

2026 Compensation Report

U.S. Private Equity Portfolio Operations

January 2026

EXECUTIVE SUMMARY

First of all; who is this for?

If you are in the Private Equity space, or potentially exploring this area as your next career step, this is for you. Within the Private Equity ecosystem we believe that this will be most valuable to professionals across:

- Managing Partners & Founders
- Human Capital & Talent
- Heads of Value Creation / Portfolio Ops
- Value Creation / Portfolio Ops team members

Operating professionals at private equity firms are closing the compensation gap with investment teams, marking a fundamental transformation in how the industry values operational expertise. At the larger funds (\$25B+ AUM), operating partners now earn \$1.0M–\$1.75M+ in total cash plus \$10M–\$60M+ in carried interest dollars at work, while carry eligibility has expanded to 80–92% of senior operating professionals.

This transformation reflects a structural change: operational improvements now drive approximately half of PE value creation (up from ~30% in the 1980s) while financial engineering has declined to just 25%.¹ The firms winning the talent war are those treating operating partners as true partners—with investment committee participation, early deal involvement, and compensation structures on par with deal professionals.

Key Finding: Firms with aligned operating partner economics achieve 2–3 percentage points higher IRR—translating to \$10M–\$30M in additional value per \$1B fund.²

¹ CAIS Group / Institute for Private Capital, “Evolving Drivers of Private Equity Value Creation.” Analysis of 2,951 deals from 1984–2018 shows leverage contribution fell from 70% pre-2000 to 25% post-2008, while operational improvements became the largest contributor to total value creation.

URL: <https://www.caisgroup.com/articles/evolving-drivers-of-private-equity-value-creation>

² McKinsey & Company, “Bridging Private Equity’s Value Creation Gap,” April 2024. Analysis of 100+ PE funds with vintages after 2020 found that GPs focused on creating value through asset operations achieve an IRR up to 2–3 percentage points higher than peers.

URL: <https://www.mckinsey.com/industries/private-capital/our-insights/bridging-private-equitys-value-creation-gap>

Critical Trends for 2026

1. **Carry Eligibility Expansion:** 80–92% of senior operating partners now receive carried interest, up from ~50% five years ago³. Leading firms now provide parity carry allocations.
2. **Investment Committee Inclusion:** Operating partners increasingly serve on investment committees, signaling a shift from “afterthought” to “strategic partner.” This inclusion signals genuine commitment to operations and is associated with stronger retention in our experience.
3. **Earlier Deal Involvement:** Top firms now involve operating partners in pre-LOI diligence, generating significantly higher returns than post-close engagement only.
4. **Specialist Premium:** Technology and AI specialists typically command meaningful compensation premiums over generalists—often in the 15–25% range based on our search experience—reflecting the critical importance of digital transformation expertise.

PE-to-PE Movement: 21% of new hires come from other PE operating roles (up from 7% in 2022), creating a more professionalized career track.⁴

³ Heidrick & Struggles, “2024 North American Private Equity Operating Professional Compensation Survey,” June 2024 (n=251). Carry eligibility data by seniority level.
URL: <https://www.heidrick.com/en/insights/private-equity/2024-north-american-private-equity-operating-professional-compensation-survey>

PDF: <https://www.heidrick.com/-/media/heidrickcom/publications-and-reports/2024-north-american-pe-operating-professional-compensation-survey.pdf>

⁴ Heidrick & Struggles, “2024 North American Private Equity Operating Professional Compensation Survey,” June 2024. Prior role distribution: 27% management consultants, 21% PE operating executives (up from 7% in 2022), 17% CEOs (down from 26% in 2022).

URL: <https://www.heidrick.com/en/insights/private-equity/2024-north-american-private-equity-operating-professional-compensation-survey>

METHODOLOGY & SOURCES

This report synthesizes data from multiple industry-leading compensation studies and market intelligence:

- **Multiple industry compensation surveys** covering 600+ operating professionals across North American PE firms
- **SEC filings and proxy statements** from publicly traded PE firms
- **Press & Associates proprietary placement data** and market intelligence from portfolio ops / value creation team search engagements

2026 Projections: Forward-looking estimates are based on trend analysis combined with current market dynamics, including observed negotiation patterns, client mandates, and candidate expectations. Projections assume continuation of current market conditions.

A Note on Terminology: Fund Size vs. Investment Strategy

This report presents compensation data by Fund AUM (Assets Under Management), which is the most reliable predictor of compensation levels due to its direct correlation with management fees, carry pools, and firm resources.

Industry terms like “Lower Middle Market,” “Middle Market,” “Upper Middle Market,” and “Large Cap” refer to investment strategy, specifically, the size of target portfolio companies (typically measured by EBITDA or enterprise value), not fund size. These are distinct concepts:

MARKET SEGMENT	TARGET EBITDA	ENTERPRISE VALUE
Lower Middle Market	\$5M–\$25M	\$25M–\$250M
Middle Market	\$25M–\$75M	\$250M–\$750M
Upper Middle Market	\$75M–\$150M	\$750M–\$1.5B
Large Cap	\$150M+	\$1B+

While larger funds generally pursue larger deals, some large-AUM firms maintain middle-market or lower-middle-market strategies. For compensation purposes, fund AUM is the primary driver, as it determines fee pools and carry economics.

ROLE DEFINITIONS & CAREER LEVELS

Understanding the portfolio operations career ladder is essential for both compensation benchmarking and talent development. The following definitions reflect current market standards:

LEVEL	EXPERIENCE	DESCRIPTION & RESPONSIBILITIES
Associate	0–2 years	Entry-level role focused on research, analysis, and value creation initiative support.
Senior Associate	2–4 years	Increased ownership of discrete workstreams. Leads specific value creation analyses.
Vice President	5–8 years	Works directly with portfolio company executives. May hold board observer seats.
Principal / Director	8–15 years	Senior leadership of value creation initiatives. Full board seats are common. Carry typical.
Operating Partner / MD	15–20 years	C-suite equivalent. Serves on investment committees at leading firms. Full carry.
Partner / Head of Ops	18+ years	Most senior operating professional. Sets overall operating strategy. Full partnership.

Note: Experience ranges are indicative; exceptional performers may progress faster. Title conventions vary by firm.

CASH COMPENSATION BY FUND AUM

The tables below present total cash compensation (base salary + annual bonus) segmented by role level and fund AUM. Base Salary, Bonus, and Total Cash columns reflect 2024 actual reported compensation. The 2026 Projection column reflects forward-looking estimates based on observed 4–8% annual growth trends, negotiation patterns, and candidate expectations—not current compensation levels.

Fund AUM: <\$500M

LEVEL	BASE SALARY	BONUS	TOTAL CASH (ACTUAL)	2026 PROJECTED TOTAL CASH
Associate	\$100K–\$150K	\$20K–\$50K	\$120K–\$200K	\$130K–\$220K
Vice President	\$200K–\$305K	\$70K–\$100K	\$270K–\$405K	\$290K–\$440K
Principal / Director	\$240K–\$320K	\$75K–\$130K	\$315K–\$450K	\$340K–\$485K
Operating Partner / MD	\$320K–\$500K	\$100K–\$200K	\$420K–\$700K	\$455K–\$760K
Partner / Head of Ops	\$360K–\$600K	\$150K–\$300K	\$510K–\$900K	\$550K–\$970K

Sources: Industry compensation surveys, Press & Associates data. 2026 projections assume 4–8% annual growth.

Fund AUM: \$500M–\$3B

LEVEL	BASE SALARY	BONUS	TOTAL CASH (ACTUAL)	2026 PROJECTED TOTAL CASH
Associate	\$130K–\$200K	\$40K–\$80K	\$170K–\$280K	\$185K–\$305K
Vice President	\$240K–\$400K	\$80K–\$180K	\$320K–\$580K	\$345K–\$630K
Principal / Director	\$300K–\$500K	\$100K–\$250K	\$400K–\$750K	\$430K–\$815K
Operating Partner / MD	\$400K–\$650K	\$150K–\$400K	\$550K–\$1.05M	\$595K–\$1.14M
Partner / Head of Ops	\$450K–\$750K	\$175K–\$450K	\$625K–\$1.2M	\$675K–\$1.3M

Sources: Industry compensation surveys, Press & Associates data. 2026 projections assume 4–8% annual growth.

Fund AUM: \$3B–\$10B

LEVEL	BASE SALARY	BONUS	TOTAL CASH (ACTUAL)	2026 PROJECTED TOTAL CASH
Associate	\$150K–\$240K	\$50K–\$120K	\$200K–\$360K	\$215K–\$390K
Vice President	\$280K–\$450K	\$120K–\$280K	\$400K–\$730K	\$430K–\$790K
Principal / Director	\$350K–\$600K	\$150K–\$400K	\$500K–\$1.0M	\$540K–\$1.08M
Operating Partner / MD	\$500K–\$815K	\$200K–\$500K	\$700K–\$1.3M	\$755K–\$1.4M
Partner / Head of Ops	\$600K–\$1.0M	\$350K–\$725K	\$950K–\$1.7M	\$1.0M–\$1.85M

Sources: Industry compensation surveys, Press & Associates data. 2026 projections assume 4–8% annual growth.

Fund AUM: \$10B–\$25B

LEVEL	BASE SALARY	BONUS	TOTAL CASH (ACTUAL)	2026 PROJECTED TOTAL CASH
Associate	\$175K–\$280K	\$100K–\$150K	\$275K–\$430K	\$295K–\$465K
Vice President	\$300K–\$500K	\$180K–\$320K	\$480K–\$820K	\$520K–\$885K
Principal / Director	\$400K–\$700K	\$220K–\$500K	\$620K–\$1.2M	\$670K–\$1.3M
Operating Partner / MD	\$575K–\$900K	\$350K–\$650K	\$925K–\$1.55M	\$1.0M–\$1.68M
Partner / Head of Ops	\$700K–\$1.1M	\$450K–\$900K	\$1.15M–\$2.0M	\$1.25M–\$2.15M

Sources: Industry compensation surveys, Press & Associates data. 2026 projections assume 4–8% annual growth.

Fund AUM: \$25B+

LEVEL	BASE SALARY	BONUS	TOTAL CASH (ACTUAL)	2026 PROJECTED TOTAL CASH
Associate	\$190K–\$280K	\$120K–\$160K	\$310K–\$440K	\$335K–\$475K
Vice President	\$320K–\$530K	\$220K–\$400K	\$540K–\$930K	\$580K–\$1.0M
Principal / Director	\$450K–\$750K	\$300K–\$600K	\$750K–\$1.35M	\$810K–\$1.46M
Operating Partner / MD	\$600K–\$1.0M	\$450K–\$750K	\$1.05M–\$1.75M	\$1.13M–\$1.9M
Partner / Head of Ops	\$750K–\$1.2M	\$600K–\$1.2M	\$1.35M–\$2.4M	\$1.45M–\$2.6M

Sources: Industry compensation surveys, Press & Associates data. 2026 projections assume 4–8% annual growth.



INVESTMENT STRATEGY & PORTFOLIO COMPANY SIZE IMPACT

While fund AUM is the primary compensation driver, investment strategy (specifically the size and complexity of target portfolio companies) also influences operating professional compensation. Firms pursuing different investment strategies face varying operational demands:

STRATEGY	TARGET EBITDA	TARGET EV	OPERATING ROLE IMPLICATIONS
Lower Middle Market	\$5M–\$25M	\$25M–\$250M	Generalist skillset; hands-on day-to-day involvement.
Middle Market	\$25M–\$75M	\$250M–\$750M	Balance of specialization and breadth. Board seats are common.
Upper Middle Market	\$75M–\$150M	\$750M–\$1.5B	Complex transformations. M&A integration focus.
Large Cap	\$150M+	\$1B+	Deep specialization. Centers of Excellence. Major governance.

Compensation Implications by Strategy

Investment strategy creates secondary compensation effects beyond fund size:

- **Large Cap Strategy Premium:** Operating partners at funds pursuing large cap deals may command premiums due to complexity demands and deeper specialization requirements.
- **Lower Middle Market Equity Upside:** While base compensation is lower, operating partners at LMM-focused firms may receive higher carry percentages per deal and more co-investment opportunities.
- **Middle Market Balance:** Middle market strategies often provide the best balance of compensation, career progression, and operational impact.
- **Note on Large-AUM/Smaller-Deal Firms:** Some firms with large AUM maintain middle-market or lower-middle-market strategies. Compensation tends to follow fund AUM patterns.

EXAMPLE COMPENSATION PACKAGES

To illustrate how these ranges translate into actual packages, here are three representative examples based on 2024 / 2025 market data:

Example 1: Vice President at a \$1.5B Fund

COMPONENT	AMOUNT	NOTES
Base Salary	\$320,000	—
Annual Bonus	\$140,000	44% of base
Total Cash	\$460,000	—
Carry at Work	\$1.2M	65% eligibility at this level
Co-Investment	Yes	Fund-based allocation

Example 2: Principal/Director at a \$6B Fund

COMPONENT	AMOUNT	NOTES
Base Salary	\$425,000	—
Annual Bonus	\$225,000	53% of base
Total Cash	\$650,000	—
Carry at Work	\$4.5M	—
Co-Investment	Yes	Fund and deal-based
Board Involvement	—	Observer seats on 2-3 portfolio companies

Example 3: Operating Partner/MD at a \$15B Fund

COMPONENT	AMOUNT	NOTES
Base Salary	\$700,000	—
Annual Bonus	\$500,000	71% of base
Total Cash	\$1,200,000	—
Carry at Work	\$12M	—
Co-Investment	Yes	Fund-based allocation
IC Participation	—	Advisory capacity
Board Seats	—	Full seats on 3-5 portfolio companies

Note: These examples represent median market packages for 2024. Actual compensation varies by firm, performance, and negotiation.

CARRIED INTEREST & NON-CASH COMPENSATION

Carried interest ("carry") represents the most significant long-term wealth creation opportunity for operating professionals, and the area of greatest variation across firms. The industry has shifted dramatically toward operating partner carry participation, though allocation levels still trail deal teams at most firms.

Understanding Carry \$ at Work

Carry dollars at work represents the potential future payout from your total carried interest participation across all fund vehicles, assuming a net 2x fund return (i.e., the fund doubles investor capital after fees).

Example calculation:

- You have 0.5% carry participation in a \$2B fund
- Fund achieves 2x net return
- Your carry at work = \$2B × 2x return × 0.5% = \$20M potential payout

This figure is before taxes, subject to vesting schedules, and dependent on actual fund performance. Use this metric to compare opportunities across different fund sizes and carry percentages.

Carry Eligibility by Level

LEVEL	% CARRY ELIGIBLE	CARRY \$ AT WORK*	TREND
Associate	<10%	\$100K–\$250K	↑ Emerging
Vice President	50–65%	\$500K–\$3M	↑ Expanding
Principal / Director	67–80%	\$1.5M–\$7M	↑ Growing
Operating Partner / MD	80–92%	\$3M–\$15M	→ Standard
Partner / Head of Ops	90–100%	\$7M–\$60M+	→ Standard

**Carry dollars at work = expected return on total carry participation across all vehicles, assuming net 2x return. Sources: Industry compensation surveys, Press & Associates data.*

Carry by Fund AUM (Operating Partner / MD Level)

FUND AUM	CARRY ELIGIBILITY	AVG. CARRY AT WORK	RANGE
<\$500M	60–75%	\$2.0M	\$200K–\$3M
\$500M–\$3B	70–85%	\$4.0M	\$1M–\$8M
\$3B–\$10B	80–92%	\$7.5M	\$2M–\$15M
\$10B–\$25B	85–95%	\$14M	\$5M–\$25M
\$25B+	90–100%	\$25M+	\$10M–\$60M+

Sources: Industry compensation surveys, SEC filings, Press & Associates data. Note: Top-tier performers at the largest funds may see carry exceeding \$100M over career.

Vesting & Structure

The vast majority of operating professionals with carried interest see it vest on a straight-line schedule over 7–10+ years, matching investment professional norms. Key structural elements:

- **Straight-line vesting (most common):** equal portions vest annually
- **Cliff vesting (less common):** Vesting after specified period (typically 3 years)
- **Hybrid structures (uncommon):** Combination of cliff and straight-line
- **Good leaver provisions:** Increasingly negotiated to protect vested carry upon departure

Co-Investment Rights

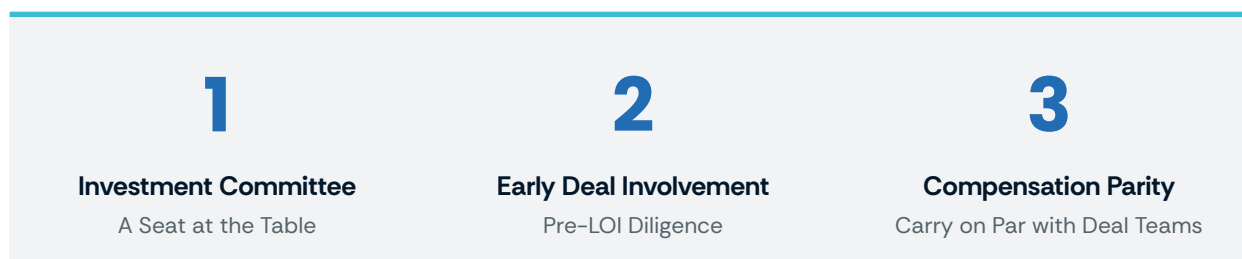
Co-investment rights allow operating professionals to invest their own capital alongside the fund, amplifying returns on successful deals. These rights have become increasingly standard across all levels.

LEVEL	% WITH CO-INVEST	FUND-BASED	DEAL-BASED
Associate	60%	40%	60%
Vice President	71%	58%	42%
Principal / Director	63%	65%	35%
Operating Partner / MD	70%	69%	31%
Partner / Head of Ops	68%	73%	27%

Source: Industry compensation surveys. Fund-based = allocation across fund; Deal-based = per-deal allocation.

WINNING THE TALENT WAR: WHAT TOP FIRMS DO DIFFERENTLY

The most sophisticated PE firms have recognized that compensation alone doesn't attract and retain top operating talent. The winners are differentiating on three critical dimensions that signal genuine commitment to operational value creation.



1. A Seat at the Table: Investment Committee Inclusion

The clearest signal of a firm's commitment to operations is whether operating partners serve on the investment committee. This isn't merely symbolic, it fundamentally shapes deal selection, diligence rigor, and value creation accountability.

- **Best practice:** Head of portfolio operations has full IC voting rights
- **Good practice:** Operating partners attend IC in advisory capacity
- **Lagging practice:** Operating partners only involved post-close

Impact: Firms with operating partners on IC report meaningfully higher operating team retention and significantly better deal team / operating team collaboration.

2. Early Deal Involvement: Pre-LOI Diligence Integration

Top firms involve operating partners before the letter of intent is signed, allowing operational considerations to shape deal selection and pricing. This early involvement generates measurably better outcomes.

- **Pre-LOI involvement:** Operational assessment informs bid price and go/no-go decisions
- **Due diligence leadership:** Operating partners lead commercial and operational DD workstreams

- **100-day plan ownership:** Value creation roadmap developed before close

Scope of role data: Industry surveys show that value creation planning (94%), driving value creation initiatives (91%), managing external consultants (74%), and due diligence (71%) are now core responsibilities—while hiring/firing management teams (56%) and board representation (51%) continue to expand.⁵

3. Compensation Parity: Carry on Par with Deal Professionals

The firms winning the talent war have moved beyond “operations discount” thinking to true compensation parity at equivalent seniority levels.

- **Leading firms:** Select top-tier PE platforms now provide operating partners with equivalent carry allocations to deal partners at the same level
- **Current gap:** At most firms, operating partners still trail deal teams meaningfully in carry allocation, though the gap is narrowing at leading firms.
- **Candidate expectations:** Top candidates increasingly screen for carry parity; firms without it struggle to attract A-players

Competitive Imperative: Firms that offer IC participation, early deal involvement, and carry parity report significantly faster time-to-hire and higher acceptance rates for senior operating partner searches.

⁵ Heidrick & Struggles, ‘2024 North American Private Equity Operating Professional Compensation Survey,’ June 2024, p. 10.

OPERATING PROFESSIONAL BACKGROUNDS: 2025 PROFILE

The composition of operating teams continues to evolve, with notable shifts in the backgrounds firms are targeting and the sources from which they recruit.

Prior Role Distribution

PRIOR ROLE	2025	2022	TREND
Management Consultant	~27%	~27%	→
PE Operating Executive (other firm)	~21%	7%	↑↑
CEO	~17%	26%	↓
Portfolio Company (same firm)	~12%	27%	↓↓
CFO	~9%	~9%	→
Other (COO, President, etc.)	~14%	—	—

Key Observations

- **PE-to-PE movement tripled** (21% vs. 7% in 2022), indicating a maturing career path and increasing competition for proven operating talent
- **CEO hires declined significantly** (17% vs. 26% in 2022), reflecting recognition that CEO experience doesn't always translate to the operating partner role
- **Internal promotions from portfolio companies dropped** (12% vs. 27% in 2022), suggesting firms are being more deliberate about operating team construction
- **Management consulting remains stable** at ~27%, continuing as the most common operating partner background

Industry & Functional Specialization

Industry generalists represent 20% of operating professionals, with technology/software specialists (19%) and industrial specialists (16%) being the most common focused backgrounds. On the functional side, generalists lead at 23%, followed by sales (15%), marketing (14%), and finance (14%).⁶

Specialist premium: Technology and AI specialists typically command 15–25% compensation premiums over generalists at equivalent levels, reflecting the critical importance of digital transformation expertise in modern value creation.

CONCLUSION: THE COMPETITIVE IMPERATIVE

The data is unambiguous: operating capabilities have moved from “nice to have” to existential necessity. Firms without competitive compensation structures, meaningful carry participation, and genuine strategic inclusion for operating partners face a compounding disadvantage—losing talent to competitors, underperforming on value creation, and struggling in fundraising conversations with increasingly sophisticated LPs.

The firms winning the talent war share three characteristics:

- ★ **Economic alignment:** Operating partners receive carried interest and co-investment rights on par with deal professionals
- ★ **Strategic inclusion:** Operating leaders participate in investment committees and pre-deal diligence
- ★ **Cultural integration:** Operating partners are treated as true partners, not service providers to the deal team

⁶ Heidrick & Struggles, ‘2024 North American Private Equity Operating Professional Compensation Survey,’ June 2024.

Press&Associates

For firms still operating under legacy compensation models, the window to adapt is narrowing. The competition for top operating talent has never been more intense, and the consequences of falling behind have never been higher.

About Press & Associates

Press & Associates is a specialized executive search firm focused exclusively on the private equity ecosystem. Our expertise in portfolio operations & value creation team building positions us uniquely to help PE firms compete for the industry's best operational talent. For more information please visit www.pressandassociates.com.



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