Value creation 2.0:

Reframing value creation for the modern private equity lifecycle

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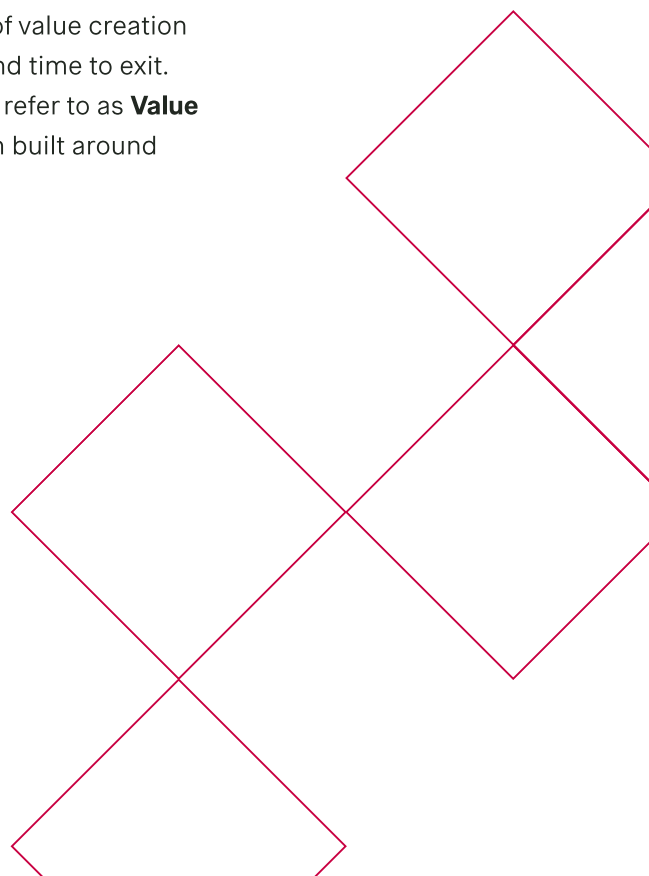
Private equity value creation plans (VCPs) have long served as the organizing construct for how sponsors and management teams translate investment theses into operating reality. Yet structural shifts across the industry are placing new demands on how value is created, sustained, and realized. Hold periods are lengthening, exit markets remain volatile, and sponsors are increasingly underwriting assets that have already been through prior PE playbooks.

Market evidence reinforces this shift. In 2024, continuation vehicles accounted for approximately 13–14% of global private equity exits—more than doubling their share since 2021—while average holding periods have extended beyond six years across many buyout strategies.[1-2] These dynamics raise the bar for value creation and place renewed emphasis on pricing power, go-to-market effectiveness, and sales execution as durable sources of compounding value. In this environment, the notion that a single VCP model can effectively govern value creation across assets, maturity stages, and ownership contexts no longer holds.

This paper proposes a new way of thinking about value creation plans. Rather than treating the VCP as a one-size-fits-all construct, we outline a set of value creation archetypes aligned to commercial maturity, ownership context, and time to exit. Together, these archetypes reflect a broader shift toward what we refer to as **Value Creation Plan 2.0**: an operating-driven approach to value creation built around durability, scalability, and repeatable commercial execution.



[1] PitchBook, Global Private Equity Report, 2024
[2] Bain & Company, Global Private Equity Report, 2024

Structural shifts are breaking the traditional VCP

The private equity landscape has changed in ways that fundamentally alter how value must be created. Exit timelines have become less predictable as valuation multiples normalize, and exit opportunities remain volatile. At the same time, assets are increasingly changing hands between sponsors, often entering new funds midstream in their commercial evolution rather than at the beginning of institutional ownership.

Continuation vehicles have helped accelerate this shift. Once a niche solution, GP-led secondaries are now a mainstream portfolio management tool, with global transaction volume reaching an estimated $50–60 billion in 2024 and more than $150 billion of portfolio value transacted through continuation-style vehicles.[3] These structures concentrate capital in assets where the "easy wins" have already been captured and where incremental value must be unlocked from more advanced operating bases.

As a result, the historical assumption that value creation can be driven primarily through initiative identification and early-cycle optimization no longer holds. In businesses that have already undergone institutionalization, repeating the same value creation playbook increasingly yields diminishing returns.

It is this shift that makes execution, not ideation, the binding constraint on value creation.

As ownership timelines extend and assets enter portfolios at varying stages of commercial maturity, execution has become the primary constraint on value creation. In early-stage assets, the challenge is translating ambition into scalable systems; in more mature businesses, it is sustaining momentum and precision as complexity increases. Across both contexts, the problem is no longer identifying initiatives, but converting intent into results consistently, at pace, and across changing circumstances.

Evidence supports this shift. Two-thirds of failed value creation initiatives stem from controllable factors such as unrealistic business cases, lack of portfolio company buy-in, or poor implementation rather than external shocks.[4] Execution risk is therefore real, but largely manageable through explicit ownership, defined RACI structures, measurable

[3] PitchBook, Global GP-Led Secondaries Report, 2024
[4] Simon-Kucher, Private Equity Commercial Value Creation Study, 2025 (n=114)

KPIs, and incentive models tied directly to value delivery. In practice, what gets measured and rewarded gets executed; without that alignment, even well-designed initiatives stall.

This reality exposes a core weakness of traditional VCPs. Diligence often produces initiative lists rather than executable value theses. Commercial opportunities may be identified, but ownership, sequencing, and feasibility are insufficiently tested against the operating reality of the business. As a result, value creation plans frequently enter the hold period misaligned with management capacity and execution constraints.

Value creation 2.0: An always-on, commercially driven system

If execution is the binding constraint, then the implication is clear: sustainable value creation depends less on the quality of individual initiatives and more on the strength of the underlying operating system. Value is no longer created through isolated projects, but through commercial systems that consistently translate strategy into results across market cycles and ownership changes.

Three characteristics define this shift. Durability ensures gains persist beyond individual projects. Scalability enables growth without disproportionate increases in complexity or reliance on individual performers. Repeatability allows performance to be sustained as leadership teams evolve and ownership structures change.

In practice, this shift is changing how value creation is governed. Leading sponsors are moving away from episodic oversight toward more frequent, data-driven review cadences that actively reprioritize initiatives as facts change. Nearly 40% of private equity firms now plan to formally revisit value creation priorities every three to six months—double historical levels—reflecting a broader move toward dynamic, hands-on portfolio management.[4]

[4] Simon-Kucher, Private Equity Commercial Value Creation Study, 2025 (n=114)

Taken together, these dynamics point toward “Value creation plan 2.0”: an always-on, commercially driven value creation system that begins in diligence and is continuously reprioritized throughout the ownership lifecycle. Rather than serving as a static plan, the VCP becomes the mechanism through which capital, talent, and management attention are actively allocated to the highest-value opportunities over time.

Moving beyond a single VCP model

To reflect these realities, we propose a taxonomy of value creation plans aligned to an asset’s commercial maturity and position in the deal lifecycle, rather than a single templated model. Each archetype represents a distinct value creation challenge and requires a different emphasis in execution, governance, and resourcing.

1. **Exit acceleration VCP**
   Applies to companies where core commercial capabilities are underdeveloped or informal, regardless of ownership history. The focus is on building a scalable commercial foundation across pricing, go-to-market, and sales execution, introducing discipline, and enabling repeatable performance. The primary risk is growth driven by individuals rather than systems, limiting scalability and predictability.
2. **First institutional VCP**
   Applies to companies with established commercial capabilities that have already undergone one or more rounds of institutional improvement. The focus shifts to unlocking incremental growth through greater precision, advanced analytics, and tighter execution, often by refining pricing architecture, improving sales productivity, and sharpening segmentation. The primary risk is diminishing returns from replaying standard playbooks rather than evolving the commercial engine.
3. **Mature asset VCP**
   Applies to assets approaching exit. The focus is on value realization, execution velocity, and narrative clarity, ensuring that in-flight initiatives convert cleanly into measurable performance and a credible equity story. The primary risk is unfinished initiatives or performance improvements that fail to translate into valuation at exit
4. **Re-underwritten VCP**
   Applies to continuation vehicles or extended-hold situations. The focus is on resetting value creation assumptions, explicitly re-underwriting growth levers, and aligning reinvestment priorities to build a durable commercial engine over a longer horizon. The primary risk is extending the hold period without a refreshed operating thesis or clear path to incremental value creation.

Implications for sponsors and management

For sponsors, this framework underscores the importance of tailoring value creation plans to asset reality rather than relying on templated approaches. It elevates the role of commercial excellence, operating cadence, and execution governance as core drivers of sustained performance.

For management teams, it highlights the need to evolve operating models as businesses mature. This shift moves organizations from initiative execution to system ownership as value creation becomes more continuous and less episodic.

Ultimately, the most effective value creation plans are those that evolve over time, balancing ambition with execution capacity and aligning commercial priorities with the realities of the organization.

What comes next

This paper is the first in a series exploring how value creation plans must change across different asset contexts. Subsequent papers will examine each value creation archetype in depth, outlining common challenges, execution patterns, and practical considerations for sponsors and management teams operating across the modern private equity lifecycle.

References

[1]PitchBook, Global Private Equity Report, 2024
[2]Bain & Company, Global Private Equity Report, 2024
[3]PitchBook, Global GP-Led Secondaries Report, 2024
[4]Simon-Kucher, Private Equity Commercial Value Creation Study, 2025 (n=114)

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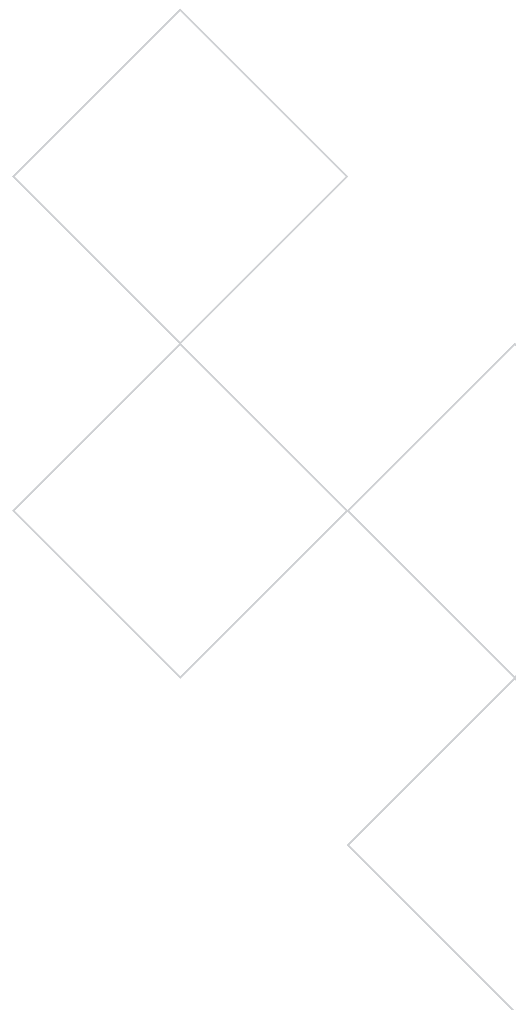

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