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A 360 View: How GenNx360 Capital Partners Has Navigated Investments, Exits In Shifting Private Equity Marketplace

Q&A

with

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Marie Ffolkes

Private equity investments and exits were up 37% and 34%, respectively, in 2024, and the industry picture is evolving in 2025 even further, according to Bain & Company's March 2025 report, Private Equity Outlook 2025: Is a Recovery Starting to Take Shape?

To discuss these trends and more, enter Marie Ffolkes, managing partner at $2.4 billion private equity firm GenNx360 Capital Partners, an industrials and business services sector specialist.

Ffolkes joined GenNx360 in 2023 and is engaged in all facets of GenNx360's investment activities and portfolio management. Previously, she was a founder and ceo of Axxelist, Inc., a technology real estate company. Prior to Axxelist, Inc., Ffolkes was ceo of TriMark USA, LLC, president of Americas of Air Products & Chemicals (NYSE: APD), and held executive and senior management positions at Tenneco, Johnson Controls International plc, GE Healthcare and GE Capital. She currently serves on the boards of Valero Energy Corporation (NYSE: VLO), and Masco Corporation (NYSE: MAS).

In her role at GenNx360, Ffolkes is tasked with driving value creation strategies to deliver value, implementing the investment thesis alongside the management team, accelerating top line growth, helping build world-class management teams and expanding margins through productivity initiatives.

Ffolkes holds an M.B.A. from Columbia Business School and a B.S. from the City University of New York.

Vailakis: Private equity firms have experienced a dearth of exits in recent years, but that started to shift into a recovery in Q2 2024 and continued into Q3 2024, according to EY. Private equity firms announced 135 significant deals in Q3, in line with Q2. While the value of those deals dipped slightly, the six months represented by these two quarters are together the most active period for private equity since increased volatility began in the deals market in 2022.

Private equity firms closed 2024 with $565 billion in announced deals according to Dealogic, up 25% by value and up 20% by volume from 2023. Momentum built as the year progressed—the first half of the year saw firms deploy $254 billion, an amount that grew by 23%

in the back half of 2024.

Ffolkes: The recovery in private equity exits seen in Q2 and Q3 of 2024 is a positive sign after a period of heightened volatility that began in 2022. While the slight dip in deal value during this period suggests some caution, the volume of transactions indicates that private equity firms are regaining confidence in the market. This uptick in activity reflects a more favorable environment for deal-making, as firms adjust to current economic conditions and seek opportunities for growth.

Despite the recovery in deal volume, the slight dip in deal value may point to a shift toward more strategic, smaller-scale acquisitions rather than large, high-value transactions. This could be a sign that firms are looking for more manageable investments in a market that remains unpredictable.

If the market stabilizes, 2025 could see continued growth in deal volume and value. However, factors like interest rates, inflation, and global economics and geopolitics remain influential. We are optimistic about a sustained recovery but aware that new market disruptions could also have an impact.

The rise in completed deals suggests that firms are not only finding opportunities but also executing and closing them, reflecting strength in deal flow and a more predictable and stable deal-making environment. This shift is driven by improved market sentiment, more favorable financing conditions, including interest rates, potential tariffs, and strategic repositioning of portfolio companies to capitalize on evolving industry trends. We believe our strategy of proactive thesis sourcing, our buy-and-build approach and embedded operational excellence resources have enhanced our success. As we move further into 2025, we will continue to focus on accelerating sustainable growth.

Vailakis: Please speak to the four exits that GenNx360 Capital Partners facilitated in 2024 at a time when private equity firms have been increasingly pressured for DPI (distribution to paid-in capital).

Ffolkes: In 2024, GenNx360 remained highly active, successfully executing four strategic exits while driving value for our investors: GenServe, Miller Environmental Group, ITsavvy, and Horsburgh & Scott. We are committed to delivering strong performance and top quartile returns, knowing that our limited partners prioritize key investment metrics such as net MOIC, net IRR, and DPI.

GenNx360's investment in GenServe resulted in substantial growth and transformation, driven by our strategic focus on organic and acquisition-based expansion. Under our ownership we drove significant increases in revenue and EBITDA by enhancing the management team, refining the go-to-market strategy, and expanding tech-enabled service offerings. GenServe's revenue and EBITDA increased significantly, by completing twelve add-on acquisitions and expanding to a multi-regional platform with sixteen locations across seven states, increasing density for our customers.

During GenNx360's ownership of Miller, the company underwent significant growth and transformation. We enhanced the management team, added seventeen sales professionals, and expanded the company's network to six Treatment, Storage & Disposal Facilities (TSDFs). Combined with Miller's nationwide footprint, its strong market reputation for quality and safety, and vertically integrated delivery model, these initiatives positioned the company for long-term success.

During GenNx360's investment in ITsavvy, the company experienced impressive organic growth, completed a strategic acquisition, and significantly increased profitability through margin enhancement initiatives. The company also launched an AI and Intelligent Automation strategy, optimizing internal operations to better serve its clients. ITsavvy was acquired by Xerox, marking a significant milestone for the company and its future growth.

During our hold period, GenNx360 implemented several key actions at Horsburgh & Scott, including enhancing the management team, expanding its go-to-market strategy with a three-channel effort across direct sales, agents and channel partners, and undertaking end market expansion and diversification. Additionally, GenNx360 focused the company on significantly growing the recurring aftermarket services segment, thus improving the company's positioning for continued growth.

What sets GenNx360 apart in all these examples is our 3.5x strategic approach — deploying committed capital within 3.5 years, exiting investments within the same time frame, and achieving a minimum 3.5x return multiple. This disciplined investment model is complemented by our three-pronged value creation strategy: methodical proactive sourcing, buy-and-build execution, and operational excellence. Each exit also speaks to our nuanced understanding of timing and market dynamics—key factors in successfully managing assets through volatile periods and positions us as leaders in the mid-market space who can deliver on our commitments even in challenging times.

Vailakis: Please speak to the private equity industry shift from mega deals and mega funds dominant firms to an increased interest in the middle market and value plays.

Ffolkes: The shift marks strategic evolution in how firms approach opportunities. For much of the past decade, private equity was driven by the allure of high-profile, high-value transactions that could offer large-scale returns.

In the current market climate, characterized by economic and policy uncertainty, higher interest rates, and geopolitical factors, many firms are recalibrating their strategies to emphasize more sustainable, nuanced opportunities within the middle market.

This pivot reflects a broader recognition that middle market companies often offer compelling growth prospects, more manageable risk profiles, and greater opportunities to identify more market inefficiencies. With valuations in this space typically more stable and less volatile than those of large, high-profile targets, private equity firms are finding greater value in backing companies that may be underserved by larger players. The ability to unlock untapped potential through operational improvements, strategic add-ons, or market repositioning presents an attractive opportunity for firms looking to drive higher returns in a more controlled, measured way.

The focus on value plays—those that require operational expertise, strategic insight, or a turnaround narrative—has gained traction. These types of investments are seen as both a hedge against market uncertainty and a means of creating lasting, long-term value. By focusing on businesses that are not yet at their peak or are undervalued in the market, mid-market focused private equity firms can take advantage of dislocations and inefficiencies that larger competitors may miss, effectively creating their own growth story. The ability to execute more focused, high-touch deals with a clear value-creation strategy has become a key differentiator for firms operating in this space, like ours.

In the end, this pivot to the middle market is not about abandoning mega deals but rather about recognizing that the opportunities for innovation, growth, and value creation lie not only in large transactions but in the smaller, often more dynamic companies that form the backbone of the economy.

Vailakis: Why do you believe the industrials and business services sector is a smart place to focus investment dollars at this time, considering U.S. industry dynamics? Please speak to topics such as reshoring, supply chain issues and the shifting employment landscape.

Ffolkes: Industrials and business services are core investment areas for our firm, particularly amid significant shifts in reshoring, supply chain dynamics, and workforce evolution. These sectors present compelling opportunities driven by fragmented markets, large total addressable markets (TAMs), non-cyclicality, proven stability, and strong add-on potential.

Reshoring is reshaping U.S. industry as companies mitigate supply chain risks by bringing production back domestically. Government incentives, including the Infrastructure Act and CHIPS Act, further accelerate this trend, increasing demand for industrial manufacturing, automation, and logistics solutions.

Meanwhile, supply chain challenges continue to create opportunities for businesses offering technology-driven solutions to enhance efficiency and resilience. Logistics optimization, inventory management, and system hardening are critical areas where business services firms can add value.

The labor market shift is another key factor. The demand for skilled workers is rising, driven by automation, AI, and robotics. Companies at the forefront of industrial technology, as well as those offering workforce management and training solutions, are well-positioned for growth.

Infrastructure investment is fueling demand across transportation, energy, and technology, providing long-term tailwinds for industrial and business services firms aligned with modernization efforts.

At the firm, we believe these sectors not only offer near-term opportunities but also serve as foundational drivers of U.S. economic growth in the years to come, making them a strategic focus for our investment dollars.

Vailakis: Speak to how your firm evolved from its start, focused on pure play industrials investments in a 2007 vintage fund to the firm that you are today, focused on more asset-light service plays with an industrial bent. What lessons did you take from the global financial crisis that helped you become a stronger firm?

Ffolkes: GenNx360's investment approach has evolved in response to market shifts, particularly lessons learned from the global financial crisis. Recognizing the need for greater resilience, we shifted our focus toward less cyclical industries, targeting companies with strong free cash flow, particularly in business services. We enhanced our methodical, proactive sourcing process to access proprietary deals aligned with our long-term value creation strategy. Our buy-and-build approach has proven highly effective in driving operational efficiencies and scalability, reinforcing our ability to generate strong, consistent returns.

While industrials remain core to our strategy, we recognized that industrial growth extends beyond traditional manufacturing to value-add services such as automation, data analytics, maintenance, and process optimization. These asset-light, service-oriented businesses offer high margins, recurring revenue, and scalability, making them more resilient to economic cycles. The rise of technology-driven solutions, including IoT, AI, and predictive maintenance, has further accelerated opportunities in service businesses that drive digital and operational transformation for industrial companies. This shift toward service-oriented investments has strengthened our portfolio and positioned us to capitalize on both industrial sector growth and the evolving needs of modern service businesses.

The global financial crisis underscored the importance of diversification, flexibility, and resilience — principles that continue to guide our strategy. This strategic pivot has contributed to our top-quartile performance, reinforcing our ability to adapt, innovate, and create long-term value.

Vailakis: Speak to your unique position as a +$2B private equity firm with a diverse team. How do you think of diversity in the private equity industry given your firm has grown past being an early stage emerging manager and is now raising Fund IV?

Ffolkes: Diversity of thought in our team members and management teams, is essential to mirror and represent the composition of our customer base and what drives their business, which in turn is a key value for us. It's all about performance, perspective, and long-term value creation. As a firm that has grown and is now raising Fund IV, we view our team as a competitive advantage that enhances decision-making, fosters innovation, and strengthens our investment approach.

From our leadership to our portfolio company partnerships, we prioritize diverse talent and perspectives, recognizing that differentiated thinking leads to better outcomes. Our four-pillar approach to diversification centers around marketplace (customers), supplier, workplace (team members) and community which brings unique insights and networks that drive returns. We remain committed to engaging around these foundational pillars—with our investors, management teams and industry partners.

We also believe that our status as a successful firm plays an important role in inspiring and empowering the next generation of professionals in private equity. We are proud to serve as a model for future investors, demonstrating excellence in this field. As we continue to scale our business, we remain committed to these pillars across the entire private equity ecosystem.

Vailakis: What advice do you have for emerging private equity firms today?

Ffolkes: For emerging private equity firms today, three key principles are essential: resilience, strategic relationships, and long-term value creation. These are crucial for navigating challenges and gaining a unique market perspective.

Cultivate resilience in the face of challenges.

The journey involves capital constraints, credibility building, and breaking into networks. Resilience sets firms apart—embrace challenges, adapt, and stay committed to long-term goals. Perseverance and the ability to pivot are critical to success.

Build and cultivate relationships with purpose and seek mentorship.

Private equity thrives on relationships, making it essential to build a strong network beyond investors—engaging with board members, management teams, mentors, peers, and strategic advisors and partners who understand your portfolio's challenges and opportunities. Connect with established firms, industry leaders, and fundraising professionals who can offer guidance and open doors. Prioritize relationships that align with your values and vision, as they will fuel your firm's growth and impact and build trust. Trust is the foundation of private equity — learning from others, sharing experiences, and fostering meaningful connections will strengthen both your firm and the industry.

Focus on value-add and long-term impact.

Private equity is often seen through the lens of short-term financial returns, but the most successful firms understand the importance of long-term value creation. Approach each investment with a view toward sustainable growth, operational improvements, and enhancing returns within each portfolio company. Prioritize investments where you can truly add value—whether through operational improvements, strategic bolt-ons, or facilitating market access. At the same time, think about the long-term impact of your investments. By driving sustainable growth within your portfolio companies, you can build lasting value not just for investors but also for communities, employees, and broader stakeholders.

While the journey comes with its unique set of challenges, it also presents unparalleled opportunities. By delivering above top quartile returns, building strong relationships, staying resilient, and focusing on long-term value creation, private equity firms can be well-positioned to succeed and help redefine the future of investing. Embrace the challenge and use it as a foundation for lasting change and impact. These principles not only guide growth but also create a foundation for lasting success in a competitive and often challenging industry.

Vailakis: Thank you for being a part of the Emerging Manager Monthly discussion series, Marie.

Ffolkes: Thank you for having me, Nancy, it was my pleasure!