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Private capital focus: Evolving the value creation bench in Italian firms

A strong value creation bench is increasingly critical for private equity firms. Interviews with Italian PE leaders suggest a model that can help firms achieve more predictable results.

The value creation bench is becoming a core capability in private equity. While many of the largest global firms have maintained dedicated operating partners or value creation teams, the model is far from universal—but it is becoming increasingly common in smaller and region-focused firms as well. Firms that develop elevated operating capabilities often see more predictable results.[1]

In Southern Europe, including Italy, many firms are still working out the right profile mix, governance model, and structure—including whether to bring on internal operating partners, rely on external advisors, or both.

The need for a refreshed approach to operating talent is particularly acute for private equity investments in industrial and mid-market businesses within the Italian market, as firms often turn to operators to build out company processes, data, and management depth. That need is becoming even more acute as firms pursue AI-enabled buy-and-build strategies, whose success depends not only on integrating acquisitions but also on standardizing data and processes across them and reshaping operating models to capture AI-enabled efficiencies. To better understand what is changing, we spoke with several mid-market leaders across the Italian private equity landscape, spanning local funds, pan-European platforms, and one global firm, with a primary focus on firms investing in small- and mid-cap companies. While the organizations represented different investment strategies and operating models, the interviews revealed striking agreement on the direction of travel for their operating benches. These trends are likely to apply not just in Italy but also more broadly across continental Europe, so that these insights carry weight not just for Italian mid-market firms but for their continental counterparts, too.

What follows is a snapshot of the current environment in Italy and what it means for private capital firms as they build their value creation bench including who these firms should look for in an operating partner and how to overcome common challenges.

Why the value creation bench has moved forward in the deal cycle

Operating professionals are no longer just post-deal troubleshooters; they are increasingly involved before close and have become far more central to the investment process. Our interviews highlighted that the most advanced firms engage an operating partner from origination and due diligence, including immediately after closing, to help define the industrial plan and related monitoring systems. "Their active participation in shaping the industrial plan has proven valuable for fostering alignment among the key deal stakeholders—fund, entrepreneur, and movement teams—around the vision, mission, objectives, strategy, timelines, and KPIs," said Pietro Santoro, Kailios Capital founding partner and investor.

This is not simply a staffing change. It reflects a broader shift in how firms think about value creation in a tougher value-creation environment—one marked by higher entry multiples, less room for financial engineering alone, and more pressure to improve portfolio-company performance through execution. "The operating partner contributes not only to risk assessment but, above all, to defining the equity story and value creation plan," Santoro added.

Indeed, the operating partner is instrumental in activities from closing to exit and beyond. "The OP oversees monthly reporting, supports business development and strategic projects, and explores synergies across the portfolio," noted Marco Pappadà, operating partner at Mutares.

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> Pietro Santoro
> Founder and investor, Kailios Capital

1 EY, "PE Value Creation Benchmark Survey 2025," presentation to the Institute for Private Capital, June 2025, p. 14.

The makings of a strong operating partner

Our interviews suggested that while mid-market firms operating in Italy are moving toward more structured operating capabilities, there is still uncertainty about the role and profile of the operating partner—specifically whether to bring on generalists or specialists. And no single model dominates across all fund types. The models in the market broadly fall into three categories:

External advisors:
Firms provide operating support on a per-project basis or for specific verticals.

Internal operating partners:
These are full-time, integrated operating partners embedded in the firm. Firms may have several operating partners, each commonly covering multiple portfolio companies.

Hybrid models:
A core internal value creation bench is supported by specialist expertise brought in as needed.

Large funds with complex turnaround environments are pushing harder toward internal build-out, while smaller or more generalist funds still rely more on flexible networks of external advisors. But most interviewees pointed, explicitly or implicitly, toward a hybrid end state. "I believe the winning model is neither purely internal nor purely advisor-based, but a combination," said Santoro. "A small core of operating partners with strong industrial vision and execution capability who support rather than replace the entrepreneur and management team—alongside a highly qualified network of specialists that can be activated quickly in areas such as AI and digital, pricing, supply chain, finance, and people."

Several interviewees described hybrid operating models as the likely destination for most firms. One investment director at a Southern European buyout firm observed that firms increasingly want a permanent internal operating capability complemented by a flexible network of external specialists who can be deployed only when deep expertise is required.[2]

Given the movement toward hybrid models, the more effective operating partner background is often someone with wide experience and execution judgment, supported by targeted specialist expertise. In these interviews, that means former CEOs, experienced managers, turnaround leaders, consultants, and vertical specialists. "In my experience," said Santoro, "the best profiles come primarily from the world of execution: ex-CEOs with significant PE-backed experience, industrial managers, entrepreneurs, and operators who have led real transformations."

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Nino Mascellaro and Mauro Ballabio, a senior partner and an operating partner at private equity firm Progressio, note that operating partners themselves generally fall into three broad categories: former consultants, former CEOs, and functional specialists. Larger funds often employ deeper sector specialists, while smaller and mid-market firms increasingly favor operating partners capable of orchestrating transformation across multiple dimensions—from organizational redesign and digitization to productivity improvement and commercial execution.

2 For more on how corporations can complement their core internal capabilities with interim leaders and experts, see Sunny Ackerman, "Leadership assurance: Using flexible workforce strategies to fill leadership and capability gaps," Heidrick & Struggles, April 7, 2026, heidrick.com.

Other interviewees emphasized breadth of capability over any particular career background. One managing director at a global investment platform argued that successful operating partners combine strategic judgment with practical execution skills, regardless of where they began their careers.

Generalists are valued for their ability to recognize patterns across recurring portfolio-company issues, such as governance, margin improvement, commercial growth, organizational design, and post-merger integration. "I increasingly see the use of generalist and transversal profiles, given that turnaround dynamics are broadly similar across sectors," said Pappadà. "In many situations, including challenged environments, sector-specific knowledge may be less relevant than the ability to provide original, break-from-the-past solutions."

In a hybrid model, firms can maintain the broader business perspective while also tapping the technical depth required for newer value-creation levers.

Addressing common operating challenges

The interviews surfaced some of the most common challenges firms may face when integrating an operating partner earlier in the deal process:

Unclear mandates:
Role clarity is sometimes under-emphasized. When firms are unclear about who decides, who supports, and who leads, the operating model can start to break down. "Successful adoption of an operating partner requires that responsibilities are both clearly defined and accepted by the board," noted Pappadà. When outlining the operating partner's mandate, firms should ensure, in particular, that there is no overlap between the responsibilities of the value creation bench and the deal team.

Friction with CEOs, management teams, and founders:
Interactions with the portfolio company management team, and especially the CEO, can be delicate. A successful operating partner needs clear CEO endorsement; friction can arise when the operating partner reports directly to the fund, bypassing the CEO.

Overload on scarce senior operating talent:
Funds increasingly demand more operational support, but truly senior resources with concrete experience are scarce. "If you have a generalist operating partner, they must not be exposed to all deal flow or else they will burn out," noted Mascellaro and Ballabio.

Adequate measurement:
Many firms still struggle to isolate the impact of operating partners—in part because much of the value is qualitative and created over the medium term. That said, some firms are tracking achievement of industrial plan milestones, EBITDA improvement, execution speed, and time-to-value post-acquisition. "There is also an often underestimated element," noted Santoro, "and that's the ability to anticipate problems and quickly correct the company's trajectory."

Near-unanimously, interviewees stressed that the most successful firms will be those that not only integrate operating partners more quickly but also solve these challenges most effectively.

Next steps for Italian PC firms

Across interviews, there was remarkably little disagreement about the overall trajectory. Firms continue to organize their operating capabilities differently, but interviewees consistently described the value creation bench as evolving from a specialist resource into a core component of the investment model. It's clear that the model is heading toward more formal governance, clearer mandates, and a more embedded role for operating talent on boards, in industrial planning, and even in platform building.

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This reality points toward a few practical takeaways for firms: they should bring operating talent into the deal earlier; build a dependable internal core of talent, supplemented by specialist expertise where needed; be explicit about where decision rights sit among the deal team, operating partners, CEO, and board; hire for demonstrated transformation experience, not just advisory pedigree; and measure operating impact against concrete milestones. A few questions can help firms as they revisit and shape their model:

- ? Is our operating capability involved early enough to shape the investment case?
- ? Do we have real clarity on the operating partner mandate post-close?
- ? Are we relying too heavily on ad hoc advisors?
- ? Do our operating leaders match the needs of the portfolio we own?
- ? Can we show how operating input changes outcomes, not just activity?

Over the next several years, the operating partner role may become even more central in Italian firms as it becomes more difficult to generate returns through financial leverage alone and as automation and consolidation accelerate. As these pressures extend beyond Italy, firms operating in comparable industrial and mid-market contexts elsewhere in Europe may increasingly confront the same questions about how to structure and deploy their operating talent.

For firms that haven't already reconsidered their value creation bench, now is the time. "The market will reward firms that can find operating partners who combine capital, strategic vision, and real operational execution," said Santoro. "Particularly in the European industrial mid-market, the difference will be made less and less by pure finance, and more and more by the concrete ability to transform companies."

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