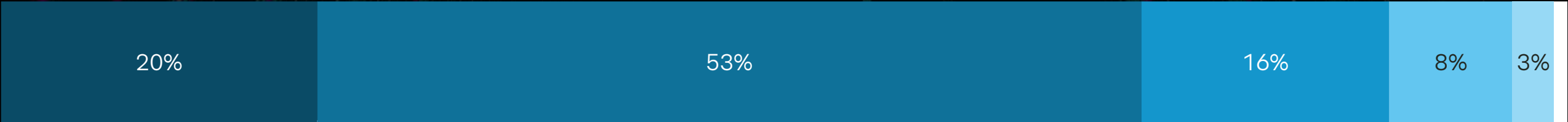
Source: Simon-Kucher PE Value Creation Study 2025 (n=114) [Q: "Please indicate the top 3 reasons that have primarily driven failed business case achievement for value creation initiatives?"]

Agile value creation plans are more prominent to ensure value throughout deal lifecycle

Value creation plan refresh rate, historical vs. future

% of respondents indicating how frequently their fund revisits their value creation plan during hold period

Historical rate



2x increase

Future rate



■ Every 3-6 months
■ Annually
■ Every other year
■ Once in middle of holding period
■ Only reactively
■ Not formally updated

Source: Simon-Kucher PE Value Creation Study 2025 (n=114) [Q: “How frequently do you formally update or revisit your value creation plans during the hold period?”]

Simon-Kucher suggestions for PE value creation in Industrials and Business Services



Make ops the default value driver: pricing, sales, and efficiency should be assessed during diligence and prioritized day one



Focus on levers with fast impact and low failure risk, especially pricing and sales, activated in the first 6 months



Execution risk is real, but controllable: prioritize ruthlessly and ensure full ownership and resourcing behind initiatives



Move beyond the GenAI buzz and **focus on high-impact, scalable GenAI use cases** in data, ops, and product



With quarterly updates, **ensure VCPs guide real decisions,** not just reporting cycles



Contact Us

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