Ownership Works

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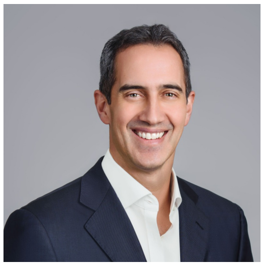
The Ownership Advantage: Bringing Shared Ownership to the Middle Market

Investcorp Strategic Capital Group ("SCG") &
Ownership Works

For Professional Clients Only

Authors – Investcorp Strategic Capital Group



Ravi Thakur

COO & GP Development Partner, Strategic Capital Group

Ravi Thakur is COO & GP Development Partner in the Strategic Capital Group, based in New York. Ravi is a member of the investment committee and focuses on value creation to SCG's portfolio of GPs.

Previously, Ravi was a Principal at B-Flexion, the strategic investment arm of Ernesto Bertarelli, where he led U.S. GP activities for over ten years. While there, Ravi provided board-level guidance to the multi-billion-dollar GP portfolio as a strategic partner. Prior to B-Flexion, Ravi was Head of US Distribution at Amundi Asset Management, where he led and built the firm's wealth capital raising capability throughout the Americas. Before joining Amundi, Ravi was a Principal at Bank of New York Mellon Asset Management, where he was responsible for supporting the bank's multi-boutique portfolio of asset managers with product and capital raising assistance globally. Ravi began his career in Capital Markets at Brown Brothers Harriman & Co.

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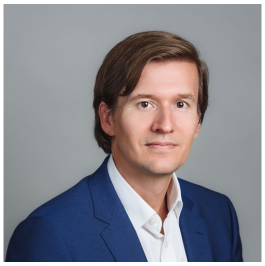


Tim Osnabrug

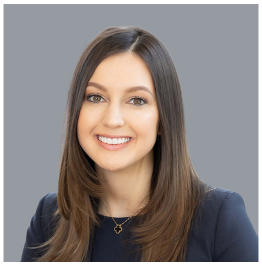
Investment Partner, Strategic Capital Group

Tim Osnabrug is an Investment Partner at Investcorp Strategic Capital Group, based in New York. Tim is a member of the investment team and is on the investment committee.

Prior to his current role, Tim was a Director at Bridgepoint where he led their US healthcare and business services middle-market private equity investment activities.

Prior to Bridgepoint, Tim worked at KKR for 12 years where he held a variety of roles, most recently as a Director on the Infrastructure Private Equity team in New York. Prior to this role, Tim was a Director in KKR's Americas Private Equity team where he focused on sourcing and executing investment opportunities across Latin America. Tim also had roles in KKR's European buyout team as well as Capstone, KKR's inhouse operations team working with its portfolio companies.

Tim began his career at Goldman Sachs as an investment banker. Tim graduated from the University of Maastricht in The Netherlands with degrees in both Economics and Law.



Amanda Milunovich

Vice President, Strategic Capital Group

Amanda Milunovich is a Vice President on the Strategic Capital Group, based in New York. Amanda is on SCG's investment team.

Prior to joining Investcorp in 2024, she was a Vice President at Permira, where she made buyout and growth equity investments in global software and tech-enabled services companies. Prior to Permira, Amanda worked as an investment professional at Crestview Partners and as an investment banker at Goldman Sachs.

Amanda holds a BA in economics from Harvard College, where she graduated Phi Beta Kappa, and an MBA from Harvard Business School.

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Senior Director, Client Advisory Services, Ownership Works

Ed is the Senior Director of Client Advisory Services at O.W. He is responsible for leading the organization's Hands-on Guidance team, which provides both investors and companies with the practical models, tools, and resources to implement shared ownership programs.

Prior to O.W., Ed spent his 12-year professional career in management consulting with Bain & Company. He was a Partner in Bain's Consumer Products and Customer Practices. His client work focused on corporate and M&A strategy, end-to-end brand growth strategy, value creation transformation, operating model reimagination, and customer experience transformation. In addition to his client work, Ed was deeply involved in developing cutting-edge mentorship and coaching programs for Bain.

Ed believes deeply in Ownership Works' mission. Growing up in a privileged environment in Paris, he was always acutely aware of his responsibility to pay forward what he received by creating a fairer economy with equal access to opportunity. Through his consulting work, Ed developed a passion for reinvigorating corporate culture and making every job more fulfilling. He sees shared ownership programs as a unique tool to achieve both goals.

Ed holds an Executive Certification from the MIT Sustainability in Action Program, a Master of Science degree in Economics from the London School of Economics and Political Science, and a Master of Science degree in Mathematics, Physics and Economics from École Polytechnique (Paris).

Leslie Grueber

Principal, Partnerships & Movement Building, Ownership Works

Leslie is a Principal, Partnerships & Movement Building at Ownership Works. In this role, she collaborates closely with O.W.'s consortium of partners to advance the shared ownership movement and expand economic opportunity for workers.

Leslie began her career in management consulting with Accenture before serving as a Policy Advisor in the Chicago Mayor's Office, where she led initiatives to improve economic mobility, enhance job quality, and reduce barriers to employment for residents returning from incarceration. She went on to serve as Associate Director at Results for America, leading engagement with government and civic leaders and supporting them in implementing evidence-based strategies to advance economic mobility.

Her commitment to employee ownership traces back to her service with the U.S. Peace Corps in Morocco, where she partnered with female artisans to launch a worker-owned cooperative, igniting her passion for inclusive economic models.

Leslie holds a Master in Public Policy from the Harvard Kennedy School and a Bachelor of Science in Finance from the University of Minnesota.

Ownership Works

About Ownership Works

Ownership Works is a nonprofit on a mission to foster economic well-being for workers and create thriving workplaces through the power of shared ownership. It partners with business leaders and investors to provide all employees with the opportunity to become owners and participate in the success they help create. To learn more, please visit http://www.ownershipworks.org.

Executive Summary

- As private equity evolves beyond the era of pure financial engineering, general partners ("GPs") are increasingly turning to operational levers to drive value. Shared ownership remains a powerful yet underused tool in the middle market.
- Broad-based shared ownership programs enhance employee engagement, reduce turnover, improve operational performance, and support stronger exits, particularly when paired with clear communication and cultural reinforcement.
- Despite persistent misconceptions, including concerns about dilution, complexity, or relevance to smaller companies, shared ownership is cost-effective, scalable, and relevant for middle-market GPs. Programs can be structured to be cost-neutral, simple to administer, and tailored to company size.
- SCG, in partnership with Ownership Works, brings institutional-grade support to help GPs adopt and embed these models across portfolios.
- For GPs, shared ownership provides differentiation across the investment lifecycle: better sourcing, stronger portfolio company performance, higher exit multiples, and enhanced limited partner ("LP") alignment.

Introduction

Shared ownership, or broad-based equity participation that complements wages and benefits, is a practical, outcomes-driven tool that can increase economic opportunities for workers while driving business value.

While popularized by large-cap GPs like KKR, shared ownership remains underutilized by the middle market. At Investcorp, we believe shared ownership can be an accessible, scalable, and impactful tool—that's why we have partnered with Ownership Works ("O.W."), a nonprofit whose mission is to foster economic wellbeing for workers and create thriving workplaces through the power of shared ownership.

I. The Value of Shared Ownership

When approached holistically, broad-based shared ownership allows every employee to benefit financially from the company's value creation alongside investors and management teams while generating tangible performance impact, stronger organizational culture, and GP differentiation with LPs and management teams.

A. For Companies: Driving Operational Excellence and Employee Engagement

Stronger employee engagement: Employees with equity are more invested in company success. As a truck driver at ["O.W." company] said, "Before I was an owner, all I cared about was miles, 90 cents a mile…you could have me drive around in circles."

Equity ownership, paired with a culture of ownership, boosts accountability and encourages employees to contribute ideas, share best practices, cut costs, and drive growth. At one O.W. company, an employee identified savings by devising a plan to 3D-print critical supplies rather than source externally. At others, customer service employees increased customer retention and upsell.

During KKR's ownership of C.H.I. Overhead Doors from 2015 to 2022, margins rose from 20% to 35%, contributing to a 10x multiple of invested capital ("MOIC") exit[1]. Gallup company surveys also link employee engagement to improved financial performance[2].

These behaviors also enhance cash flow through better inventory management, faster collections, and reduced waste, which support stronger working capital efficiency and free up cash for investment or debt paydown.

Effective recruiting and retention: A culture of ownership, a critical driver of program success, increases loyalty and reduces attrition. Implementing a broad-based ownership plan at Ingersoll Rand led to an 84% decrease in turnover from 19% to 3%, and a 71% improvement in the safety incident rate[3]. Longer tenure improves productivity and reduces training and recruiting costs.

Equity participation can also attract senior talent. Potential hires are drawn to profit-sharing, a sense of purpose, and the opportunity to lead culture-driving initiatives. As one CHRO noted, "It's a once-in-a-lifetime opportunity to run a program like this…a big part of why I took this job."

B. For Private Equity GPs: Enhancing Returns and Competitive Advantage

Stronger portfolio company performance and multiple expansion: GPs benefit from the operational improvements shared ownership enables, from topline growth and margin expansion to reduced attrition and working capital optimization. Equally important, these programs can support higher exit multiples by improving the company's reputation as a high-quality business. Preliminary analysis from O.W. found that deals involving a holistic shared ownership program saw an average MOIC of 1.6x higher than the market median[4]. One KKR partner recalled that a T. Rowe Price investor told him, "The only reason I'm buying [company] is because of [the CEO] and the culture. Public investors believe it's all about culture."

Sourcing advantage: Shared ownership is increasingly viewed as a differentiator, and having the intent to implement a shared ownership plan can help in sourcing and closing on new portfolio companies. Holistic programs that create meaningful equity participation and financial opportunities for workers illustrate how some PE firms value human capital and worker voice. As one CEO put it, "We only took the bid meeting because our banker said we had to. Your team pitched the broad-based ownership concept, and walking out, I told our banker, 'Find a way to close this deal.'"

Differentiation in add-on acquisitions: A public CEO who has completed ~30 acquisitions shared that "broad-based ownership has made a difference in nearly every M&A transaction we've done[5]." For GPs without a track record in shared ownership, a lack of experience may soon become a competitive disadvantage. As one CEO said, "We only want to sell to a PE firm that is a member of O.W. so they can continue the shared ownership model."

[1] Source: Data via KKR Management, 2022. "MOIC" figure denotes Gross amounts during KKR's ownership of C.H.I. Overhead Doors from 2015 to 2022.
[2] Source: Gallup – Workplace Consulting & Global Research: Building Quality Jobs Through Ownership (November 2023).
[3] Source: Data via KKR Management. Figures applicable for the period from 2016 to 2022.
[4] Source: Analysis from Ownerships Works as of Q3 2025. "MOIC" figure denotes Gross amounts.
[5] Source: Ownership Works research as of Q2 2025.

Improved LP relationships and fundraising outcomes: Shared ownership programs can help a PE firm attract more capital from LPs. LPs are becoming familiar with such programs, underscored by the multitude that have joined O.W.'s Limited Partner Leadership Council. They understand that shared ownership is implemented as an option plan, where investors only get diluted to the extent there is real performance improvement. As a senior investment director at a U.K. pension said, "We're not interested in one-year returns – we're interested in five or 10-year returns. Creating a good culture and business is probably more important than stripping every last dollar of value."

Furthermore, shared ownership can be a swing factor when an allocator selects a GP. An investment director at a U.S. public pension with ~one billion dollars in PE exposure said, "If we were doing a fund manager search and it came down to one firm that [applies an employee ownership scheme] versus another that didn't, I would be inclined to award a commitment to the one that did."

C. For Workers and Society

Wealth-building for working families: According to the U.S. Federal Reserve Board, the bottom 50% of American households by wealth owned $22 billion in corporate equities in 1989, while the top 10% owned $1.7 trillion[1]. That gap has become starker today—with the bottom 50% now owning $430 billion, while ownership by the top 10% has ballooned to $37 trillion. Meanwhile, **nearly 40% of Americans cannot cover a $400 emergency expense[2]**, and the **median net worth for the bottom 25% of U.S. households is just $500[3]**. Shared ownership offers an opportunity to address these issues.

Better jobs and financial wellness: Shared ownership programs offer an additional, no-cost benefit that works alongside existing compensation and benefits to foster safer workplaces and better cultures. Furthermore, O.W. encourages companies to consider their employees true business partners and treat them as such by implementing financial wellness initiatives, such as 1:1 financial coaching or access to hardship funds. These efforts can help ensure employees are prepared to leverage payouts during liquidity events to build family wealth.

II. Unlocking Value: Shared Ownership in the Middle Market

Despite growing evidence of its benefits, shared ownership remains underutilized in the middle market. Many GPs assume their portfolio companies are too small, or that the cost and complexity of rolling out a program outweigh the upside. These assumptions often obscure the real opportunity: the chance to improve portfolio company performance while delivering meaningful upside to employees and investors alike.

A. Bringing Large-Cap Tools to Middle Market GPs

As a growth equity investor in GPs, SCG focuses on equipping middle-market GPs with the institutional-grade tools typically found at large-cap firms. These tools include support in capital formation (e.g., additional distribution tools for channels like wealth or new geographies), infrastructure (e.g., technology stack, Artificial Intelligence), product development (e.g., evergreen vehicles, rated note feeders), and talent strategy (e.g., compensation benchmarking, succession planning). Through its partnership with Ownership Works, SCG helps GPs implement shared ownership programs, turning what has traditionally been a large-cap capability into a mid-market advantage.

B. Dispelling Misconceptions

"Too dilutive at this scale." In smaller companies, employee equity stakes may represent a larger portion of the capitalization. However, the long-term net benefit of increased employee engagement and performance, often visible in margin expansion or valuation uplift, can offset the dilution impact.

[1] Source: U.S. Federal Reserve – DFA – Distributional Financial Accounts (Q1 2025).
[2] Source: U.S. Federal Reserve – Report on Economic Well-Being of U.S. Households (May 2025).
[3] Source: Pew Research Center (December 2023).

Consider a company with a shared ownership program, $100 million of revenue and $20 million of EBITDA, in which EBITDA is projected to grow at a 9.5% CAGR to $32 million after five years. With 14% of equity spread across employees, the GP could achieve 2.62x gross MOIC and a 21.2% gross IRR, compared to a 2.50x gross MOIC and 20.1% gross IRR in a deal with a standard 12% carve-out for senior management only[1]. In this example, a one-percentage-point increase in EBITDA margin at the end of a five-year investment period is enough to pay for the program.

"What if LPs see this as dilutive?" Middle-market GPs may anticipate questions about who bears the cost of shared ownership programs and whether these programs dilute capital gains. Many programs are structured to be performance-conditioned and cost-neutral, delivering equity only upon achievement of performance targets and when value is created. Often, management teams contribute a portion of their options to support the program, helping preserve economics for GPs and LPs. Rather than viewing these programs as a cost, GPs can position them to LPs as optionality-enhancing tools that align incentives and support higher exit multiples.

"Too complex or costly to implement." GPs and their portfolio leadership teams may be concerned about internal resources or bandwidth to run a shared ownership program. GPs don't need to start from scratch; O.W. provides templates, tools, implementation guidance, and shared learnings from a growing network of participating firms. Programs have been deployed with repeatable playbooks across dozens of portfolio companies, including those with as few as 100 employees. Furthermore, the broad-based plans employed by O.W. are designed to minimize administrative burden, often leveraging a pool of synthetic equity that forgoes the need for complex cap table management.

"Only works in certain industries." Although early adopters were concentrated in manufacturing, O.W. had supported shared ownership programs in over 15 industries, including technology, education, insurance, retail, and media, with only one industry representing more than 10% of companies[3]. The key is tailoring the program to the company's workforce and business model.

"Employees won't value equity." In successful rollouts, leadership communicates that equity is additive, long-term in nature, and tied to the company's overall success, enabling employees across roles and backgrounds to understand and value ownership.

Exhibit A: Illustrative Example of How Shared Ownership Impacts PE Returns[1,2]

	No Shared Ownership			SO w/ Margin +100bps			SO w/ Margin +400bps		
($ in millions)	At Entry	At Exit	5Y CAGR	At Entry	At Exit	5Y CAGR	At Entry	At Exit	5Y CAGR
Revenue	$100	$150	8.4%	$100	$150	8.4%	$100	$150	8.4%
EBITDA	**$20**	**$30**	8.4%	**$20**	**$32**	9.5%	**$20**	**$36**	12.5%
EBITDA margin	20%	20%		20%	21%		20%	24%	
EBITDA	$20	$30		$20	$32		$20	$36	
Valuation multiple	12x	12x		12x	12x		12x	12x	
Total Enterprise Value	**$240**	**$360**		**$240**	**$378**		**$240**	**$432**	
(-) Debt	($140)	($90)		($140)	($90)		($140)	($90)	
Equity Value	**$100**	**$270**		**$100**	**$288**		**$100**	**$342**	
Base mgmt. equity plan		12.0%			11.0%			11.0%	
Broad-based equity		0.0%			3.0%			3.0%	
Total Employee Equity		**12.0%**			**14.0%**			**14.0%**	
Gross investment gain		$170			$188			$242	
(-) Less employee dilution		($20)			($26)			($34)	
Total realized gain		**$150**			**$162**			**$208**	
Gross MOIC		**2.50x**			**2.62x**			**3.08x**	
Gross IRR		**20.1%**			**21.2%**			**25.2%**	

[1] For illustrative purposes only and should not be construed as an investment recommendation nor considered as an offer to sell or a solicitation of an offer to purchase any securities or interests in any entity.

[2] Source: SCG research and analysis as of Q3 2025. Adapted from PEI article: "What Does Employee Ownership Mean for Investors' Returns", 2022.

[3] Source: Ownership Works as of Q2 2025.

"Too complicated in a multinational context." The core principles of shared ownership are equally relevant to non-U.S. GPs. International GPs such as Ardian and Investment Management Corporation of Ontario are partners of O.W. In globally distributed organizations like Ingersoll Rand, shared ownership has been rolled out across North America, Europe, and Asia. To date, O.W. programs have impacted workforces in more than 20 countries across Europe, Asia, and Australia.

"Buyers may be deterred." Some fear a perceived risk of churn at acquisition or pressure to continue the plan will deter buyers. In O.W.'s experience, however, strong cultures and engaged workforces tend to attract buyers who place a premium on operational excellence. Furthermore, ownership cultures are compatible with other incentive structures that buyers may employ.

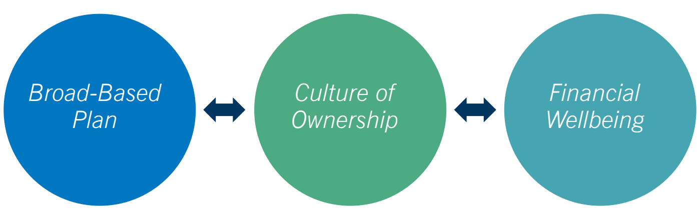
Why Now?

In a competitive fundraising and deal-sourcing environment, middle-market GPs are under pressure to demonstrate a distinctive edge. Shared ownership offers a scalable, replicable, high-impact lever to boost value and demonstrate leadership.

III. The Ownership Works Approach: Practical Pathways for Implementation

In over 160 programs launched by Ownership Works, three essential building blocks have emerged in successful programs: A **broad-based plan**, in which all employees participate at no cost, a **culture of ownership**, where employees think and act like owners, and a focus on worker **financial wellbeing** through tools and education that alleviate financial stress and support long-term wealth-building.

Exhibit B: Essential Building Blocks in Successful Programs



Ownership Works has identified a three-phase approach to help companies implement shared ownership effectively: Assess & Design, Plan & Launch, and Implement.

Exhibit C: Three Phase Approach

1 Assess and Design
Plan sizing and structuring

2 Plan and Launch
Ownership culture roadmap and rollout to employees

3 Implement
Roadmap execution, ongoing communication and exit event

1. Assess & Design

A well-designed plan is simple, inclusive, and meaningful. It includes all employees after a short eligibility period and offers payouts equal to six to 12 months' salary at exit (typically over a five-to-seven-year hold period). Plan structures typically follow either a pool model, in which a synthetic equity pool is allocated at exit, or individual grants, where employees receive specific units (e.g., RSUs, phantom equity). The pool model offers flexibility, lower administrative burden, and simplifies communication, whereas the individual grants may feel more tangible but can be complex to manage at scale. Payout formulas should be easy to understand and based on salary and tenure.

2. Plan & Launch

Successful launches are anchored on three pillars, focused on embedding ownership into company culture from the start: aligned leadership, a clear roadmap, and a memorable kickoff.

Aligned leadership: Leadership must clearly articulate how the ownership plan supports the company's purpose, strategy, and values. The message should explain the company's direction, what success looks like (KPIs), how employees contribute, and how the plan works.

Program roadmap: Developing a one-year roadmap with defined initiatives, roles and responsibilities, and early "quick wins" is key to sparking and sustaining an ownership culture. Leadership should choose five to six near-term initiatives tied to existing projects to announce and/or execute on the day of launch, one to two weeks after launch, and one to three months after launch.

Launch event: Launch events should reinforce messaging and energize employees. Single-site companies may hold a CEO-led event, while multi-site operations can employ a cascade approach where local managers lead rollout events. Materials like presentation decks, employee letters, FAQs, and certificates of participation can help bring the message to life.

3. Implement

After launch, the focus shifts to turning ownership from concept into culture. Key priorities include:

Share knowledge: Educate employees through "Ownership Trainings" or onboarding materials to explain business basics (e.g., how profits increase payouts) and how employees contribute to success. Provide performance updates by rebranding town halls as "Owner Updates" and sharing company performance, financials, and key metrics.

Share responsibility: Solicit employee ideas via surveys or town halls, implement ideation sessions, or form employee-led committees. Integrate ownership behaviors into daily routines (e.g., starting meetings with "what I will own this week").

Show care: Act on employee feedback gathered through surveys and communicate progress to build trust and accountability. Offer financial tools, such as one-on-one coaching, digital education, hardship funds, or emergency loans, which often drive increased loyalty and focus.

Ensure governance and accountability: Use the original goals and KPIs shared at launch to measure initiative outcomes. Clearly define who owns each initiative, who supports, and who approves. Use structured systems (like steering committees and scorecards) to track progress and manage accountability.

Conclusion

Shared ownership programs require more than equity distribution—they thrive on deliberate design, strategic rollout, and ongoing cultural investment.

By following the Shared Ownership Journey—**Assess & Design, Plan & Launch, and Implement**—companies lay the foundation for a sustainable, high-impact program that aligns employees and leaders around shared success. SCG's mission, along with our partner Ownership Works, is to bring these ownership tools associated with large GPs to middle market transactions and the GPs who execute them.

Ownership Works

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