

Buyouts

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FIRMS & FUNDS

OpenGate part of fresh crop of GPs to join Ownership Works

Employee ownership serves OpenGate's performance objectives, managing partner Andrew Nikou said, as it emphasizes financial literacy and encourages workers 'to think like owners.'

OpenGate Capital is one of several new backers of Ownership Works, as employee ownership continues to gain traction in the private equity industry.

The firm is the latest to sign on to Ownership Works, a non-profit dedicated to promoting shared ownership in the workplace. It follows nine other GP joiners in the past 16 months: Advent International, Citation, Crossplane Capital, Frontenac, Investment Management Corp of Ontario, Riverside Company, Shoreline Equity, Sterling Group and TA Associates.

Ownership Works is in conversations with roughly 15 more private equity prospects, executive director Anna-Lisa Miller told Buyouts.

OpenGate was motivated by its "long-held commitment to being part of the solution with respect to expanding economic opportunity," founder and managing partner Andrew Nikou said.

"Employee ownership is near and dear to my heart," he said, "because it is key to solving the wealth gap and bettering the bottom 25 percent of households in America."

This commitment was shown last year in Andrew Nikou Foundation's sponsorship of The Barber of Little Rock, an Oscar-nominated film about Arkansas barber Arlo Washington, who founded a community bank to help narrow the



Andrew Nikou, OpenGate Capital

racial wealth gap. Nikou was the executive producer.

Employee ownership also serves OpenGate's performance objectives, he said, as it emphasizes financial literacy and encourages workers "to think like owners." Incorporating a broad-based shared equity approach in the firm's value-creation plan will create "tremendous alignment," he said, and address business challenges like productivity and retention.

Further, employee ownership will provide "a massive incentive" when OpenGate is recruiting executives for the portfolio, he said, especially in second-tier management.

Ownership Works was founded in

2021 by Pete Stavros, KKR's co-head of global private equity. It has since seen steady growth as GPs and others – in all, 84 groups, including banks, foundations and public companies – endorse a goal of creating \$20 billion of wealth for workers in 10 years.

Private equity as 'catalyst'

Bringing on more GP partners is essential to Ownership Works' continued growth, Miller said, because "private equity could be a catalyst" for other types of organizations deciding if employee ownership is "the right fit for them."

Ownership Works' original 19 GP backers pledged to introduce employee ownership in at least three portfolio companies. As part of its mission, the non-profit's 30-person team facilitates this process with hands-on support, providing models, tools and resources to help implement shared equity programs in a range of companies and sectors.

"We have a few off-the-shelf models to walk through with our partners," Miller said. They include templates provided by firms like KKR, which began practicing shared ownership in its control investing in 2011. KKR today has schemes in more than 40 portfolio companies across its global platform.

Among its founding partners, Ownership Works reports 98 board-

Buyouts

approved shared equity programs executed in businesses that are private equity-owned, impacting about 146,000 workers (as of March).

OpenGate, a transatlantic investor in mid-market companies in industrials, technology, consumer and business services sectors, is already launching “our first program,” Nikou said. The establishment is a North American business services provider.

As a specialist in carve-out and turnaround deals, OpenGate expects employee ownership to be well-suited to complex situations. “With turnarounds, it’s particularly important that the mission is aligned, that the plan is aligned,” he said. “You’re only as good as your workers.”

At present, Ownership Works has 30 partners in the private equity industry. Along with those named above, they include Apollo Global Management, Ares Management, L Catterton, Leonard Green & Partners, Oak Hill Capital, Silver Lake, TPG and Warburg Pincus.



Anna-Lisa Miller, Ownership Works