



Creating Value in Uncertain Times

How PE Value Creation Teams Are Responding to Rising Macroeconomic Uncertainty

Executive Summary

Over the past five months, macroeconomic uncertainty has escalated sharply, disrupting global markets and challenging business fundamentals across industries. For portfolio companies backed by private equity (PE) firms, these turbulent conditions have demanded rapid adaptation – often beyond the capabilities of existing executive teams alone.

In response, value creation teams have stepped in as essential catalysts for agility and resilience. These teams are working shoulder to shoulder with management to help navigate supply chain issues, inflationary pressures, shifting demand patterns, interest rate volatility, and growing geopolitical risks.

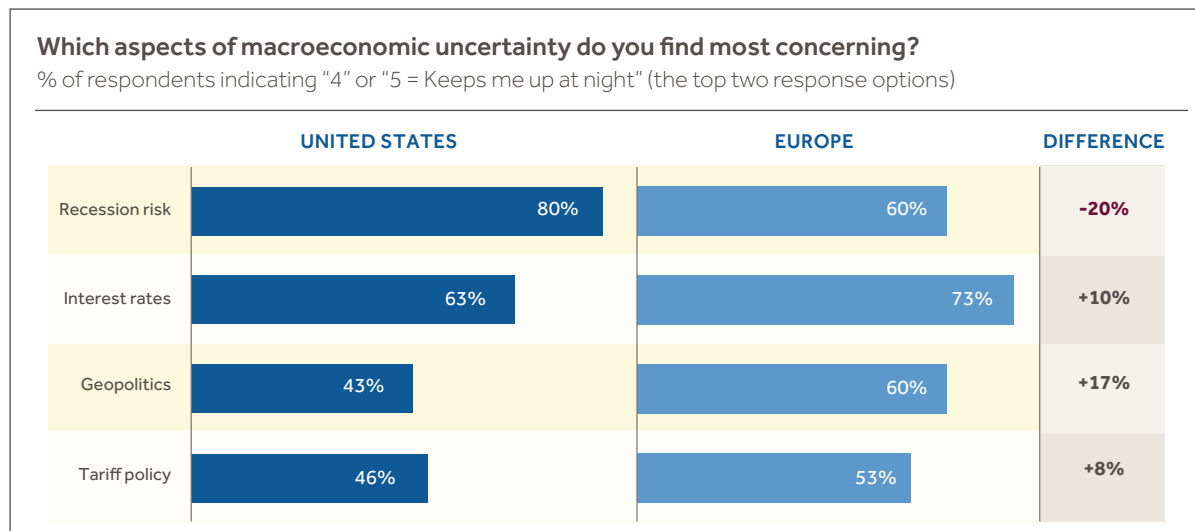
To better understand how operating partners are supporting their portfolio companies' operations – and how PE firms are evolving their support models – we conducted a survey at the end of April 2025 of 50 operating partners from leading private equity firms across Europe and the United States. Our goal was to assess:

- *Current macroeconomic uncertainty*
- *The implications for operating partners*
- *How operating partners are responding*

The survey reflects input from a diverse group of firms, spanning a range of geographies, fund sizes, and portfolio industries. Taken together, the findings offer a timely snapshot of how PE firms are mobilizing resources, refining playbooks, and recalibrating the role of value creation teams to protect and grow portfolio value in uncertain times.

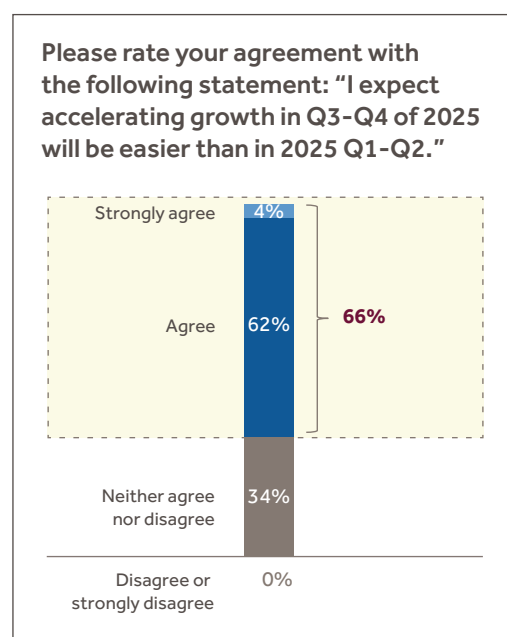
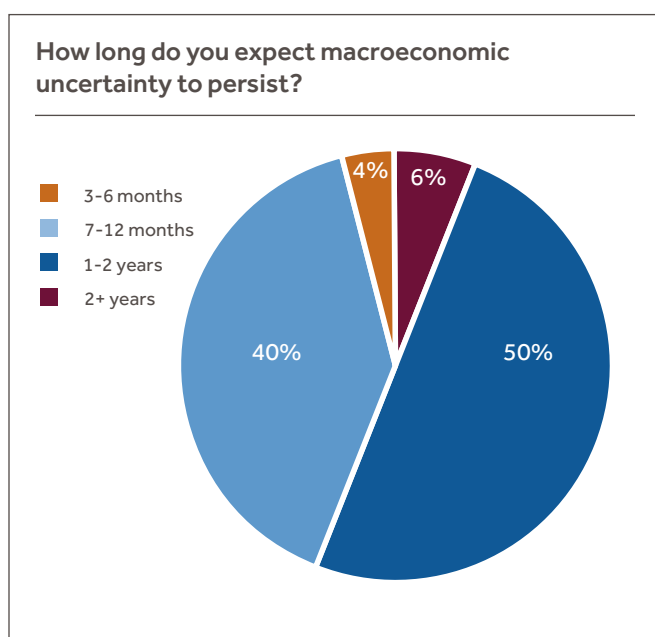
Current Macroeconomic Uncertainty

Most operating partners are very concerned with macroeconomic uncertainty, with European operating partners tending to be more concerned than their US counterparts.



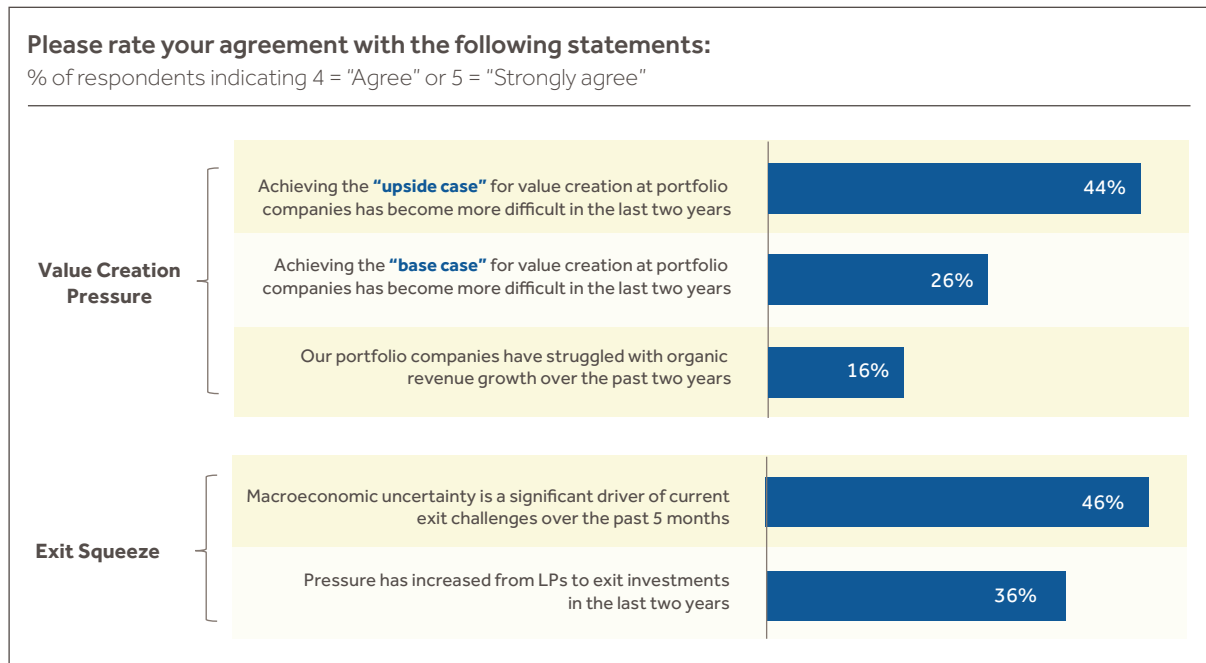
At least 60% of operating partners in both Europe and the US said recession risk and interest rates were important concerns. Outside the risk of a recession, European respondents had greater concern than US respondents did on interest rates, geopolitics, and tariff policies.

There does appear to be some light at the end of the tunnel. When asked how long the macroeconomic uncertainty is expected to last, the vast majority thought more than 6 months but under 2 years; two-thirds expressed optimism that growth conditions will improve by the end of 2025.



Implications for Operating Partners

Value creation has become more difficult in the last two years, with some of the pressure stemming from struggles in driving organic revenue growth. At the same time, market uncertainty is making exits more challenging while LPs are increasing pressure to exit.



26% of responding operating partners indicated that achieving the "base case" for value creation has become more difficult, and 44% identified increasing difficulty in achieving the "upside case."

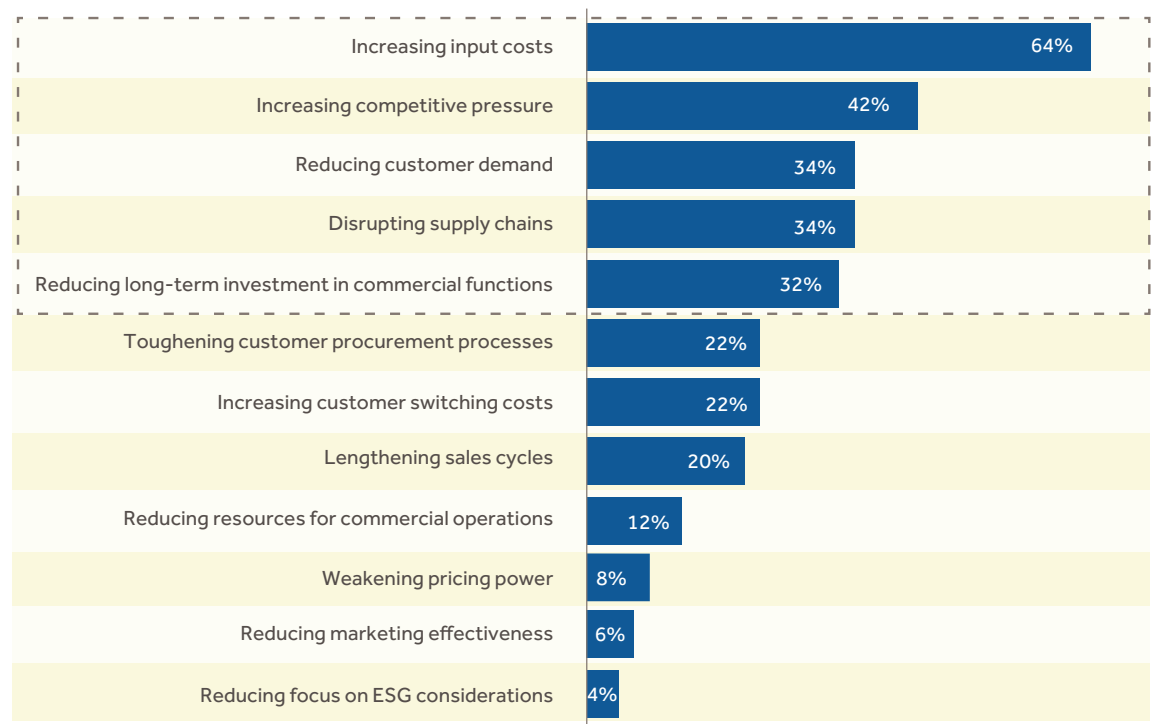
Part of this value creation pressure stems from struggles in driving organic revenue growth, with 16% highlighting that as a challenge for their portfolio companies.

In addition, exits are being squeezed, with macroeconomic uncertainty driving current exit challenges while LPs are increasing pressure to exit investments.

Operating partners identified 5 factors that are having the biggest impact on the commercial organizations of their portfolio companies: increasing input costs, increasing competitive pressure, reducing customer demand, disrupting supply chains, and reducing long-term investment in commercial functions.

How do you see uncertainty impacting your portfolio companies' commercial organizations?

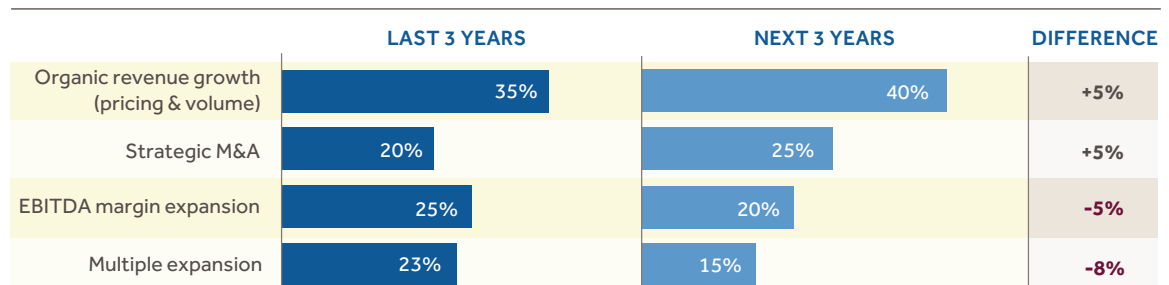
% of respondents who ranked the impact in their top 3



But the success of the commercial organization will be critical in the medium term as greater focus is placed on organic growth for value creation.

What percentage of value creation at your portfolio companies came from the following categories in the last 3 years, and where do you expect it to come from in the next 3 years?

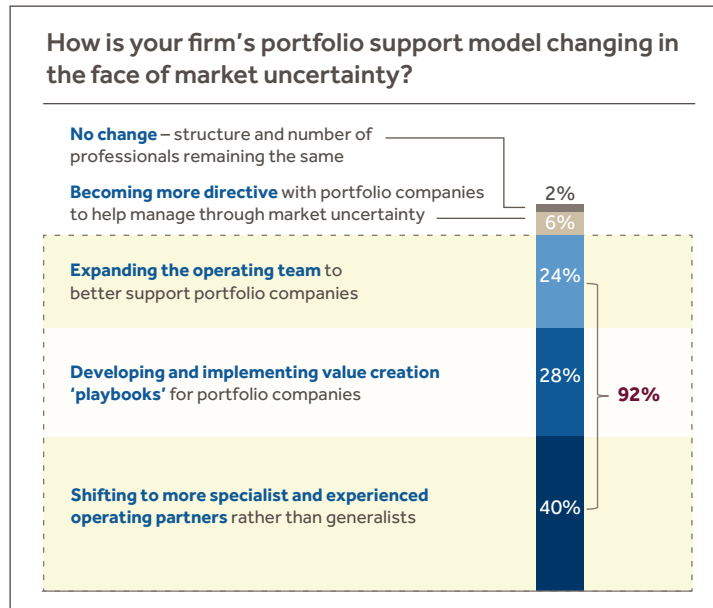
Median responses



Over the next three years, respondents indicated that value creation will come more from organic revenue growth and strategic M&A and less from multiple and margin expansion. These trends were consistent across the US and Europe, as well as PE firm sizes.

How Operating Partners Are Responding

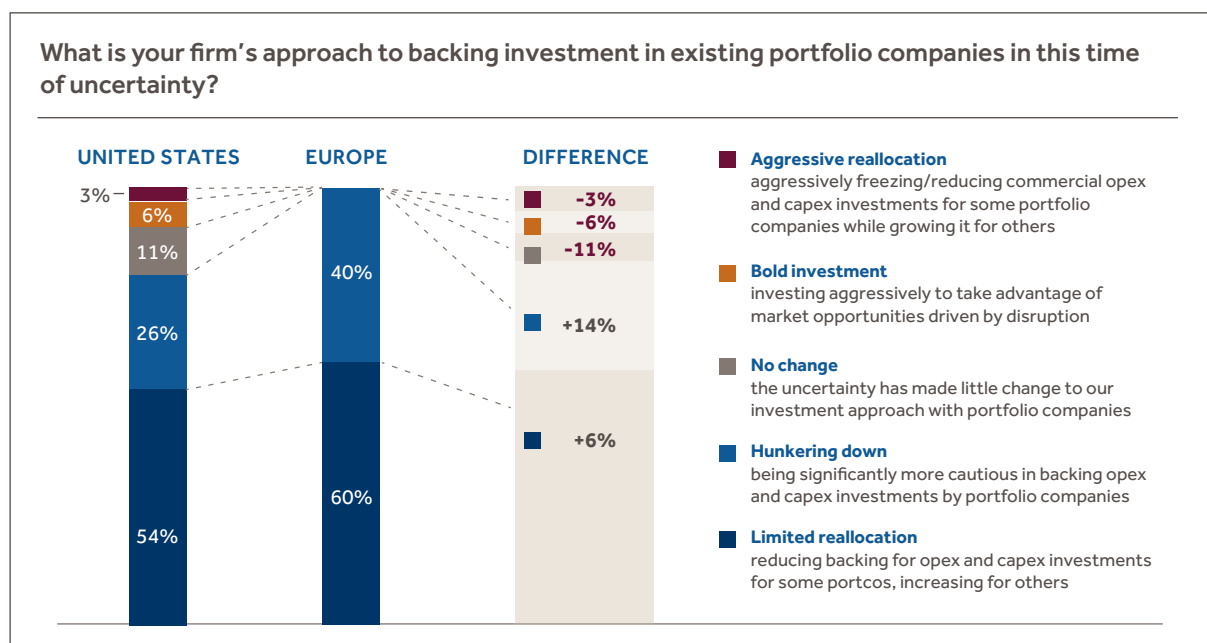
Operating partners indicated that private equity portfolio support models and investment plans are shifting to adjust to market uncertainties.



92% of operating partners stated that their firms are shifting to more specialization & experience, developing value creation playbooks, and expanding operating team resources. Few firms are becoming more directive, and only 2% of firms are not changing anything.

Most private equity firms are taking a cautious approach in this time of uncertainty, but some US firms are being aggressive, unlike European firms.

All European respondents stated that their private equity firms are either limiting reallocation of investment backing or fully hunkering down with existing portfolio companies. While 80% of US respondents reported similar caution, nearly 10% said their firms are taking more aggressive actions – something not seen among the European firms.

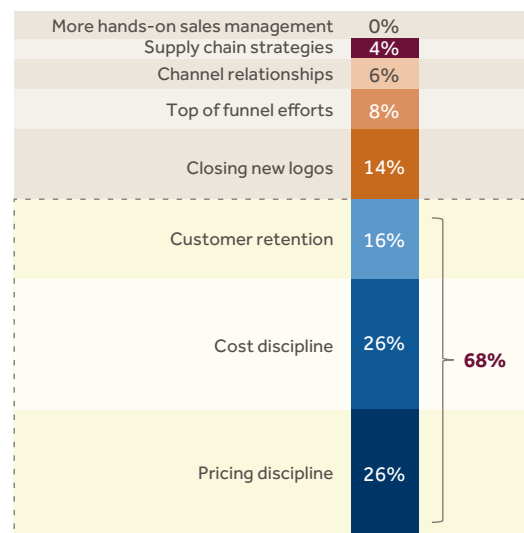


To help portfolio companies in this current environment, 68% of the operating partners said that they are focusing on pricing discipline, cost discipline, and customer retention – the levers they have found most impactful in helping companies manage uncertainty.

Customer and sales-related activities account for 38% – customer retention, closing new logos, and filling the top of the funnel.

Which areas of focus have you found most impactful to help your portfolio companies manage uncertainty?

% of respondents indicating "1" (the most impactful area of focus)



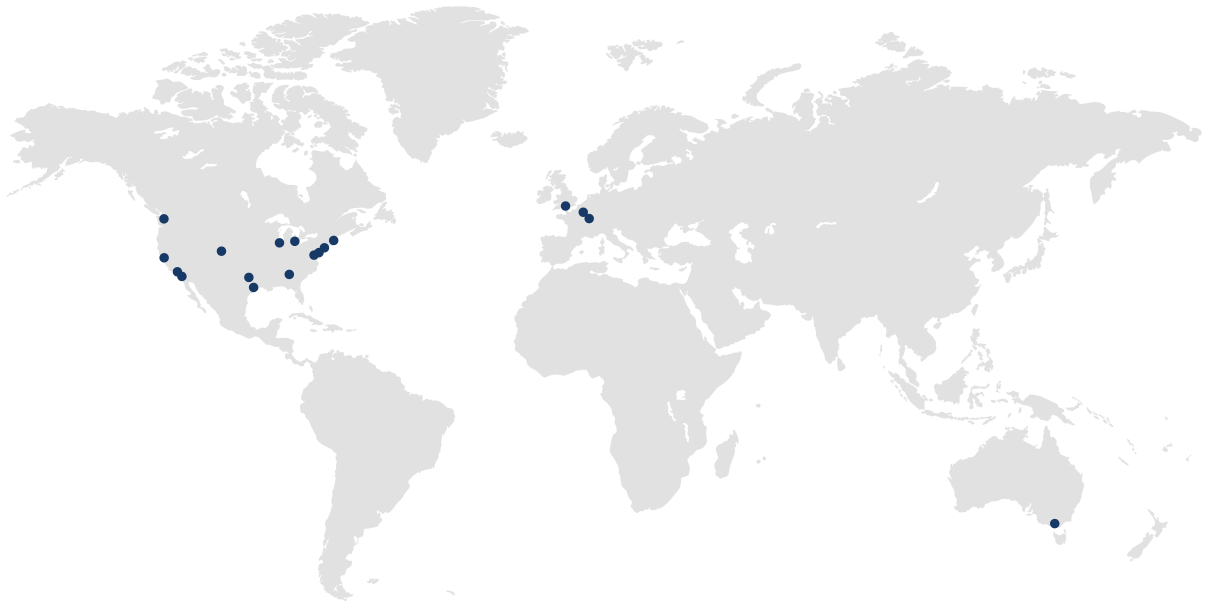
Taken as a whole, these findings offer a timely snapshot of how PE firms are responding to today's challenges. In an environment defined by volatility, the evolving role of the value creation team has never been more critical, with opportunity not just to protect value, but to build stronger, more resilient portfolio companies for the road ahead.

Why Blue Ridge Partners?

Blue Ridge Partners is recognized as the most experienced, impactful and respected firm that is exclusively focused on helping companies accelerate profitable revenue growth. We have worked with over 1,300 companies worldwide on commercial model transitions, strategic pricing engagements and due diligence assignments. We are known for rolling up our sleeves, being pragmatic in our analyses and delivering tangible results that focus on the “how” of execution. Based on our significant experience we have amassed extensive knowledge of the issues that affect revenue performance.

For further information please contact us at info@blueridgepartners.com or visit us at www.blueridgepartners.com.

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