



Data provided by
 PitchBook

Private Equity Invests in American Workers

JUNE 2025



A message from AIC president Drew Maloney

As of this year, there were over 21,000 PE-backed companies throughout the US. PE firms are in the business of building and strengthening companies—and that work only succeeds if PE firms support employees, their families, and local communities. Research has found that PE-backed companies have consistently demonstrated stronger revenue growth, job creation, and capital expenditures than their non-PE counterparts.¹

In addition to providing higher wages and strong benefits, PE ownership can also unlock shared prosperity. From profit-sharing programs to employee stock ownership plans (ESOPs), more firms are introducing tools that align employee incentives with business success. These models empower workers to directly benefit from the value they help create, whether through equity, retirement security, or long-term wealth generation.

Notable case studies highlighted in this report include:

- **PFB Corporation (Calgary, AB):** Backed by The Riverside Company, PFB doubled earnings, improved safety metrics by nearly 70%, expanded capacity, and rewarded employees with a payout equal to 3.5 months of their base salaries.
- **Charter Next Generation (Chicago, IL):** KKR's 2021 buyout granted over 1,700 employees ownership, driving expansion to 17 facilities and 125 new jobs announced for this year, showcasing the power of equity alignment.
- **Hostess Brands (Lenexa, KS):** Apollo Global Management and Metropoulos & Co. revived Hostess after bankruptcy by streamlining operations and restoring their iconic snacks, rehiring roughly 1,200 employees, and positioning the company for acquisition by The J.M. Smucker Company in late 2023.

■ P2 **A message from Drew Maloney**

■ P3 **Case studies**

■ P7 **Trend analysis**

■ P9 **Looking forward**

■ P10 **Methodology**



Drew Maloney

Drew Maloney
President & CEO,
American Investment Council

- **Alliance Laundry Systems (Ripon, WI):** PE firms enabled Alliance Laundry to expand globally, innovate with cloud-based tech, and scale from around \$725 million in revenue to an EBITDA of nearly \$350 million and over 4,000 employees through strategic add-ons.

The report also reviews recent PitchBook data on PE dealmaking, offering a broader view of how shifting economic dynamics are accelerating the adoption of more employee-aligned practices across the PE landscape.

We hope you enjoy this report, which provides a comprehensive look at how PE invests across America.

¹: "How EDCI Has Been a 'Game Changer' for ESG in Private Equity," New Private Markets, Snehal Shah, May 20, 2024.

Case studies

PE investment can bring a host of benefits to a wide array of stakeholders, from company employees to investors in PE funds, given the potential for strong returns. However, the extent to which PE backing can help those employed at portfolio companies is underappreciated. Intensive research has shown a growing usage of profit-sharing and/or equity ownership, and even ESOPs, in recent years, which has helped generate significant wealth for many workers. One study found that businesses employing such methods saw higher productivity,² while another found evidence that workers at bought-out companies saw improvements in long-term employability and wages.³ This aligns with anecdotal evidence of PE firms investing more in training and improved software and hardware tools. Other studies showed that employee satisfaction and loyalty grew with training and participation in decision-making, particularly in ESOPs,⁴ and in general, greater employee ownership correlated with increased engagement and resilience.⁵

Beyond enhanced employee satisfaction, there is evidence of greater company success (which translates into more jobs, increased employment security, and raises). A 2011 study of 839 French buyout deals found that PE-backed companies became more profitable, grew faster, and increased their capital expenditures.⁶ In addition, a holistic study of more than 15,000 firms found that PE firms are “better managed than government, family, and privately owned firms.”⁷

As noted previously in the study about workers’ career paths, employees at PE portfolio companies benefited from greater investment in trainings that enhanced their tech skills.⁸

This finding also aligned with the conclusions of the study of 15,000 PE firms. The study’s survey found that plant managers working at PE-backed companies reported greater autonomy over key functions.⁹ This is a common operational enhancement: Invest in workers to upskill them and then increase their efficiency by entrusting them with greater independence to make judgment calls.

Such employee well-being and company success also helps explain growth in the US PE sector overall. A recent in-depth AIC report prepared by EY recapped just how much the PE arena contributes to US economic growth. In 2024, the PE sector directly employed 13.3 million people earning \$1.1 trillion in wages and benefits, averaging \$85,000 per person.¹⁰ Small businesses, which account for approximately 85% of PE-backed businesses, employed 1.6 million people earning \$165 billion in wages and benefits and generating \$290 billion of GDP.¹¹ PE-portfolio companies are critical to US manufacturing, particularly in the context of recent reshoring efforts. According to the report, US PE employs 1.9 million workers in US manufacturing, or 14% of the US PE sector’s direct employment. It also supports 800,000 manufacturing jobs through supply chain activity, and 400,000 manufacturing jobs related to consumer spending. Manufacturing accounts for 296,000 jobs, or 19% of PE-backed small business employment.”¹²

2: “Broad-Based Employee Stock Ownership and Profit Sharing: History, Evidence, and Policy Implications,” Emerald Insight, *Journal of Participation and Employee Ownership*, Joseph Blasi, Douglas Kruse, and Richard B. Freeman, August 7, 2018.

3: “Private Equity and Workers’ Career Paths: The Role of Technological Change,” SSRN, *The Review of Financial Studies*, Ashwini K. Agrawal and Prasanna Tambe, September 1, 2016.

4: “Effects of ESOP Adoption and Employee Ownership: Thirty Years of Research and Experience,” CORE, University of Pennsylvania, Steven F. Freeman, January 4, 2007.

5: “Employee Incentive ESOPs: An Equity Tool to Promote Engagement and Performance,” *Sage Journals, Compensation & Benefits Review*, Trevor J. Gilmore, January 7, 2022.

6: “Growth LBOs,” ScienceDirect, *Journal of Financial Economics*, Quentin Boucly, David Sraer, and David Thesmar, November 2011.

7: “Do Private Equity Owned Firms Have Better Management Practices?” American Economic Association, *American Economic Review*, Nicholas Bloom, Raffaella Sadun, John Van Reenen, May 2015.

8: “Private Equity and Workers’ Career Paths: The Role of Technological Change,” SSRN, *The Review of Financial Studies*, Ashwini K. Agrawal and Prasanna Tambe, September 1, 2016.

9: “Do Private Equity Owned Firms Have Better Management Practices?” American Economic Association, *American Economic Review*, Nicholas Bloom, Raffaella Sadun, John Van Reenen, May 2015.

10: “Economic Contribution of the US Private Equity Sector in 2024,” American Investment Council, EY, March 2025.

11: Ibid.

12: Ibid.

CrownRock

Midland, TX



In 2024, a lesser-known PE firm called Lime Rock Management made headlines when it quietly announced that it had generated a 79x return on the sale of its majority stake in oil & gas producer CrownRock.¹³ The stake was sold to Occidental Petroleum for well over \$12 billion. However, what was lesser noted was how that large return generated direct benefits for the company managers and employees that owned 43% of CrownRock, helping boost their incentive to work hard and capitalize upon the eventual sale. Lime Rock first formed CrownRock as a joint venture with CrownQuest Operating to develop oil & gas properties in the Permian Basin in 2007.¹⁴ CrownRock endured significant volatility in the energy sector and other market-wide ups and downs for 17 years, but it kept focusing on operations across 94,000 acres in West Texas, eventually producing nearly 160,000 barrels of oil per day by the time of its sale. Such a long tenure showcases how joint-ownership models can often persist through market turmoil for longer, as well as eventually generate larger, shared profits.

Flow Control Group



Charlotte, NC

Flow Control Group (FCG) is a service provider and maker of mission-critical flow control and fluid handling solutions (such as valves, pumps, actuators, instrumentation, and sealing devices). Its acquisition by KKR is another example of KKR's focus on deploying its employee ownership model to companies that are best positioned to have employees directly participate in value creation. Since 2021, when KKR became its majority backer, FCG has grown from at least 1,200 employees eligible for shared ownership to more than 2,000 employees across over 95 brands.¹⁵ However, FCG would not have even come into being without AEA Investors, its initial PE backer that consolidated several smaller businesses in the industry in 2014 and 2015 to form the platform that became FCG. Therefore, FCG's growth is also due to the trend of PE creating platforms from multiple add-ons, often to compete with larger incumbents. For example, FCG's largest competitors include WESCO International, Fastenal, and W.W. Grainger, all of which are publicly traded and major players in the industrial distribution and automation sectors.

13: "This Little-Known Private-Equity Firm Booked a 79-Fold Return," The Wall Street Journal, Luis Garcia, October 23, 2024.

14: "Who We Partner With: CrownRock," Lime Rock Partners, n.d., accessed April 30, 2025.

15: "About Flow Control Group," Flow Control Group, n.d., accessed April 10, 2025.

Alliance Laundry Systems

Ripon, WI



A global leader in the commercial laundry equipment industry, Alliance Laundry Systems designs, manufactures, and markets products for brands such as Speed Queen, UniMac, Huebsch, Primus, and IPSO. Teachers' Private Capital, the PE arm of Ontario Teachers' Pension Plan, initially acquired the company in 2005. Alliance subsequently expanded into multiple new markets, leading to revenues of around \$725 million generated by 2,700 employees.¹⁶ It also invested in new tech and products, including a cloud-based system for operators to monitor and control machines remotely, accept payments, and more.¹⁷ For on-premises laundry operations, it developed the UniMac UniLinc System to facilitate maintenance and other functions.¹⁸ In 2015, BDT & Company acquired a majority stake in Alliance, helping it grow even further to a reported EBITDA of nearly \$350 million and over 4,000 employees after several add-ons.¹⁹ This deal exemplifies how PE firms can successfully hand off companies to even larger and/or more sector-focused PE firms to take them to greater heights.

Allison Transmission

Indianapolis, IN



Allison Transmission is a large manufacturer of medium- and heavy-duty fully automatic transmissions and a leader in commercial vehicle propulsion solutions, including hybrid and fully electric systems. During a turbulent period in 2007 (exacerbated by the global financial crisis) when Allison was working through labor negotiations, The Carlyle Group and Onex split out Allison from General Motors; at the time, Allison employed 3,400 people and generated annual revenues of more than \$2 billion.²⁰ During its PE ownership, Allison optimized manufacturing and introduced an annual profit-sharing-incentive compensation scheme for its hourly workforce, helping it weather the recession. EBITDA increased by 30%, and the company invested more than \$450 million in research & development (R&D) from 2008 to 2011.²¹ Allison went public in 2012 and continued to generate billions in net sales.

16: "Alliance Laundry Systems Acquired by BDT," Private Equity Professional, John McNulty, August 7, 2015.

17: "Huebsch Launches Advanced Technology Solutions for Laundromat Owners," Alliance Laundry Systems, October 18, 2018.

18: "UniMac Launches UniLinc Touch at Clean Show," UniMac, September 8, 2022.

19: "Exclusive: BDT & MSD Partners Explores \$5 Bln Sale of Alliance Laundry - Sources," Reuters, Anirban Sen, January 30, 2024.

20: "The Carlyle Group and Onex Complete Acquisition of Allison Transmission From General Motors," The Carlyle Group, August 6, 2007.

21: "Case Study: Allison Transmission," The Carlyle Group, n.d., accessed April 10, 2025.

PFB Corporation



Calgary, Canada

PFB provides building materials and insulation products across North America, with three manufacturing centers in **Michigan, Ohio, and Idaho**. Backed by The Riverside Company (an AIC member) since 2021,²² the company has “doubled its earnings, improved safety metrics by nearly 70%, and expanded its distribution and manufacturing capacity.”²³ After this performance, Riverside and nonprofit partner Ownership Works sought to reward workers, so they created a payout equivalent to 3.5 months of each employee’s base salary.²⁴

Hostess Brands



THE J.M. SMUCKER Co

Lenexa, KS

An iconic snack maker, Hostess is best known for producing Twinkies, Donettes, Ho Hos, and Ding Dongs. Its corporate history also showcases how PE firms often help reinvigorate companies that have fallen on hard times, thereby also benefiting many employees. Following the bankruptcy and liquidation of the original Hostess company in 2012, Apollo Global Management and Metropoulos & Co. came in to rescue the company out of bankruptcy and revive its prospects. They acquired its snack-cake brands and certain assets in 2013 after their \$410 million offer won out in an auction, forming a new entity named Hostess Brands. They invested in restarting production with a more efficient, streamlined model, including fewer bakeries and alternate methods of distribution, and brought back the original iconic snacks.²⁵ The initial bankruptcy cost thousands of employees their jobs, and the revival brought back at least a portion, an estimated 1,200.²⁶ This new company went public via a SPAC merger, backed by fellow PE firm Gores Group, in 2016. It was acquired by The J.M. Smucker Company in late 2023.

Charter Next Generation



Chicago, IL

A prime example of innovative alignment of employee, owner, and investor interests, the buyout of Charter Next Generation (CNG) by KKR in 2021 granted ownership of the company to more than 1,700 employees; the deal valued CNG at approximately \$4 billion, with debt included.²⁷ A maker of specialty films and other materials for a variety of applications, such as food packaging and medical tool wrapping, CNG has been able to expand further, and it now operates 17 facilities in 12 locations.²⁸ In April 2025, the company announced plans to add 125 new jobs in Ohio and retain 1,236 jobs across two plants.²⁹ Such growth is partly attributable to the allure of equity ownership across the business.

22: “PFB Corporation,” The Riverside Company, n.d., accessed April 30, 2025.

23: “New Video Shows How Private Equity Empowers Workers Through Employee Ownership,” American Investment Council, February 11, 2025.

24: Ibid.

25: “ICYMI - Private Equity Is ‘Why the Twinkie Is Now Worth Billions,’” American Investment Council, September 20, 2023.

26: “How the Twinkie Made the Superrich Even Richer,” The New York Times, Michael Corkery and Ben Protess, December 10, 2016.

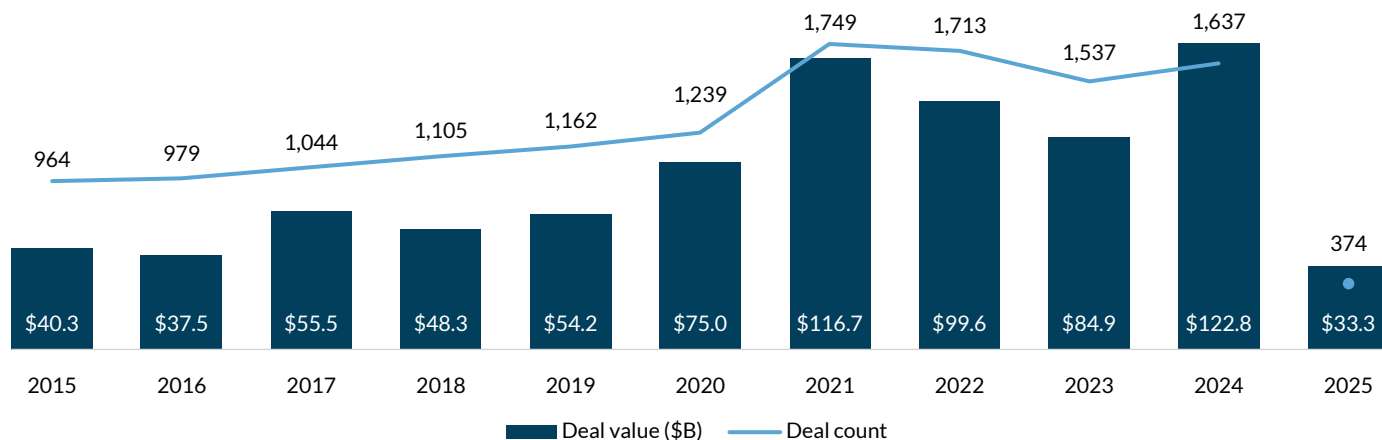
27: “KKR Investment in Charter Next Generation Makes All 1,700 Employees Owners,” ImpactAlpha, Roodgally Senatus, May 13, 2021.

28: “Where We Operate,” Charter Next Generation, n.d., accessed April 10, 2025.

29: “Charter Next Generation Grows in the Northeast Ohio Region, Creating 125 New Jobs,” Charter Next Generation, n.d., accessed April 10, 2025.

Trend analysis

PE growth/expansion deal activity



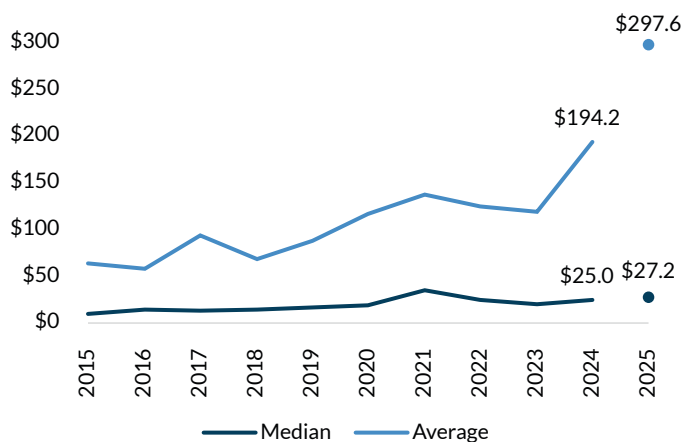
Source: PitchBook • Geography: US
As of March 25, 2025

PE growth investing surged in the 2020s, which saw a record \$122.8 billion invested across more than 1,600 transactions in 2024. PE firms engaged in more growth capital deals in the early 2020s because they wanted to back fast-growing tech companies and because such deals do not use leverage, which grew more expensive as interest rates increased. However, growth equity's popularity is also attributable to founders' and executives' preference to retain some amount of control and

ownership while benefiting from PE capital and operational improvements. These infusions of capital are utilized to supercharge growth, increase financial resilience, help fund capital expenditures, refresh tech stacks, and integrate new tech, among other uses.

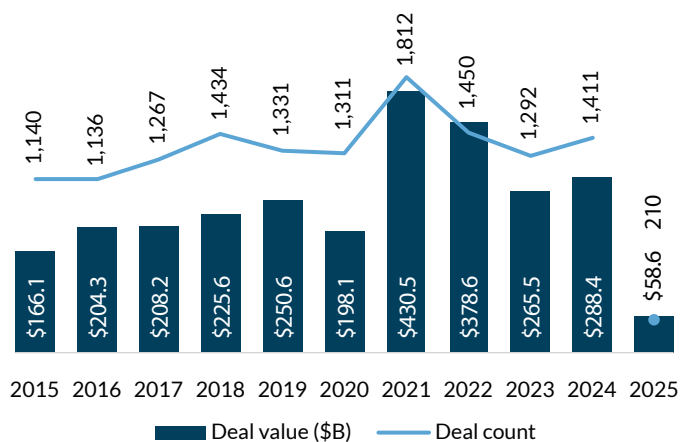
Platform creations are another avenue wherein PE firms have partnered with independent executives to form an experienced management team, usually with industry

Median and average PE growth/expansion deal value (\$M)



Source: PitchBook • Geography: US
As of March 25, 2025

Platform creation deal activity

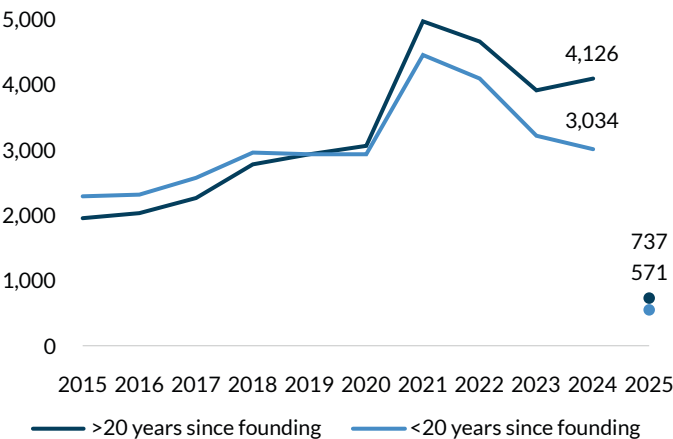


Source: PitchBook • Geography: US
As of March 25, 2025

expertise, to run an amalgamation of small-to-midsize businesses, often in particular geographies. In addition, PE firms have often sourced outside operating partners with deep sector expertise to be part of ownership teams to help companies undertake whatever types of transitions or expansion plans are necessary.

Another interesting trend that reinforces PE's push to align on ownership of middle-market companies, as well as reflecting broader demographic changes in the US, is the growing proportion of companies backed by PE firms that are over 20 years old. Starting in the 2018-2020 time frame, the balance of companies that PE firms targeted gradually flipped, with the narrow lead held by companies younger than 20 years completely overtaken by the older cohort by 2020. Since then, PE firms have increasingly backed older businesses. This is partly attributable to owners of small-to-midsize businesses retiring and transferring or selling their businesses. That transfer wave was also powered in part by founders of successful small-to-midsize tech and professional services companies at the turn of the millennium who finally decided to retire and capitalize on the strong demand for their businesses. The

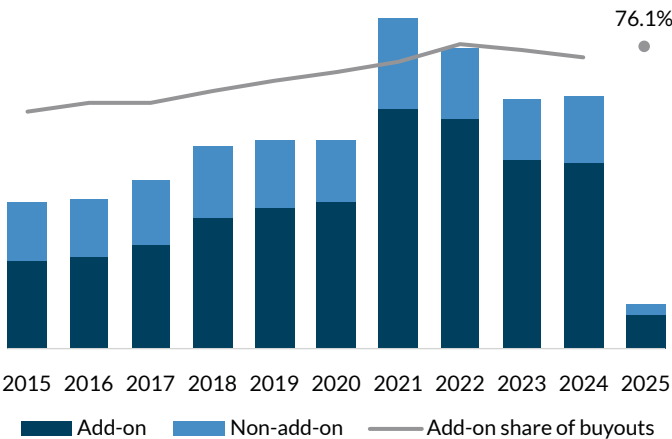
PE deal count by years since company founding



Source: PitchBook • Geography: US
As of March 25, 2025

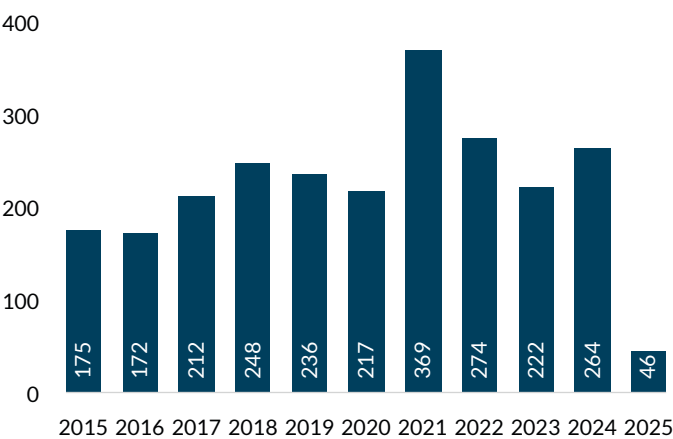
preponderance of add-ons in that same time frame aligns with this thesis. As PE firms pushed into the middle market in the US, they lined up multiple add-ons, especially as they were able to convince owners on helping them modernize via centralized enterprise software systems, new training resources to help employees gain skills, and more.

Add-ons as a share of all PE buyouts



Source: PitchBook • Geography: US
As of March 25, 2025

Count of PE buyouts following a PE growth/expansion round



Source: PitchBook • Geography: US
As of March 25, 2025

Looking forward

For the past five years, the steady buildup of the PE industry has culminated in a multitrillion-dollar market that weathered the chaos of the COVID-19 pandemic, geopolitical instability, wars, and now tariff uncertainty. Workers have endured all of that turmoil as well. However, those who worked at PE-backed companies have enjoyed more resilience. Research has indicated that PE portfolio companies were able to weather the pandemic disruptions better than their industry peers (although this is partly attributable to PE firms' selection of stronger companies at the outset).^{30, 31}

Now, PE-backed company executives and investors know the work environment has irrevocably changed. The latest entrants into trades, manufacturing, and industry have seen the success of profit-sharing schemes or ESOPs. In the wake of the remote revolution, employees also want some flexibility in their work location.

This complex landscape is being navigated with care by the savviest PE fund managers and C-suites as they look to blend the learnings of the post-pandemic era with business needs while also aligning workers' motivations with direct financial stakes in their companies' performances. Such incentive schemata are likely to become more popular, especially as the bulk of US manufacturing and industrial businesses exchanges hands, often facilitated by a well-capitalized PE investor. Fund managers with an entire portfolio to oversee will deploy different employee compensation plans for each business's financial cycle and wherewithal.

In some cases, PE growth investments may help ease the transition for maturing venture-backed companies to professionalize and offer a larger roster of employee benefits. Especially as the VC investing boom has faded, many large companies that have not gone public could benefit from PE backing and the ramping up of resources and perks that employees have come to expect.

Given the difficulty of the investing landscape, evidenced by the massive shift toward add-ons of older businesses, growth capital infusions, and more, any potential operational edge that can be achieved while also improving employee retention will be critical. In this setting, PE firms will double down on not just compensation-related features to retain employees but also whatever other perks they can promote across portfolios, from growth prospects as add-ons are used to build out a platform, to job switches across functions via internal hiring or transfers. Further innovations are probable, but for now, mimicking the successful models cited in the case studies is likeliest to be the first tactic that PE firms adopt. To be competitive in this environment, both in winning deals and operating companies well, PE fund managers are emphasizing employee well-being and business continuity and stability. As PE works to meet employees in the middle, employees in turn can benefit from PE sector expertise and significant resources, especially in the face of potential economic and market volatility.



30: "The Performance of Private Equity Portfolio Companies During the COVID-19 Pandemic," SSRN, Journal of Corporate Finance, Paul Lavery and Nick Wilson, December 24, 2022.

31: "Private Equity and Financial Fragility During the Crisis," Oxford Academic, The Review of Financial Studies, Shai Bernstein, Josh Lerner, and Filippo Mezzanotti, July 20, 2018.

Methodology

Reports are prepared in accordance with PitchBook's methodology, which is described in detail on the [PitchBook report methodologies page](#). All industry breakouts utilize PitchBook industry codes and/or a combination of PitchBook verticals.

About AIC

The American Investment Council (AIC) is the leading advocacy and resource organization established to develop and provide information about the private investment industry and its contributions to the long-term growth of the US economy and the retirement security of American workers. Member firms of the AIC consist of the country's leading private equity, private credit, and growth capital firms united by their successful partnerships with limited partners and American businesses. More information about the AIC can be found at www.investmentcouncil.org.