Scaling Employee Ownership: A Stakeholder-Centred Strategic Framework for Krystal EO

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Executive Summary

Krystal EO is a non-profit established in 2025 that plans to acquire UK SMEs with donations and then transition them to permanent majority employee ownership at no expense to employees. It has not yet completed its first acquisition. This project examines which stakeholders are willing to engage with the model and their conditions for support.

We mapped Krystal EO's stakeholders based on relevant academic literature, verified them with Krystal EO, and ranked 26 groups by power, legitimacy, urgency, and durability. For interviews, we then selected four stakeholder groups. We later reduced this to three, as we moved Donor-Advised Funds back into the wider philanthropic intermediary group. Thirteen participants took part in twelve interviews, which were coded in ATLAS.ti for text and sentiment, resulting in a funnel with 6 research themes. We also delivered two business model canvases and a combined top-down and bottom-up financial model projecting through 2060.

From the interviews, we learned that Krystal EO's main challenge is building credibility, not whether enough firms are interested in selling. While employee ownership is accepted, Krystal EO's approach isn't yet. Interviewees treated the model with caution, as reflected in a 76% neutral sentiment score. Negative feedback was 2.7 times as common as positive feedback, with interviewees seeking evidence for the model before offering support. We also learned that the primary acquisition pipeline runs through accountants and solicitors. Owners open to Krystal EO's model will likely prioritise control, legacy, and succession over the firm's valuation alone.

On funding, Krystal EO uses a philanthropy-led model, reinvesting profits from existing firms into new acquisitions. Credit should be considered in later stages. The financial model projects 507,268 employee owners by 2060 in the Standard case, short of the one-million aspiration. We also explored introducing a Krystal EO pension fund. This still requires legal review before further consideration. The financial model points to strong portfolio performance and the deployment of authentic employee ownership governance as key success drivers.

We make five sequenced recommendations. 1) Complete and transition the first acquisition to employee ownership; 2) build the accountant-and-solicitor acquisition channel with materials targeted to these professional advisor groups; 3) fix your governance 'red lines' and negotiate everything else; 4) front-load donor capital and use leverage once the portfolio passes £200 million; and 5) build stewardship capability after transition and report it publicly.

Abstract

Krystal EO intends to use philanthropic funding to acquire UK SMEs and transform them into majority employee-owned companies. Their approach remains unproven, as they have not yet completed any acquisitions. This project investigates the stakeholders who might participate and the conditions that encourage their engagement. Using an interpretivist stance, a seven-step process mapped stakeholders and categorised groups within the PLU+D salience framework. To understand these engagement conditions, we conducted and analysed twelve semi-structured interviews using ATLAS.ti. A hybrid top-down and bottom-up financial model assessed financial viability, projecting outcomes through 2060. Stakeholder support tends to depend on early evidence of success rather than the idea's intrinsic value. Five sequenced recommendations follow.

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Abbreviations Used

Abbreviation	Full Term	Abbreviation	Full Term
AI	Artificial Intelligence	RC/O/V and RC	Resources & Competences / Organisation / Value
AOM	Academy of Management	RQ	Research Question
BM	Business Model	SBMC	Socially Extended Business Model Canvas
BMC	Business Model Canvas	SEMC	Social Enterprise Model Canvas
C&B	Costs & Benefits	SI	Strategic Intent
CAF	Charities Aid Foundation	SI-RCOV	Strategic Intent, Resources, Competences, Organisation, Value
CEO	Chief Executive Officer	SME	Small and Medium-sized Enterprise
CLIP	Collaboration, Legitimacy, Influence, Power	SNA	Social Network Analysis
DAF	Donor-Advised Fund	UK	United Kingdom
DBT	Department for Business and Trade	US	United States
DCF	Discounted Cash Flow	UHNW	Ultra High Net Worth
EDHEC	École des Hautes Études Commerciales du Nord	WAPB	Wealth Advisors and Private Banks
EO	Employee Ownership	WISE	Work Integration Social Enterprise
EOA	Employee Ownership Association	WREOC	White Rose Employee Ownership Centre
EOB	Employee-Owned Business	WTA	Willingness to Accept
EOT	Employee Ownership Trust	WTP	Willingness to Pay
EFEP	Exited Founders and EO Practitioners		
ESOP	Employee Stock Ownership Plan		
ESG	Environmental, Social, and Governance		
Ext-RCOV	Extended RCOV		
FAQ	Frequently Asked Questions		
GDPR	General Data Protection Regulation		
HMRC	His Majesty's Revenue and Customs		
IRR	Internal Rate of Return		
KPA	Key Performance Area		
KPI	Key Performance Indicator		
MSc	Master of Science		
MV/Obj	Mission Values / Objectives		
NB S-BMC	Nature-Based Sustainable Business Model Canvas		
NtS	Needs to be Satisfied		
OMC	Ownership Model Canvas		
PE	Private Equity		
PI	Philanthropic Intermediaries		
PLU	Power, Legitimacy, Urgency		
PLU+D	Power, Legitimacy, Urgency and Durability		
PR	Public Relations		
RCOV	Resources, Competences, Organisation, Value		

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Preface

Introduction

The UK is nearing a significant transfer of business ownership. Over 55% of private companies are owned by people aged 55 or older, with an estimated 4,000 to 11,000 mid-sized firms potentially changing ownership in the next few years. Most are likely to be sold to trade buyers or private equity, moving the value created by employees to a small group of shareholders and often weakening the connection between the business and its community. Employee ownership (EO) offers an alternative to a trade sale, with added benefits such as greater job stability and retention, improved profit sharing, and resilience during economic downturns. The sector is growing, with approximately 2,824 employee-owned companies and more than 547,971 employee owners in the UK. However, adoption is often hindered because employees rarely have the capital to buy out owners, and EO transitions attract limited interest from commercial lenders. The Employee Ownership Trust framework, established in 2014, was intended to address this gap by enabling employees to acquire businesses funded by future profits instead of personal wealth. However, it still faces financing challenges, and recent changes to capital gains tax relief have reduced incentives to pursue employee ownership.

Krystal EO was founded in 2025 to tackle this issue directly. It is a not-for-profit organisation that buys UK SMEs and converts them to permanent, majority employee ownership at no cost to employees. Most EO transitions are funded with bank loans or the promise of future profits from the acquired company. Krystal EO hopes to use philanthropy as a core funding source for its acquisitions. It’s an untested model, and Krystal EO has yet to make its first acquisition.

We selected this topic due to its creative use of capitalism to address some of capitalism's most criticised aspects. We also appreciated that Krystal EO was seeking practical, actionable answers grounded in real-world considerations rather than purely theoretical insights. Krystal EO seeks to understand which stakeholder groups are motivated and willing to take risks with a first-of-its-kind model, and what conditions, materials, or narratives would lead them to participate.

Problem statement

Our research creates a stakeholder-centred framework that enables Krystal EO to scale employee ownership in the UK through 2060. By integrating stakeholder analysis, financial

modelling, and business model canvases, Krystal will be equipped to identify its most salient stakeholders, engage with them effectively, demonstrate a tested growth model, and secure funding.

Target Company

Krystal EO is a non-profit organisation established in 2025, dedicated to acquiring UK enterprises and transferring them to permanent majority employee ownership at no expense to the employees (*Krystal EO*, 2026).

Simon Blackler founded the company and built Krystal Hosting into the UK's largest independent, B Corp-certified web hosting provider. Krystal Hosting funds Krystal EO's administrative costs; Krystal EO will in turn seek donations to acquire firms. These firms will then be transferred to employee ownership through an Employee Ownership Trust (EOT). Under each EOT, employees will receive 51% ownership. Krystal will maintain a 49% stake for governance and operational purposes. Founders receive a competitive offer from Krystal EO for their firm, with an upfront payment, which addresses key barriers to choosing employee ownership (Blackler, 2026).

Scope

This project develops a stakeholder-centred framework to scale Krystal EO's model through 2060, combining stakeholder analysis, financial modelling, and business model canvas design to support Krystal EO's fundraising and growth. The first five years of projections will be detailed and will become progressively broader thereafter. The project does not include validating the efficacy of employee ownership in sharing profits with employees, identifying specific acquisition targets, or identifying potential investors. Instead, we focus on stakeholder prioritisation, communicating Krystal EO's unique business model and building tested financial projections. We want to give Krystal EO the evidence and tools it needs to chase donors and acquisitions.

Objectives

This consulting project aims to: first, identify and prioritise the various stakeholder groups in relation to Krystal EO's model; second, produce practical recommendations for engaging those groups at scale; and third, prepare financial projections in accordance with Krystal EO's assumptions and taking into account stakeholder feedback.

Part 1

Literature Review

Employee-Owned Businesses

Turning SMEs into employee-owned businesses is a major task; it has significant effects on finance, governance and stakeholder relationships. However, the Ownership Dividend (2018) highlights the benefits of the Employee-Owned Business (EOB) model: EOBs demonstrate improved productivity, higher workforce retention, and a greater emphasis on long-term success measures. Beyond these localised benefits, EOBs are significant regional anchors (Fernandez-Guadaño & López-Millán, 2018) because they distribute profits locally through wages and profit sharing. More importantly, during economic downturns, these firms are more resilient, opting to restructure labour hours rather than resort to layoffs.

Despite the recognised benefits, broad adoption has been limited by two market failures. Firstly, in the UK market, frontline workers lack the required capital to buy out owners (Pendleton et al., 2023). Secondly, the EO model prioritises job security over profit maximisation, making it unappealing to most commercial lenders (Fernandez-Guadaño & López-Millán, 2018). To address this lending gap, the UK introduced the Employee Ownership Trust (EOT) framework. Pendleton et al. (2023) describe EOTs as a transformative tool that allows employees to acquire the business, with the purchase paid for out of future profits rather than personal wealth. Still, the model does not attract conventional lending and often needs philanthropy or impact capital to bridge the gap. These capital providers, referred to as "Enablers," fund the transition, allowing local "Beneficiaries" to take ownership (Malik, 2025).

The UK EOT model provides a legal framework and incentives to encourage businesses to transition to employee ownership. Yet these are not purely legal events. In their review of employee ownership literature, Del Sordo and Zattoni (2025) argue that mainstream research often dangerously oversimplifies governance. They distinguish between financial participation through legal ownership and cultural participation through distributed decision-making. Supporting the first but not the latter will fail to change employee behaviour. Pendleton et al. (2023) echo this vulnerability, explicitly warning of a "governance trap." They caution that if the new EOT board lacks independent oversight or elected worker representation, the Trust becomes a tax-efficient

rubber stamp, allowing previous management to maintain control. The governance trap highlights the risks facing newly transitioned firms, which suddenly face competing interests among external investors, management, and frontline workers. This presents a genuine challenge which could endanger the organisation's main objective.

Social Enterprises

In a social enterprise, stakeholder commitment is built into the organisation's fabric. A conventional organisation can publicly commit to external stakeholders, only to revert to prioritising shareholder returns when pressures increase. An employee-owned business, particularly one that is democratically governed, cannot. The very people that the organisation benefits are also the ones making decisions. The social mission is not just a statement of intent, but something built into its core governance, making it far harder to reverse. This is why Defourny and Nyssens (2017) regard the model as one of the most coherent institutional responses to the limitations of shareholder primacy.

But legal ownership alone does not drive value; rather, it is how it is facilitated. If ownership is connected to a genuine social or environmental mission, along with democratic governance and participation in ongoing business operations, the results usually improve. This benefits not only workers but also the organisations and the communities around them. The mission is not an extra element but rather the main organising principle, influencing both governance and financial sustainability (Defourny & Nyssens, 2010, 2017).

Just because workers hold shares doesn't mean that they have real influence (Ellerman, 1990; Ridley-Duff & Bull, 2016). It is necessary to distinguish between legal ownership and psychological ownership, which refers to employees actually feeling a sense of responsibility and connection towards the organisation (Pierce et al., 2001). Legal ownership should be combined with cultural participation (Del Sordo & Zattoni, 2025). Stewardship Theory offers explanations that Agency Theory cannot, emphasising shared purpose and democratic structures over monitoring workers to align interests (Jensen & Meckling, 1976). It suggests intrinsic motivation and collective responsibility drive behaviour (Davis et al., 1997). Empirical evidence supports this; for example, Dorsett (2023) found that firms with Employee Stock Ownership Plans (ESOPs) have better cash flows, higher survival rates, lower turnover, and are more likely to have positive social and environmental impacts.

Democratic Theory of the Firm

Firms exist in part because managerial authority can be cheaper than renegotiating every direct contract as conditions change (González-Ricoy & Magaña, 2024). This efficiency advantage benefits not only capital investors (through greater returns), but also consumers (through lower prices), and society (through reduced resource waste and higher economic growth) (Heath, 2014; McMahon, 1981, as cited in González-Ricoy & Magaña, 2024). Firms also exist to create a distinct legal entity. This 'societas,' capable of pooling assets dedicated to a shared project, allows multiple resource providers to share remaining rewards and risks without exposing all of their personal assets to that risk (Grandori, 2017). This structure can be traced to medieval commercial partnerships and the earliest forms of the enterprise.

Ellerman (1990) describes capitalism as a model where owners of the product, the capital suppliers, delegate authority, with voting power tied to share ownership. Residual income rights belong to owners or shareholders as transferable property. The "residual claimant" bears the costs of inputs and owns outputs, representing economic profit. Ellerman (1990, p. 21) calls this the "Fundamental Myth' of capitalism, arguing that the residual claimant role can't genuinely belong to owners because it is actually performed by workers who use inputs and create outputs. Unlike the capitalist model, the Democratic theory of the firm rests on two absolute principles: the democratic principle, which assigns the right to elect governors to those who are governed, and the labour theory of property, which assigns the fruits of labour to those who perform it (Ellerman, 1990). Together, these imply that membership rights, the rights to vote and claim to residual income, are personal rights attached to the function of working. They are not property rights that are tradable on a market. Where a capitalist firm requires workers to alienate their governance rights through the employment contract, a democratic firm abolishes the employment relationship entirely. It replaces it with a membership relationship, an economic equivalent of citizenship (Ellerman, 1990, p. 69). In a Democratic firm, governance rights are assigned as personal rights on a one-person, one-vote basis regardless of capital stake, and lapse upon leaving the firm so that votes always follow those currently being governed. (Ellerman, 1990; Ellerman & Gonza, 2024; Mygind, 2023). Governance must guarantee equal voting rights and real participation in decision-making, either directly or through democratically elected managers, rather than acting as independent supervisors (Diefenbach, 2019, as cited in Hansen & Jørgensen, 2022).

For Krystal EO, employee engagement and participation in governance are a must. But Krystal EO must also decide whether non-worker stakeholders should be engaged in dialogue only or included in the firm's governance. González-Ricoy & Magaña (2024) describe two competing views on this question. The first, the All-Affected Principle, holds that "All and only those whose interests are objectionably affected by a decision are to be included in its making." (p. 335) On the other hand, the All-Subjected Principle contends that "All and only those subject to a rule or decision are to be included in its making" (p. 357). They ultimately argue that workers are uniquely subject to the firm's authority in ways that third parties are not. As a result, the interests of those merely affected by a firm are better protected through external regulation than through inclusion in the firm's governance. This does not entirely bar the inclusion of non-worker stakeholders in governance. But the stronger response is to include those subjected to the firm's authority in governance while sheltering the interests of those merely affected through external regulation. This more effectively addresses objectionable corporate power without incurring the efficiency costs of broad stakeholder enfranchisement (González-Ricoy and Magaña, 2024). To best fulfil its role as a democratic firm, Krystal EO should therefore engage with relevant stakeholders - including, but not limited to, future employee-owners - but not necessarily include all in its governance.

Stakeholder Mapping

Freeman (1984) defines Stakeholders as individuals or groups who can affect, or be affected by, a company. His definition is deliberately broad, including not only those who actively seek to shape organisational decisions but also those passively affected by them. In project management literature, stakeholders have been narrowly "defined according to their connection to the project." (Corazza et al., 2024, p. 2386) But this framing risks focusing attention only on direct stakeholders, ignoring hidden or involuntary stakeholders. To avoid this, Krystal EO will need a systematic framework to actively involve both direct and hidden stakeholders relevant to its current lifecycle stage. This approach should also address the conflicting expectations of current and future stakeholders while maintaining social and democratic principles.

Krystal EO's EOT model brings inherent governance risks and competing interests. Since it is impossible to simultaneously meet the competing demands of all stakeholder groups (Chinyio & Olomolaiye, 2009), Krystal EO will need to adopt a proactive stakeholder management strategy. Where a minimal level of satisfaction is required to avoid failure, stakeholder support is also

essential for creating and sustaining winning coalitions and for ensuring the long-term viability of organisations, policies, plans, and programmes (Bryson et al., 2002, p. 4). However, stakeholder engagement differs from stakeholder management. Management is inherently one-sided, defending the organisation from demands, whereas genuine engagement requires reciprocity and binding dialogue (Kujala et al., 2022). Potthoff et al. (2023, p. 2009) support engagement over management, with firms "identifying and engaging, rather than managing, stakeholders who are key in identifying barriers and matching solutions to support implementation processes." This engagement will be essential in supporting Krystal's stated mission.

The stakeholders of Krystal EO go well beyond those identified in the "All-Subjected" principal (González-Ricoy & Magaña, 2024), even though future employee-owners will continue to be a key group to engage. In acquisition-led models such as Krystal EO, success depends on helping employees transition from passive observers to active owners. Once more, Stewardship Theory provides an effective, long-term solution, as it enables people to derive greater satisfaction from these collective, pro-organisational behaviours (Davis et al., 1997) and allows managers to focus on moral legitimacy (Pedrosa-Ortega et al., 2019). In fact, participatory and inclusive governance not only preserves moral legitimacy by giving workers voting power and a sense of dignity, but also provides the appropriate incentives for responsible management of the company, fulfilling a managerial objective (Fleurbaey, 2023, p. 8). For purpose-driven transitions to work, the workforce must shift from an agency to a stewardship mindset. This shift does not occur automatically at the point of sale (with the transfer of economic rights). Psychological ownership develops only when employees gain deep organisational knowledge, meaningful input into decision-making, and time to invest in operations.

Mitchell et al.'s (1997) Stakeholder Salience Model categorizes stakeholders by their Power, Legitimacy, and Urgency (PLU). Stakeholders are identified by possessing one, two, or all three attributes: influence over the firm, legitimacy of the relationship, and urgency of the claim. Salience, or the priority managers give to stakeholder claims, occurs where these attributes intersect. Stakeholders are ranked as Latent (one attribute), Expectant (two), or Definitive (all three).

Salience scores reflect current perceptions, not fixed points, so they should be reviewed as the organisation and environment change. The PLU framework helps map current power and anticipate future influence, enabling organisations to monitor stakeholder evolution. For Krystal EO, the

model guides stakeholder involvement before and during transitions. Regular renewal of participatory systems is crucial to sustain employee and stakeholder engagement over time (Basterretxea & Storey, 2018; Passetti et al., 2019). This approach ensures Krystal EO remains aligned with stakeholders and maintains participation within its EOBs.

Our stakeholder mapping exercise will follow Mitchell et al.'s PLU definition. It begins with broad stakeholder identification through brainstorming (Chinyio & Olomolaiye, 2009), creating an initial list. These groups are then assessed against the three PLU dimensions, dividing stakeholders into Latent, Expectant, and Definitive categories based on their attributes (Mitchell et al., 1997). A Venn diagram can then illustrate these groups and their complex relationships (Bryson et al., 2002).

The literature consistently warns against placing too much faith in prioritisation frameworks based on salience. These have historically marginalised less powerful stakeholders by favouring those managerial tools that serve only dominant interests (Kujala, Lehtimäki and Freeman, 2019, as cited in Corazza et al., 2024). As a remedy, this salience-based approach can be paired with a relational approach. This pairing has the added benefit of being more consistent with democratic values, in that it is more oriented towards the common good rather than transactional issue-solving (Cots, 2011, as cited in Corazza et al., 2024). Engagement processes should prioritise dialogue over reaching consensus. Institutions that suppress dissent or allow the powerful to portray the promotion of their narrow interests as democratic outcomes only undermine the democratic process. Effective engagement must actively favour the perspectives of less powerful stakeholders (Passetti et al., 2019).

To account for this, Pedrosa-Ortega et al. (2019) extend the PLU model with the Durability dimension. While urgency "is the ability to make immediate demands on the organisation, durability is the likelihood of a stakeholder being able to continue making future demands on the organisation." (Pedrosa-Ortega et al., 2019, p. 573). In Krystal EO's context, durability becomes particularly important. For example, a Founder may have urgent stakes in Krystal EO's decisions, while the employees of that firm will have both urgent and durable claims. Durability helps identify which stakeholders are likely to influence expectations regarding future project strategies (Newcombe, 2003, p. 4). Stakeholder identification and prioritisation in this project will therefore rely on the PLU Framework, extended by Durability (PLU + D), as shown by the Venn diagram in Figure 1.

Figure 1 Qualitative Classes of Stakeholders based on Mitchell et al. (1997, p. 872)



Business Models for Social Enterprises

Krystal EO's iterative model is hard to capture with standard tools. As a social enterprise supporting democratic values, it pursues philanthropic, commercial, and governance goals that typical business models either distort or overlook. Its intermediary role adds complexity, requiring it to be modelled alongside each acquired or transitioned business, while maintaining its own separate resources, competences, and value. We analyse several relevant tools below.

The widely used Business Model Canvas (BMC) (Osterwalder & Pigneur, 2004) comprises nine blocks that capture a business model's core elements, including infrastructure, offering, customers, and finances (Harangozo et al., 2026; Sparviero, 2019; Stork et al., 2023). Two social enterprise extensions address its limitations for mission-driven firms. Sparviero (2019) created the Social Enterprise Model Canvas (SEMC), a 14-block redesign focusing on governance and mission, replacing revenue with a flexible 'income' block. Harangozo et al. (2026) developed the Socially Extended Business Model Canvas (SBMC), adding blocks for social value, beneficiaries, impact measurement, and reinvestment, based on a review of 109 studies.

A related set of tools stems from Demil and Lecocq's (2010) RCOV framework, which is based on Penrose's (1963) theory of firm growth. These tools emphasise dynamism by showing how components interact and evolve over time, rather than offering a static view (Demil & Lecocq,

2010; Lecocq et al., 2023; Ranjatoelina, 2018). Two extensions have broadened this framework: Lecocq et al. (2023) add externalities and internalities, highlighting the role of the business model in shaping stakeholder outcomes beyond market transactions. Ranjatoelina (2018) also introduces Strategic Intent (SI) as a fifth core element in the SI-RCOV framework, emphasising the social mission of inclusive organisations as a core part of their structure rather than an optional addition.

These models do not suit Krystal EO's unique structure. The BMC is intended for commercially focused organisations, with paying customers as the main target group and revenue streams forming the core financial model (Stork et al., 2023). When applied to social enterprises or organisations with hybrid goals (e.g. profit-making and social value), key components of the social enterprise are misrepresented. Additionally, Krystal EO's model is more complex than the single-organisation cases in the academic literature. Krystal EO functions as an intermediary with a philanthropy-supported acquisition model. It possesses unique resources, skills, organisational design, and value metrics when compared to the employee-owned businesses it acquires and supports. A business modelling approach must therefore include two separate models and, at the same time, take account of the dynamic interdependencies between them, with the model adapting as the portfolio grows towards 2060.

A practical business model canvas for Krystal EO must provide a clear, investor-friendly overview of its structure and reasoning, enable flexible growth modelling for financial projections, consider all stakeholders with impact, engagement, and review processes, differentiate resources, skills, organization, and value metrics of Krystal EO and its acquisitions, maintain separate revenue streams from philanthropy and commercial activities, and present its strategic mission with key metrics in a cyclical framework for ongoing alignment. Appendix A's gap analysis shows no single framework covers all Krystal EO's business model needs. Challenges incude engaging stakeholders, creating a hybrid purpose-driven canvas, and modelling growth toward a multi-acquisition portfolio by 2060. Since each challenge calls for a different analytical tool, we suggest using a layered framework that combines the SEMC (Sparviero, 2019), the SI-RCOV (Ranjatoelina, 2018), and the Green Link Project Impact Assessment Canvas (*ESG Canvas Framework v1.6*, n.d.). A table showing how this method satisfies Krystal EO's requirements can be found in Appendix B.

The SEMC (Sparviero, 2019), shown in Appendix C, will act as the main model for Krystal EO and will provide a static view of its business model at this time; the sections relating to its

governance, key stakeholders, sources of income, and mission correspond closely with Krystal's actual structure. One canvas instance should be for Krystal EO in its capacity as an intermediary, with a separate instance for each acquired business post-transition. The framework known as SI-RCOV (Ranjatoelina, 2018), shown in Appendix D, will put the static content into action; its loop-based approach illustrates how the interactions between strategic intent, resources and competences, organisation, and value propositions evolve as Krystal EO grows towards an EOT portfolio by 2060. Together with the financial projections, it constitutes an investor-ready deliverable. The expected social impact of each possible acquisition is shown by the Project Impact Assessment Canvas (ESG Canvas Framework v1.6, n.d.). The Change Hypothesis structure provides a clear rationale for each acquisition's impact claims, while its cascading framework demonstrates how the effects of EO transitions spread across different stakeholders over time. The three models should be used sequentially, not simultaneously.

Theoretical Framework

Stakeholder Mapping Process

Our stakeholder research will follow 7 steps: clarify engagement objectives, build the stakeholder universe, classify stakeholders, prioritise stakeholders, identify names and faces, interview stakeholders, and finally, analysis. These steps are based on the stakeholder management framework proposed by Freeman and McVea (2001) and drawn from the research methodology employed by Malik (2025).

Research Questions for Stakeholder Mapping

A key challenge in mapping and engaging Krystal EO's stakeholders is not just identifying them but also understanding the most effective messages and methods for engaging with this diverse group. The first obstacle for us is crafting research questions that produce the evidence needed for effective engagement. While this project relies on the PLU+D Framework, these dimensions are simply a narrowed set of "attributes [that] can be used to identify different classes of stakeholders in a firm's environment." (Mitchell et al., 1997, p. 854) As a result, they are too basic to fully grasp the sentiments of actual stakeholders.

We therefore reviewed a broad body of stakeholder literature to identify the most widely represented criteria relevant to understanding and engaging with individual stakeholders. Using the

PLU+D dimensions as our starting point, we performed an extended literature review in stakeholder engagement theory, democratic theory of the firm, and social enterprise theory, as detailed in Appendix C. Following this review, we extended the framework with the following dimensions: Interest and Orientation, Expertise and Impact, and Trust and Relationships.

Interest and Orientation addresses motivations, goals, and whether a stakeholder's disposition is favourable or resistant (Boaz et al., 2018; Bourne, 2016; Chinyio & Olomolaiye, 2009; Corazza et al., 2024; Ferretti, 2016; Mitchell et al., 1997; Mygind, 2026; Newcombe, 2003). Expertise and Impact asks about unique or expert knowledge, networks, resources, and lived experience to ensure the full impact (both positive and negative) is fully understood (Bourne, 2016; Chinyio & Olomolaiye, 2009; Ferretti, 2016; Fleurbaey, 2023; Kujala et al., 2022). Trust and Relationships, deals with existing conflicts, alliances, and mutual familiarity, (Boaz et al., 2018; Bourne, 2016; Corazza et al., 2024; Kujala et al., 2022; Passetti et al., 2019; Ramus & Vaccaro, 2017; Van Rooijen et al., 2021) and reflects the turn in stakeholder theory towards an analysis of "all the relationships between external stakeholders, internal stakeholders, and anyone else who may play a role in the project" (Rowley, 2017, as cited in Corazza et al., 2024, p. 2385).

The research questions developed for each dimension are designed to be relevant across all stakeholder groups. This not only surfaces the information needed to map stakeholders with empirical grounding but can also inform the SEMC and Project Impact Assessment canvases. For Krystal EO, it is not only a strategic necessity but also a clear demonstration of its commitment to equitable and relational engagement with its ecosystem.

Research Questions for Stakeholder Interviews

The research questions in Table 1 serve as the highest-level guide for interviews. They detail the information required for the study, starting with the main question and then funnelling into each of the seven subordinated dimensions. All questions are written to be relevant for both prospective and current stakeholders, consistent with an iterative research design.

Table 1 Overarching Research Questions

No.	Overarching Research Question
RQ1	How do current and future stakeholder groups perceive Krystal EO's mission, model, and legitimacy as an intermediary in scaling employee ownership in the UK?
RQ2	What conditions would need to be in place for each stakeholder group to actively support, resource, or participate in Krystal EO's acquisition and transition model?
RQ3	What are the primary tensions, barriers, and areas of potential misalignment between Krystal EO's objectives and the interests of its key stakeholder groups?

RQ4	What resources, relationships, and forms of engagement does Krystal EO need from each stakeholder group to sustain and scale its model through 2060?

The overarching research questions are dimension-specific research questions on influence and power, legitimacy, urgency, durability, interest and orientation, expertise and impact, and trust and relationships, as shown in Table 2. These dimensional research questions were first mapped onto the overarching research questions. Then, interview questions were drafted to align with each mapping, as shown in 0.

Table 2 Subordinated Dimensional Research Questions

Influence and power	What formal or informal authority does this stakeholder group hold over decisions relevant to Krystal EO's operations? Who do they listen to? To what degree could this group accelerate or obstruct Krystal EO's work if they chose to act?
Legitimacy	On what basis does this stakeholder group's claim on Krystal EO's attention rest: legal, moral, relational, or reputational? How does this group perceive its own right to be heard in decisions that Krystal EO makes? How do other stakeholder groups view this group's standing?
Urgency	How time-sensitive is this group's stake in Krystal EO's activities, and what would trigger them to act on that stake? How critically do they feel Krystal EO's decisions could affect them? How prepared are they to respond if their expectations are not met?
Durability	How stable is this group's interest in Krystal EO likely to be over the medium to long term? What practical constraints (time, resources, organisational mandate) would limit their ability to engage meaningfully?
Interest and orientation	What does success look like for this stakeholder group in relation to Krystal EO? What are their primary concerns about the employee ownership model?
Expertise and impact	What specific knowledge, expertise, or resources does this group possess that would be valuable to Krystal EO's mission? How significantly would Krystal EO's operations affect this group, directly or indirectly, including any externalities not immediately visible in the transaction?
Trust and relationships	What is the existing level of familiarity and trust between this stakeholder group and employee-owned organisations? What is the existing level of familiarity and trust between this stakeholder group and social enterprises like Krystal? What would Krystal EO need to do to build or maintain sufficient trust – for them or their network - to secure their cooperation?

Part 2

Methodology

Our research employs an interpretivist epistemological approach, based on the idea that stakeholder perceptions can only be understood through direct engagement rather than objective measurement and that true insight would be missed if their complexities or variety were condensed or generalised (Saunders et al., 2023, p. 150). Semi-structured interviews are therefore an appropriate primary research tool. Our research goal is to understand how stakeholders perceive their relationship with Krystal EO in its current context and in light of its stated goals.

Stakeholder Mapping

Our research is structured around a seven-step stakeholder mapping process adapted from Malik (2025) and grounded in stakeholder engagement as promoted by Freeman and McVea (2001). The PLU salience framework of Mitchell et al. (1997), extended by Durability (Pedrosa-Ortega et al., 2019), forms the basis for identifying, classifying, prioritising, interviewing, and iteratively re-engaging stakeholder groups across Krystal EO's acquisition lifecycle. This is consistent with the theory-building case study approach outlined by Eisenhardt (1989), which is well suited to research areas where existing theory is incomplete, as in Krystal EO’s model.

The research questions are sufficiently broad to focus our data collection without limiting our findings. The PLU+D framework allows us to develop a priori constructs, ensuring our approach remains both grounded and flexible (Eisenhardt, 1989, p. 536). Additionally, we will draw on both the academic literature and the experience and knowledge of Krystal EO to identify stakeholder groups. These groups vary significantly from each other: each brings different expectations on returns, salience profiles, and trust dependencies. These differences are likely to mirror or expand the developing framework across various cases (Eisenhardt, 1989, p. 537).

Our research will follow two threads. The first thread encompasses at least three 45 to 60-minute semi-structured interviews per stakeholder segment. The maximum number of participants will be determined by theoretical saturation rather than setting a fixed sample size. The team will stop seeking additional interviews once new insights from each interview become negligible (Eisenhardt, 1989, p. 545; Saunders et al., 2023, p. 187). Interview transcripts will be coded for content and sentiment in Atlas.ti. The second thread consists of financial scenario modelling using

the hybrid top-down/bottom-up forecasting methodology of Häcker and Ernst (2018). This approach was selected because it combines market sizing data (e.g. the estimated 4,000 to 11,000 UK SMEs suited to EOB) with bottom-up assumptions and financial data. These assumptions will be tested through stakeholder interviews and reviews with Krystal EO. The qualitative findings from the interview analysis challenge or validate the assumptions behind the financial model.

Iterative coding practices will surface patterns in the interviews, which can then influence subsequent interviews (Eisenhardt, 1989, p. 539). Evolving findings will then be combined with both supporting and opposing viewpoints from the academic literature. This approach strengthens the validity of our findings, helps clarify definitions, and elevates the overall theoretical framework (Eisenhardt, 1989, p. 534).

Table 3 details the 7 steps of the stakeholder mapping process. The methodology for developing the business model canvas and financial forecast models is provided further below.

Table 3 Steps of Stakeholder Mapping and Prioritisation

Step	Description
Step 1	**Clarify Engagement Objectives.** To guide this discussion, we will pose questions such as "What does Krystal want to learn from or about its stakeholders?" and "What strategic questions does it want to answer?" Conversations will involve the Krystal EO founder and staff, since these individuals define and implement the organisation's vision, control access to documentation, formulate the assumptions that feed the financial model, and set the project scope (Freeman & Mcvea, 2001).
Step 2	**Identify potential stakeholders.** First, we identify any group or individual who can affect or is affected by the achievement of the organisation's objectives (Freeman, 1984). To do so, we will review the academic literature on employee-owned firms, social enterprises, and stakeholder mapping and engagement to generate an initial list of likely stakeholder groups. Next, we will submit this list of potential stakeholders to Krystal EO for amendment and verification. Using this 'wide net' approach, consistent with Reed et al. (2009), minimises analytical bias and ensures full stakeholder coverage. This step will produce a complete and validated list of all potential stakeholders for Krystal EO.
Step 3	**Classify Stakeholders.** Assess each stakeholder group against the PLU+D salience framework. Each stakeholder group will be scored on each dimension (Power, Legitimacy, Urgency, and Durability) on a scale of 1 to 5, with 5 indicating maximum salience. The scores will then be added together to produce a composite PLU+D salience score out of 20. Groups are next ordered from highest to lowest. If one or more stakeholder groups receive the same ranking, they will be sorted according to their strategic relevance to Krystal EO's current needs and context. Those scoring in the upper range are considered primary stakeholders and require active engagement. Lower-scoring stakeholders are designated as secondary, implying that engagement should be deferred to a later stage. The completed scoring and ranking will then be shared with Krystal EO for challenge or validation.
Step 4	**Prioritise Stakeholders.** Stakeholder segments will next be split into decisive stakeholders, mediating stakeholders, beneficiary-legitimacy stakeholders and secondary stakeholders (Mitchell et al., 1997). Decisive stakeholders are those who can directly decide whether the model progresses or stalls. Mediating stakeholders are those who shape access to, interpretation of, or legitimacy of Krystal EO among those decisive stakeholders. Beneficiary-legitimacy stakeholders are those whose interests support the model and influence its legitimacy over time. Secondary stakeholders are those who are not directly engaged with the firm but can nevertheless impact, or be impacted, by it.
Step 5	**Identify Names and Faces**. Work with Krystal EO to identify specific organisations or individuals for interviews. In addition to that, the research team will reach out directly to a broader range of stakeholders. Three to five external stakeholder groups will be selected for the first phase of engagement. Interview counts will be determined by subject availability and the principle of theoretical saturation (Guest et al., 2006), ensuring that the data are credible and relevant to Krystal EO's objectives (Saunders et al., 2023, p. 187).

Step 6	**Interview Stakeholders.** We will use semi-structured interviews, which are especially suited to exploring Krystal EO's complex stakeholder network (Bourne & Walker, 2005; Reed et al., 2009). To encourage responses from potentially hesitant participants, we will use strict anonymisation procedures. Interviews will be scheduled for 60 minutes but remain flexible based on interviewee's needs. The interview protocol will be developed iteratively, with learnings being incorporated as interviews progress. Since interviews will be conducted online, we will pay special attention to ensuring reliability and maintaining interpersonal connections (Archibald et al., 2019). Each interview will be conducted by two interviewers, with one team member serving as the primary interviewer while the other focuses on detailed note-taking and observations (Eisenhardt, 1989). This captures both exact responses to questions and the subtler reactions. Interviews will be transcribed, anonymised, and sent to interviewees. They can then provide input before the transcript is considered final.
Step 7	**Analysis.** We will follow an inductive approach to analyse interview transcripts. This involves building explanations from the ground up and fragmenting the data to move from specific observations to broader analytical themes across the data (Saunders et al., 2023, p. 666). The PLU+D framework and the seven-dimensional stakeholder engagement model developed in Part 1 serve as guiding concepts for the research rather than as predefined categories. Transcripts will be coded systematically and managed in Atlas.ti, a computer-assisted qualitative data analysis tool, which will also support sentiment analysis of the interview data. Codes will be generated iteratively from the data as the interviews progress. A framework of concepts and themes will then be built through a review of the codes and a close reading of the transcripts, with codes being inserted, deleted and merged (Saunders et al., 2023). While the PLU+D framework informed the interview questions, it will not be used to generate the coding themes. This not only allows themes to emerge from participants' responses, with the research team searching for negative examples, but also serves as a safeguard against confirmation bias (Saunders et al., 2023).

All interviews will follow established ethical protocols for stakeholder research, with detailed consent and data processing procedures outlined in Appendix I. The interviews will be based around the open-ended questions in 0. A visual showing the complete interview methodology can be found in Appendix H.

This report's findings are interpretive and are not intended to be generalised to the broader stakeholder population. Instead, they serve to provide grounded insights into the conditions that influence stakeholders' engagement with Krystal EO's model. The analysis produces five results: it answers the research questions, tests assumptions from the literature as well as from Krystal EO, validates the stakeholder prioritisation, and produces inputs for the business model canvases and long-term financial model.

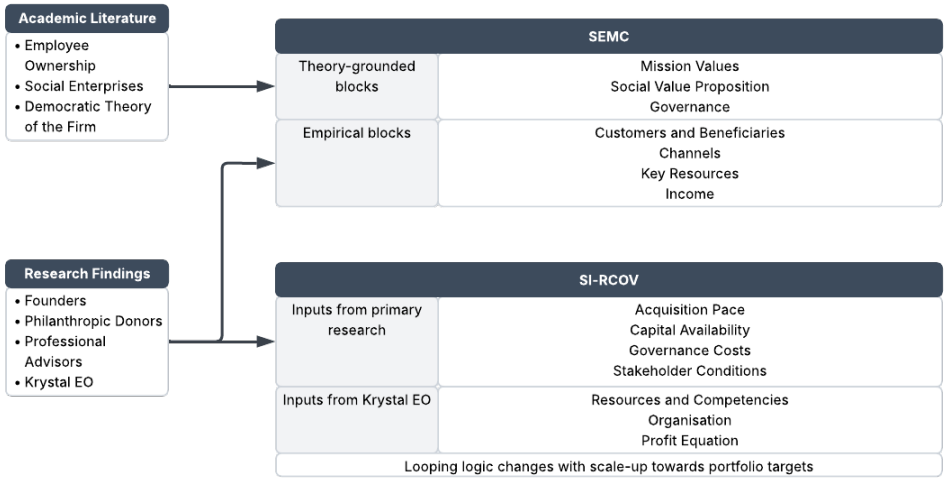
Develop Business Model Tools

The interview findings and academic literature review will be used to populate the first iteration of the business model tools as shown in Figure 2. Krystal EO can then use future stakeholder mapping and engagement exercises to update future iterations of those models.

The Mission Values, Social Value Proposition, and Governance blocks of the SEMC model will first be informed by the Academic literature on employee ownership, social enterprises, and the democratic theory of the firm. The interview findings will then advise the more commercially sensitive blocks, such as Customers and Beneficiaries, Channels, Key Resources, and Income. The

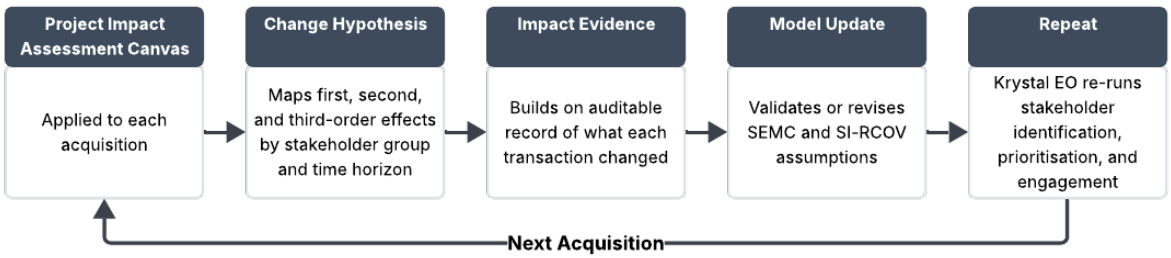
SEMC model should be applied separately to Krystal EO and to each acquired company. As Krystal EO gathers insights from future stakeholder engagement efforts, it can update the acquired firm's SEMC canvas accordingly.

Figure 2 Literature and Research Informing Business Model Tools



Instead of relying on academic literature, the SI-RCOV is primarily informed by Krystal EO's experience and expectations, which directly influence the Resources and Competencies, Organisation, and Profit Equation sections. The Project Impact Assessment Canvas, linked to specific impact claims, must be recreated for each acquisition. It also serves as the foundation for Step 8 of stakeholder mapping: repeating the full identification, prioritisation, and engagement cycle for each new acquisition. As impact evidence accumulates across transactions, the Canvas can feed findings back into both the SEMC and SI-RCOV, validating assumptions or indicating where revisions are needed. Figure 3 illustrates how these tools are interconnected and how the blocks interact as Krystal EO progresses toward its 2060 goal.

Figure 3 Project Impact Assessment Canvas Triggering Stakeholder Mapping Exercise



Hybrid Top-down and Bottom-Up Forecasting

Krystal EO's growth potential may be limited by both the availability of acquisition opportunities and its ability to raise and re-utilise capital. We will therefore build the financial model using a top-down and bottom-up approach. The top-down component will draw on market-level data to identify the potential opportunity and confirm the feasibility of estimated acquisition volumes. Third-party data sources will provide company size distributions, indicating the available pool of suitable UK SMEs. Additional market data will show the employee-ownership transition activity in the UK and current acquisition multiples. The bottom-up component will first show how Krystal EO is funded, based on revenue projections from Krystal Hosting. To generate yearly acquisition capacity, it will then explore the philanthropic funding for acquisitions, operating costs, the potential acquisition mix, and portfolio economics. This will ultimately feed the success metric of the number of employee-ownership created by Krystal EO. This approach is drawn from the financial modelling principles described by Häcker and Ernst (2018), specifically because it does not rely solely on internal growth assumptions.

External inputs and research assumptions will then be validated with Krystal EO, who will provide organisation-specific inputs, such as funding expectations, acquisition strategy, and operational needs. These can then be benchmarked against public and industry data. Interview findings will be used to either challenge or validate assumptions about funding availability, acquisition speed, operating expenses, transition impacts, and financing options. Key assumptions will be evaluated across three operating scenarios: Poor, Standard, and Good. Each scenario will also be checked against alternative financing options, as well as stress tests such as recession and interest rate changes. This will result in a range of plausible outcomes rather than a single forecast.

Because donor capital does not require a financial return, the model is not structured as a conventional donor DCF or IRR model. Instead, it will evaluate both financial sustainability and social impact, looking at capital deployment and recycling, portfolio value, company survival, employee distribution, and the transition to employee ownership.

Research Ethics

Ethical Standards

To uphold responsibility, integrity, and respect for individuals' rights and dignity, this project will follow the AOM Code of Ethics (*AOM Code of Ethics*, 2023). This code guides ethical research and decision-making and fosters trust, especially in situations lacking specific rules. All interview transcripts will be shared with participants for review and validation before analysis. Once approved, transcripts will be anonymised in line with GDPR requirements. At this point, participants lose the right to withdraw consent to use the transcript in our research. Participants are free to withdraw from the study at any point before anonymisation is complete, without obligation or consequence.

First, using a consent information letter, we will commit to confidential use of the participant's and the company's data (see Appendix H). Second, this research requires internet-based data access, for which we will use a secure sharing mechanism provided by the university to prevent data leakage or loss. Third, this research will also require access to high-ranking individuals in their respective firms. To ensure that no individuals can be identified from our research or findings, we will anonymise participants during the research process. Fourth, we ensure that all participants are taking part freely by obtaining explicit verbal consent from each participant.

Research Limitations

We note several pertinent limitations in our research. First, our interview sample is small and is defined by the research goal. Krystal EO itself will likely facilitate access to many interviewees. This creates a self-selection risk; for example, participants may be more sympathetic to employee ownership than the broader population. Second, the selection process risks uneven interview coverage across groups, with some meeting the saturation minimum and others exceeding it. Third, Krystal EO's role in validating the stakeholder list and reviewing findings also introduces a degree of validator bias. Their involvement means that a key beneficiary of the analysis is also influencing its scope and framing. Fourth, the PLU+D salience scores will be based on the research team's understanding of the academic literature and interview data, rather than being an objective measure. Mitchell et al. (1997) themselves acknowledge this as an intrinsic limitation of the salience model. Fifth, asking stakeholders whether they think this model will work relies on future judgment. Interviewees may express confidence or scepticism that does not predict how they would act when real capital, transaction, or governance decisions are on the table. Finally, the financial

scenarios depend on market estimates, which are highly uncertain. These become increasingly speculative over the course of 33 years. Several assumptions underpinning the forecasts cannot be tested within the scope of this study.

Analysis

Step 1: Clarify Engagement Objectives

Our goal here was to develop an engagement objective to guide the remaining steps of stakeholder analysis. Krystal EO's initial ask was to understand whether "key stakeholders believe this model will work." While this is a valid question, it is too broad to enable our research to produce actionable recommendations. Working iteratively with Krystal EO, we narrowed this question into the following objective.

> *"Which stakeholder types have the motivation and risk appetite to engage with a first-of-its-kind employee ownership acquisition vehicle, and what conditions, structures, or narratives would unlock their participation?"*

This question addresses two facets of the research scope. Regarding philanthropic capital, the objective helps answer whether philanthropic or mission-aligned funders would consider the model credible enough to commit funding. On the transaction side, the objective helps Krystal assess whether selling founders would view an employee-ownership exit via Krystal EO as a legitimate and attractive alternative to a trade sale. Although outside the research scope, a third finding may emerge from this objective: whether those managing post-transition EOBs view the model as sustainable. The four main research questions in the interview framework are organised breakdowns of this objective.

Step 2: Build the Stakeholder Universe

According to the methodology outlined above, a review of academic literature spanning our entire literature produced an initial list of 19 potential stakeholder groups (see Appendix J). This list was provided to Krystal EO for validation during a preliminary feedback session.

Feedback from Krystal EO led to several significant changes to the original categories. Philanthropic investors were separated from impact investors since the two groups have different expectations regarding impact and returns. Philanthropic investors respond to mission-driven and systems-change narratives and do not expect to exit their investment or receive a financial return.

Impact investors, on the other hand, are return-seeking and are therefore misaligned with Krystal EO's model. Because of their role as gatekeepers to ultra-high-net-worth individuals, wealth advisors and private banks were elevated to a separate group. SME Owners and Exited Founders & EO practitioners were also separated out from Selling Founders. This recognises the differences in attitudes and experience post-exit versus the challenges and requirements of decision-makers actively looking to exit. Finally, Donor-Advised Funds (DAFs) were identified as a distinct and highly actionable stakeholder group. Since their capital is already locked away for charitable causes, the engagement question changes from capital availability to value alignment. The revised list of 22 stakeholders is shown in Appendix K.

Step 3: Classify Stakeholders

We scored the PLU+D dimensions for each stakeholder group on a scale of 1 to 5. A score of 1 meant an attribute was absent, while a score of five meant that attribute was a key characteristic of that stakeholder. For example, a low salience score might indicate limited influence, low urgency, or only a passing relationship with Krystal EO. Attributes with a score of 4 or higher were currently considered relevant for Krystal EO. We then submitted our final stakeholder ranking and prioritisation to Krystal EO so they could assess these against their own experience. Finally, we reviewed the ranking results against the engagement objective to decide which stakeholder groups to prioritise for interviews. The results of this classification are presented in the Venn Diagram in Figure 4.

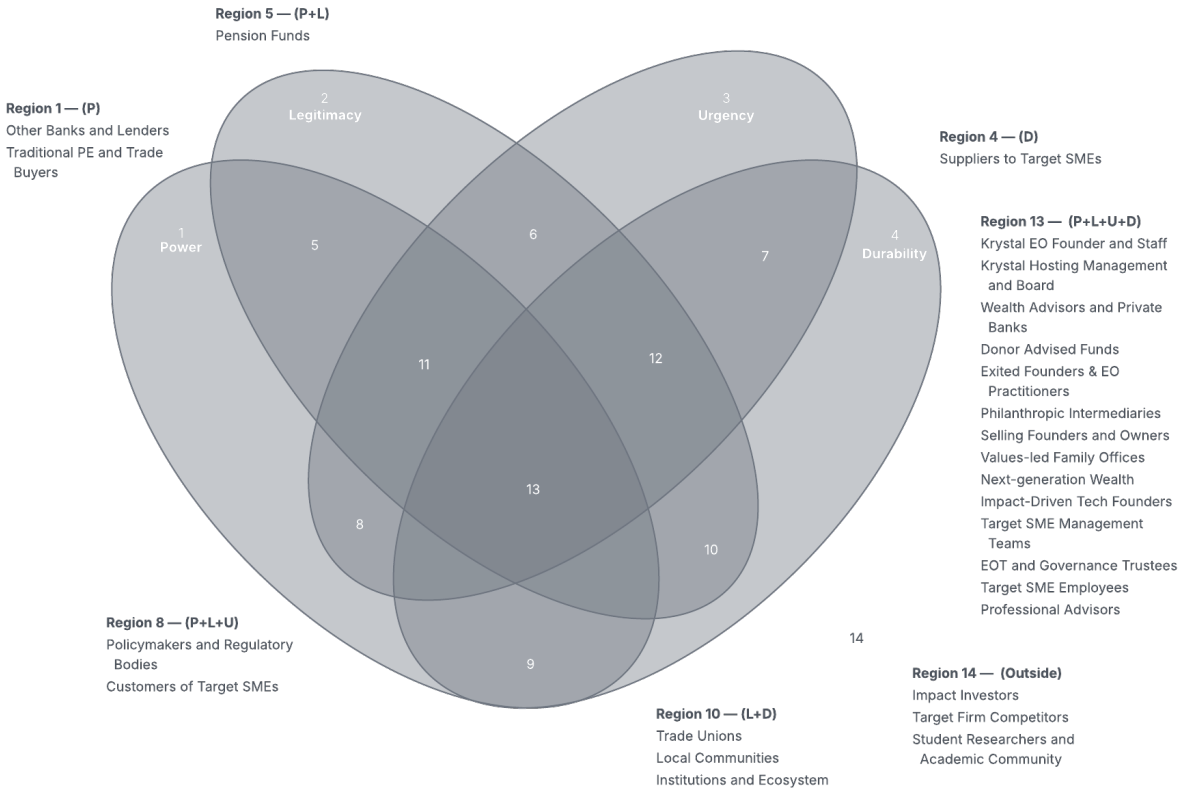
In the stakeholder diagram, 14 of the 26 groups fall into Region 13, meaning they are salient for all four PLU+D attributes. These are currently the most essential groups for Krystal EO’s success, as they simultaneously hold high levels of power, legitimacy, urgency, and durability. A wide range of salient stakeholders suggests that a simplistic or sequential engagement strategy will be ineffective for Krystal EO.

Step 4: Prioritise Stakeholders

The limited time made it infeasible to include all high-salience stakeholder groups in the interview programme. We also recognised that Krystal EO's looping acquisition model results in a dynamic stakeholder environment. The salience, motivations, and expectations of many groups will shift significantly as the organisation moves from its current pre-acquisition phase to acquiring

a first firm and then managing it post-transition. Interviewing groups that become relevant later would yield findings of very limited value.

Figure 4 PLU+D Diagram with Krystal EO's Stakeholders



We limited the interview program to provide the most practical insights into Krystal EO's current situation. This means engaging with early financing gatekeepers and learning from the experiences of exited founders and EO practitioners. Understanding the mediating stakeholders who control access to philanthropic capital is crucial to mapping the conditions required to secure funding. Equally, exited founders and EO practitioners represent an instructive stakeholder group whose experience selling companies and/or transitioning to employee ownership will be essential in developing Krystal EO's engagement plan and business model. Showing a solid understanding of this group's motivations and concerns also boosts Krystal EO's credibility with potential donors, who will want proof that the pipeline of acquisition targets is real.

We selected four groups for interviews: Wealth Advisors and Private Banks, Donor-Advised Funds, Exited Founders & EO Practitioners, and Philanthropic Intermediaries. These groups represent high-salience, external stakeholders who are either early gatekeepers or come from

potential donor channels. All four scored between 17 and 18 on the PLU+D framework; each was classified as either a mediating or decisive primary external stakeholder.

There were other groups who ranked highly on durability but since they either fell outside the current capital acquisition phase (e.g. Selling Founders and Owners, Target SME Management Teams, EOT Trustees, and Target Employees), they were deliberately excluded.

Step 5: Identify Names and Faces

We identified interview candidates through several channels. Krystal EO provided a Fundraising Feasibility Report (Clews, 2026) where they highlighted the most relevant entries for potential interviews. Krystal EO compiled these databases as part of a fundraising feasibility study commissioned in January 2026, conducted by an independent fundraising consultant. Krystal EO deliberately withheld this donor segmentation work during the earlier stages of our stakeholder mapping process to prevent it from influencing our independent analysis. Introducing it at this stage helped confirm that the academically based stakeholder framework aligns with the practitioner-led research on the funder landscape. Candidates were also identified through introductions from Krystal EO, referrals from interviewees, the researchers' professional networks, and cold outreach to relevant prospects via the EDHEC Alumni network and LinkedIn.

Approximately 150 individuals or companies were contacted between May 1 and August 10, 2026. The methodology set a target of at least three interviews per stakeholder group, with interviews allowed to continue beyond that range where the data remained new and relevant (Guest et al., 2006; Saunders et al., 2023, p. 187). In practice, interviews continued to yield new material as the programme progressed, rather than converging quickly. On that basis, the research team accepted additional interviews up to the cut-off date rather than closing the group as soon as it met the minimum target.

DAFs were given special focus, as they were expected to be a discrete and available channel to attract charitable capital. That expectation did not survive contact with the real-world. Nineteen UK Donor-Advised Fund organisations were identified as prospects, drawing on Krystal EO's own funder database and public sector listings. Krystal EO and the research team contacted these organisations through their private and professional networks. One DAF organisation agreed to participate. The others either did not respond or declined because they perceived a lack of relevance. Because Krystal EO was not a registered charity, DAFs repeatedly responded that our

research was outside their field. Our team therefore considered two options: either flag DAFs as under-recruited in the interview set or reevaluate whether they were distinct enough from the broader Philanthropic Intermediary group to warrant their own classification. After discussion with Krystal EO, we decided to pursue the second option. We therefore combined the one DAF interview with the other Philanthropic Intermediaries interviews to form a single stakeholder group. While recruitment challenges drove the decision, it is justified because both stakeholders hold the same position regarding Krystal EO's potential capital sources. They stand between the source of philanthropic funds and the causes those funds support.

We conducted twelve interviews with thirteen participants across the three groups: seven from Exited Founders & EO Practitioners, three from Philanthropic Intermediaries, and three from Wealth Advisors and Private Banks. We conducted one interview within the Exited Founder & EO Practitioner group with two colleagues from the same firm, explaining the difference between the number of interviews and the number of participants. Although we coded their contributions separately, we recognise that each may have influenced the other's responses. The interview counts for all three groups met or exceeded the minimum target.

Interviewees are anonymised throughout the remainder of this report using a group code and a sequential number: EFEP for Exited Founders & EO Practitioners; PI for Philanthropic Intermediaries; and WAPB for Wealth Advisors and Private Banks (for example, EFEP1, WAPB2). The DAF participant was coded as PI3 within the Philanthropic Intermediaries group to allow their transcript to be analysed as part of that group.

Step 6: Interview Stakeholders

Once an interviewee confirmed interest, we provided onboarding materials to help them prepare for the interview (see Appendix H, Appendix M, and Appendix N). We also prepared an internal interview guide to ensure consistency across the set, organised around the four overarching research questions in Table 1. Interviewers asked at least one question from each block. We selected questions based on the participant's background and the direction of the conversation. The guide ensured coverage of the overarching research questions rather than serving as a strict script.

All interviews were conducted remotely via Microsoft Teams between 29 June and 5 August 2026. As shown in Appendix O, sessions ranged from 25 minutes to 1 hour 1 minute, compared with the planned 45 to 60 minutes. Several interviews were shorter than intended because

participants answered concisely and did not expand when probed. One outlier, PI2, had conflicting meetings, requiring an interview shorter than 30 minutes. Meanwhile, the longest interview reflected a participant who moved from the interview guide questions into their specific operational experience.

Interviews were auto-transcribed via Microsoft Teams. Each transcript was checked line by line against the recording and corrected for misheard terminology or company names. Transcripts were then pseudonymised and redacted. All interviewees accepted the inclusion of their anonymised transcripts in the study. Two participants requested that filler words be removed to improve readability, and one requested an additional redaction. The team completed all three requests before saving the transcripts for analysis.

Step 7: Analysis

The team coded the text of both the academic literature and the interview transcripts. We then completed sentiment coding of the interview transcripts. AI-assisted coding in ATLAS.ti was used for the first pass of text and sentiment coding. The team first reviewed the text codes manually, combining codes with similar meanings but with different labels, renaming similar categories or subcategories, removing one-off codes, and grouping scattered codes under appropriate parents. The team next revised the sentiment coding in three stages. First, any sentiment tags that had incorrectly been applied to speaker labels, timestamps, headings, or other recording notes were deleted. Second, the team removed tags from the introduction portion of the interview. This is the section where the team introduced themselves and obtained consent to record. Finally, the team reviewed the remaining sentiment codes. Team members confirmed that the sentiment codes accurately captured the feeling expressed across the interview. These cleaning and reviewing activities significantly reduced the number of codes, as shown in Table 4.

Table 4 Coding Funnel

Stage	What it contains	Count
Raw AI-assisted codes	All machine-generated codes before review	~15,000 (pre-review)
Reviewed substantive codebook	After merging, de-duplication, and pruning; sentiment codes excluded	~7,300 substantive codes
Candidate categories	Emergent code-group headings built over the anchor (grounded) codes	13 substantive categories
Final themes	Overarching themes built across the categories	6 themes (20 sub-findings)

The team followed a research funnel approach to draw learnings from the interviews. First, we reviewed the codes at a general level, then progressively narrowed them down to eventually

address the research questions and objectives (Saunders et al., 2023, p. 81). At the top of the funnel are the 7,300 substantive codes. These were narrowed to 13 candidate categories (see Table 5), forming the funnel's middle layer. At the base of the funnel are the final six themes. These themes were developed by examining the candidate categories and asking what recurring story the codes revealed about stakeholders' perceptions of Krystal EO.

Table 5 Themes, Candidate Categories, and Research Questions (RQs)

Theme	Candidate categories	RQs
T1 Legitimacy and the credibility of an unproven model	Stakeholders; Governance & Legal; Social Responsibility & Sustainability	RQ1
T2 Conditions for support: impact evidence and model flexibility	Employee Ownership & Participation; Implementation & Policy; Social Responsibility & Sustainability	RQ2
T3 Financing the transition	Economic & Financial Context; Strategy, Innovation & Risk; Equity, Inequality & Social Impact	RQ2/RQ4
T4 The founder transition: control, legacy, and succession	Leadership, Power & Decision-making; Organization: Structure, Culture & Change; Employee Ownership & Participation	RQ1/RQ3
T5 Barriers and misalignment: awareness, advisors, and demand	Barriers & Challenges; Stakeholders; Economic & Financial Context	RQ3
T6 Relationships, networks, and engagement pathways	Collaboration & Communication; Stakeholders; Strategy, Innovation & Risk	RQ4

The final six themes are structured as follows. T1 sets out how Krystal EO's model is evaluated, followed by what encourages support (T2, T3) and what hinders it (T4, T5). T6 highlights the connections and channels of engagement that influence all other themes. Legitimacy (T1) influences willingness; however, willingness occurs only when support conditions (T2), funding (T3), effective handling of the founder transition (T4), and the removal of underlying barriers (T5) are met. Finally, relationships and networks (T6) further mediate these effects. A visualisation of the themes and subthemes is provided in Appendix P.

First, we will report the interview results by theme. Then, we will compare the research results across stakeholder groups. Our results will then be contrasted with existing academic literature. Finally, we will analyse the sentiment codes themselves. This will lead to revisions in stakeholder groups and their salience, followed by a review of the assumptions made before the qualitative research.

Findings by Theme

T1 Legitimacy and the credibility of an unproven model (RQ1)

This theme examines how stakeholders evaluate Krystal EO's mission, model, and credibility, and why they might grant or deny legitimacy. All interviewees recognised and valued employee ownership. This perception was often linked to well-known UK examples, such as John Lewis. For

example, PI3 noted that most people, especially shoppers, would be aware that John Lewis is employee-owned. WAPB1 went further, emphasising the advantages of employee ownership for employees, such as improved job retention after a sale and the opportunity to share in profits.

Krystal EO's specific model, however, is seen as experimental. EFEP1 stated plainly that the model was "Unproven, untested in a relatively niche and concentrated market with highly prescriptive terms." Their legitimacy is considered to rely more on demonstrated performance, transparency about funding sources, and careful selection of Krystal EO's business partners, rather than on legal formalities. As to performance, PI3 noted that the model "needs a few proof points to show this isn't just theory, but this is something that is working." On the importance of transparency in governance, WAPB3 called on Krystal EO to be upfront and transparent about the organisation's motivations and values. Their recommendation is to provide an FAQ-style document addressing leadership continuity and governance standards for acquired firms. Funding sources and partners can equally lend or destroy credibility. For example, EFEP1 noted that signing with a high-street bank lends credibility but that key stakeholders might have a negative history with that bank if its funding has historically harmed their community.

Interviewees accepted the legitimacy of Krystal EO's mission: supporting local communities and more equitably distributing ownership. But interviewees still sought proof that this model could deliver on those promises. WAPB2 found the proposition "compelling" but warned that funders are often influenced by corporate-style expectations for an immediate, measurable impact. Interviewees wondered how Krystal EO might demonstrate success, especially given the long-term benefits inherent to its model. To address this, some recommended seeking out the right kind of funders. For example, those "who, not only intellectually, but in their heart, care about a specific type of solution." (WAPB2) To attract broader funding, another pointed to "having a deal they can point to" as "the single biggest thing they could do". (PI3)

Krystal EO can demonstrate legitimacy by showing concrete evidence that their model works, by exercising and documenting authentic EO governance, and by being visibly selective about the businesses and partners it takes on.

T2 Conditions for support: impact evidence and model flexibility (RQ2)

This theme highlights the conditions stakeholders need before they are willing to support, provide resources for, or participate in the initiative.

The intangible nature of employee-ownership benefits may reduce funders' inclination to invest. Support depends on clear evidence of both short-term results and long-term societal effects. PI3 described the benefit as “a … slightly more esoteric type of impact” requiring “a particular type of donor that's motivated more by that kind of strategic societal level impact than, say, a really tangible, quick impact” WAPB2 recommended that Krystal EO create immediately visible results – a picture for donors to hold on to – and measure whatever they can in the short term, but “keep your North Star where the impact really is.”. PI1 recommended creating one-page summaries for different types of investors he wants to talk to, which would be the backwards inputs for any financial model Krystal EO presents to those investors. As a part of this one-pager, Krystal EO will need to discuss the kind of business they are looking to acquire. As WAPB1 pointed out, “there is a difference between a coffee shop and a care home.” Krystal EO needs to talk to the “particular outcomes they're looking for that will become part of that decision matrix…”

The strict 51/49 ownership setup was a consistent concern, with the ability to adapt to various business needs and maintain founder control seen as an essential condition for engagement. EFEP3 asked directly, “what happens to the other 49%?” EFEP1 called out the human nature of the selling process, where “Founders who have spent 40, 50 years building these businesses, this is, their extra child […]. If they can't negotiate and feel like they've left on their terms, they will walk away and do something different.” PI1 recommended focusing on how employee ownership translates into money for employees as a far better value proposition than just saying how many shares employees will receive and how much of the firm they will own.

It will also be essential for Krystal EO to set clear expectations and milestones from the start. Owners want to know what their role will be post-transition and what opportunities they will have to participate (EFEP3; EFEP7). Employees also need to understand how their jobs will change, for example, over the next two years, as employee owners. Krystal EO then needs to ensure that their experience meets those expectations (EFEP4).

For Krystal EO, this requires developing a credible impact-measurement narrative tied to their acquisition target, and one-page pitch summaries that combine near-term metrics with a long-term “North Star” that inspires the right kind of donor. Krystal EO should also consider building flexibility into how it structures governance during the EO transition and its deal structure, rather than relying on a single fixed ownership split.

T3 Financing the transition (RQ2 / RQ4)

This theme addresses how the acquisition and transition will be financed, as well as debates over financial instruments and the role of philanthropic capital.

Capital is already limited for funding employee-ownership transitions. Banks are risk-averse, and owners and founders pursuing employee ownership find credit limited. EFEP2 stated plainly that "there doesn't seem to be a source of finance in the UK. The banks don't seem able to supply that finance." Interviewees tend to prefer practical solutions and are sceptical of complex or overly engineered instruments and abstract funding models. EFEP1 noted that for relatively small to medium-sized businesses, "bonds are irrelevant," while PI1 warned that loans introduce added pressure to guarantee growth, since pricing "15% loan rates against 10% growth" would make a deal "just unviable."

Interviewees also pointed out that philanthropic capital is highly contested. EFEP1 observed "a massive contraction in philanthropy into this space" over the last decade. Given this context, WAPB1 raised the possibility of a blended model, noting that philanthropy alone may be "a bigger pot of money" that could be used to "lower the cost of the debt" taken on. One main concern was that using philanthropic funds for this model could be seen as paying out former owners rather than providing direct benefits to employees. EFEP4 explained that such funding "is going into an individual's pocket… the employees don't get that money, they get the business," calling it "a tough pitch." PI3 offered impact investing as an alternative, pointing to "a lot of capital out there looking for a positive home" and citing "Better Society Capital and that whole sort of impact investing world" as a model Krystal EO could pursue.

Krystal EO will therefore need to pursue practical, transparent financial instruments over complex or abstract ones. It will also need to clearly frame philanthropic capital as enabling employees to benefit immediately from employee ownership, rather than waiting for owners to be paid out during the transition. This will allow funding to be clearly understood as speeding up the community benefit rather than just as a mechanism for owner buy-out.

T4 The founder transition: control, legacy, and succession (RQ1 / RQ3)

This theme examines the founder-related aspects of transitioning to employee ownership. It recognises the decision-maker's authority to choose an EO transition while accounting for emotional connections, legacy concerns, and risks around management continuity.

Our first insight is that founders, not employees, often decide the shift toward employee ownership. For founders, tax and valuation concerns strongly influence the process. As EFEP1 noted, “it's a founder-led process [...] one of the main criticisms of the model is that it’s almost entirely driven by the founder at this stage.” EFEP7 put it more bluntly that it’s “a founder owner making this final decision … [employees] have no say in it.”

Second, founders often have strong emotional ties and want to maintain their legacy. Selling a business can be perceived as a loss or a mere transaction. Those who see the sale as more than a transaction may want to secure a continued role in the business. In those cases, transitioning to employee ownership can ensure this while simultaneously being perceived as a nobler way to exit. For example, EFEP2 commented that following the trade sale of their former business, they now “feel disconnected from the company I’ve supported for most of my life.” When it comes to choosing employee ownership, WAPB3 explained that “the reason for not opting for [a trade sale] relates to legacy, community, the team, and the clients.” However, this approach carries its own limitations, with EFEP3 highlighting that “the founder’s ability to let go” remains a significant challenge.

The third key concern is creating a management succession plan and ensuring business continuity, since the company’s performance after the transition depends on strong leadership and financial stability. During a transition to employee ownership, managers need incentives to take on leadership roles in entirely new circumstances, all without jeopardising wider employee incentives. WAPB3 emphasised that “succession planning is crucial,” and EFEP3 specifically pointed to the need to ensure that “the right management team is in place to carry it forward.” WAPB1 expressed interest in how the cultural transition would be handled, especially regarding “the extent of the founder’s ongoing involvement and the existing management team.”

Early in their engagement process with founders, it will therefore be essential for Krystal EO to have clear conversations around post-transition control, governance, legacy, and succession planning. These aspects are equally important as the deal financials.

T5 Barriers and misalignment: awareness, advisors, and demand (RQ3)

This theme covers the principal friction points and barriers between Krystal EO’s objectives and stakeholder needs, specifically low awareness, advisor gatekeeping, weak demand, external factors and mismatched expectations.

The first obstacle the interviews surfaced was that how business owners learn about employee ownership determines whether they see it as a beneficial exit option. Practitioners such as EFEP4 noted greater awareness of EO since the introduction of the EOT in 2014 and identified accountants as a good source of information for business owners looking to sell their business. EFEP7 concurred but warned that "accountants don't necessarily love EO because it's not the greatest revenue option for their clients," adding that EOTs are more complicated and require a specialist legal adviser. EFEP1 stated that accountants and legal advisors are "the market makers".

Secondly, external factors such as market valuation ranges, tax policies, and the state of the economy affect both founders' choices and their perceptions of Krystal's model's viability. PI1 observed that "in this economy, [leverage] just doesn't look good". Several interviewees referred to recent tax changes in the UK, where founders selling to an employee-owned business must pay capital gains tax on a portion of the sale proceeds. EFEP5 explained how this caused one transaction to collapse: "it just didn't work when they were going to have to pay… capital gains tax on 50% of the gain on the deal." EFEP7 gave a more detailed explanation of the impact, noting that HMRC research showed tax relief to be the single biggest driver of EO adoption and that halving the tax relief had resulted in "a lack of reassurance in the market" and "a lot of pausing" by potential founders.

Interestingly, this tax change has also solved a previously existing misalignment. Whilst founders now face a "quite high" tax charge, leading some to consider other exit routes (EFEP1), these changes pushed away those interested in EO only to escape capital gains tax. EFEP3 recalled seeing founders engage in EO "just because of the tax benefits", whilst EFEP4 believed the tightening of the tax relief meant fewer deals overall, but that those who now choose EO are "true believers."

For Krystal EO, the immediate emphasis should be placed on engaging advisors, particularly accountants and specialist EO lawyers. These will then be ready to educate business owners who may later look for options to sell their businesses.

T6 Relationships, networks, and engagement pathways (RQ4)

This theme examines the resources, connections, and engagement strategies that Krystal EO will require from each stakeholder group to launch and grow its operations.

From the beginning, it was evident that warm introductions, established networks, and collaborative partnerships act as a form of engagement currency. Different stakeholders readily used their personal connections to support Krystal EO. Even how we obtained our interviews offers insight. Simon and Milly provided many introductions directly. Others were warm referrals from previous interviewees, and a smaller portion stemmed from the networks of the project members. No interviews resulted from cold outreach. This suggests that, in the UK, relationships within the groups tend to be closely interconnected, with most members already familiar with one another. Even early in the interview process, PI3 identified donor-advised funds as mostly small-scale or bank-managed entities, which made them less relevant to this investigation. This observation was later confirmed by the responses (or lack thereof) that we received from the DAFs we approached for interviews.

EFEP1 identified a related dynamic within employee ownership associations and networks, explaining that these networks help avoid duplication of effort. “We can support on the long tail of training and helping employee owners be well equipped to deliver under their new ownership structure. And we can also help amplify the story as a great proof point of different ways to transition businesses into EO.” This suggests that Krystal EO's resources will be best used by integrating into an ecosystem of EO businesses rather than building resources from the ground up.

Relationships and partnerships can also strengthen Krystal EO’s credibility in the eyes of funders and selling founders. For example, when raising capital, creating visibility around Simon's background as an entrepreneur demonstrates substance behind the proposal. PI1 explained that “he clearly has the track record of being an entrepreneur and investor, like that counts. And if he's anchoring his first funds, basically, that also will create enough credibility to start with.” EFEP3 pointed to a complementary route through thought leadership, arguing that “the more Krystal can be seen as a thought leader and an innovator… the better, because that visibility will create credibility, which will help everything else,” and warned that “if they're not investing in PR and comms around this, that's a mistake.”

Meanwhile, PI1 warned that this type of credibility has limits without operational depth. As they put it, “the devil is in the details,” and everything ultimately comes back to “who these people are, what their team is like… what their focus is, what their areas of knowledge are, what the gaps in their areas of knowledge are…” Essentially, Simon needs to build on his entrepreneurial track

record and leverage his network within the EO and philanthropic funding spaces to extend Krystal EO's credibility. Finally, many interviewees emphasized the importance of staying within his sphere of expertise (e.g. acquiring tech companies rather than retail chains), as this will not only build credibility with funders but also increase the likelihood of strong post-acquisition performance.

Finally, some interviewees proposed innovative engagement approaches beyond traditional advisor or funding relationships. For example, EFEP7 suggested involving existing employee-owned businesses as investors, asking, "could other EOBs invest in this fund?"

Krystal EO should focus on building intentional partnerships and an advisory network. Within this, they will need to recognise that establishing feedback mechanisms and using every public opportunity to articulate their vision are essential components of their engagement strategy.

Cross-Segment Comparison

The matrix below (Table 6) shows the number of quotations coded by theme across all groups, excluding any sentiment codes. Given the higher number of EFEP interviews, the code count for that group is higher in absolute terms. We therefore added a relative-emphasis column to the table to flag where a group appears to be overrepresented within a given theme.

Table 6 Cross-Segment Code Matrix

Theme	WAPB	PI	EFEP	Relative emphasis
T1 Legitimacy	22	10	50	WAPB (rel.)
T2 Conditions for support	37	18	113	EFEP, WAPB
T3 Financing	26	20	73	PI (rel.)
T4 Founder transition	53	45	184	All — largest theme
T5 Barriers / misalignment	33	18	68	WAPB (rel.)
T6 Relationships / engagement	43	29	103	PI, WAPB
Total	214	140	591	

Several findings remain consistent across all three groups. Employee ownership is broadly viewed as a legitimate model, while Krystal EO's specific model is perceived as untested (T1). Support for the model will depend on a well-communicated governance structure, while leaving room for flexibility with selling founders (T2). Accountants, legal advisors, and professional networks are essential intermediaries in introducing selling founders to an employee-ownership exit (T5, T6). Regardless of the funding source, financing the acquisition will be challenging (T3).

Meanwhile, real differences emerge between groups. Wealth Advisors & Private Banks (WAPB) tend to position themselves as potential funders or market participants, emphasising

impact metrics. Credibility via a track record is the dominant theme in their responses. Philanthropic Intermediaries (PI) spend more time debating philanthropic versus impact-investment capital and stress donor expectations, proof of concept, and feedback loops. Investment risk dominates their viewpoint. Exited Founders & EO Practitioners (EFEP) are by far the richest source of lived founder experience, touching on emotion, control, and succession, as well as advisor gatekeeping and the awareness and demand barrier; they are also the most operationally detailed group and the most attentive to questions of model authenticity and flexibility.

Themes Against the Literature

On Interest and Orientation, stakeholders show a favourable but conditional disposition, confirming the interest attributed to them in T1 and T2. The founder-specific emotional and legacy dimension in T4 extends this beyond self-interest, while T1.F3 complicates the idea that moral legitimacy drives support, showing that proof of impact matters more than mission alone.

On Expertise and Impact, stakeholders confirm that their main contributions are expert knowledge, networks, and capital (T3, T6). The interviews extend this by identifying advisors and accountants as gatekeepers, rather than as central to the original frameworks (T5.F2). The interviews complicate the clean view of stakeholder impact, showing how difficult it is to demonstrate in the short term (T2.F1).

The interviews reaffirm that trust and relationships are crucial to engagement, aligning with the ongoing focus on relational aspects in stakeholder theory (T6). They extend this by showing how proof cases and feedback loops build credibility over time (T6.F3). They complicate the dimensions by demonstrating that low familiarity with the novel Krystal EO model leaves a trust gap that goodwill towards employee ownership does not close (T1.F1, T5.F1).

Sentiment spread by stakeholder group

The sentiment coding acts as an additional tool to confirm the themes identified earlier. When the sentiment data matches a theme, it reinforces the notion that the theme represents a genuine pattern in stakeholders' comments, rather than a biased perception. Sentiment analysis also indicates how supportive, neutral, or critical the overall tone of engagement with Krystal EO was. Table 7 presents this across the entire interview set and within each stakeholder group. Appendix R presents the same at the level of individual interviews.

Neutral tags make up about 76 per cent of all sentiment codes: 4,203 out of 5,542. Stakeholders in all three groups primarily interacted with Krystal EO in a careful, analytical way. Where stakeholders' reactions were not neutral, their tone tended to be more negative than positive. Negative segments exceeded positive ones by approximately 2.7 to 1 (978 versus 361). This supports our finding of a cautious-to-critical attitude from the interview codes. Among all the interviews, PI2 is a distinct outlier, exhibiting a positive sentiment of approximately 47%, significantly higher than the 22–37% range observed in the other interviews. If we excluded it from the analysis, the Negative:Positive ratio would change only from about 2.7:1 to 2.8:1. This confirms that this single interview does not significantly influence the overall tone observed throughout the analysis.

Table 7 Sentiment Spread Across Segments

Group	Positive	Neutral	Negative	Total	Neg %	Positive share of polar	Neg : Pos
WAPB	71	980	241	1,292	18.7%	22.8%	3.4 : 1
PI	66	742	161	969	16.6%	29.1%	2.4 : 1
EFEP	224	2,481	576	3,281	17.6%	28.0%	2.6 : 1
Total	361	4,203	978	5,542	17.6%	27.0%	2.7 : 1

Revised Stakeholder Groups and Saliency

Following our analysis of the interview data, we updated the stakeholder salience table with four specific changes, as shown in Appendix O. First, we moved accountants and lawyers into a distinct stakeholder group rather than leaving them in the broader "professional advisors" category. EFEP interviewees repeatedly emphasised their importance in introducing selling founders to the benefits of an employee-ownership exit. Their long-term relationships with business owners mean they serve as gatekeepers who decide whether a founder or shareholder even contemplates employee ownership in their exit planning. Including them with other Professional Advisors concealed their significance for Krystal EO.

Second, we reclassified Donor-Advised Funds into the Philanthropic Intermediaries group. Our interviews with Krystal EO suggested that DAFs are considered a part of philanthropic intermediation rather than a separate category. Therefore, Krystal EO does not need to approach this group differently from other Philanthropic Intermediaries.

Third, we increased the saliency ranking of Impact Investors, who were previously ranked as Secondary with a low salience score. PI3 highlighted this group as a more manageable alternative to contested philanthropic capital, mentioning "a lot of capital out there looking for a positive

home" and citing Better Society Capital as a potential model Krystal EO could pursue. We also moved Impact Investors from deferred to exploratory engagement in the next phase.

Finally, we recognised Selling Founders and Owners as the next significant step in the engagement continuum. This group already ranks highly in our assessment, given that the founder transition to an EOB is core to the model. Even so, none of the participants we interviewed was currently selling their businesses. EFEP participants discussed their experiences with 20/20 hindsight, but they could not offer a seller's perspective in the current market and tax environment.

Review of the Assumptions Ledger

During our research, the team documented all assumptions to verify them against interview findings. This is especially important for Krystal EO, as our stakeholder mapping and salience scoring, completed before the interview program, relied on assumptions about group behaviours, values, and the conditions required for the model's success. Some assumptions related directly to the proposition: that Krystal EO could be convincingly positioned as a systems-change philanthropy attracting mission-aligned capital without expecting financial returns, and that this could scale beyond the first acquisition. Others were specific only to select stakeholder groups. For example, based on the literature and our conversations with Krystal EO, we assumed that wealth advisors would be both motivated and able to introduce clients to this novel vehicle. We also assumed that Donor-Advised Funds would recognise employee ownership as an eligible charitable use. Other expectations informed our research design decisions, such as postponing interaction with management teams and employees, or the choice to evaluate stakeholders at the group rather than individual level during analysis. We will evaluate each of these assumptions below based on the interview evidence collected.

We could only partially confirm that Krystal EO will be able to attract sufficient mission-aligned capital. As described above, it was a tough pitch that risked being understood as benefiting founders first and employees only later. This challenge is material, but subsequent discussions with Krystal EO emphasised that philanthropy is not meant to fully fund the system indefinitely. Even so, donor- and mission-aligned capital remains the main source for acquisitions. Over time, Krystal EO plans to reinvest its portfolio profits into future acquisitions and might also take on leverage at the Krystal EO level. The financing approach is thus better described as philanthropy-led rather than solely philanthropic. Impact investors remain a key group for potential engagement, especially if financial tools can deliver acceptable returns without sacrificing permanent majority employee

ownership or Krystal EO's mission. Regardless, the interview data indicates that the philanthropic message needs careful framing: donor capital should be presented not just as funding a seller's exit, but as removing the financial obstacle preventing employees from gaining majority ownership without investing their own capital and enabling the acquired business to benefit employees without first repaying a seller-financed purchase.

While scalability beyond the initial acquisition is theoretically possible, its credibility relies on a successful first acquisition and active advisor participation. The idea that wealth advisors are both motivated and free to introduce clients is only partly confirmed. For example, while WAPB interviewees often hedged their responses on how their organisation might support Krystal, WAPB1 stood out by showing openness to engaging directly. WAPB as a group is more critical than the other two, with a higher value placed on proven results and evidence. This remains uncertain until Krystal EO has completed its first acquisition. The Donor-Advised Fund case is clearer: eighteen of nineteen declined on substantive grounds, indicating not just low recruitment but also a real fit issue with the channel.

The deferral of employees and management teams in stakeholder engagement has not been tested or challenged, as no interviews were conducted with this group. As a result, the idea that early employee buy-in could improve credibility with donors is a reasonable extension of the reasoning seen elsewhere in the data, but has not been verified. Our data also challenge the idea of within-group homogeneity. EFEP alone shows considerable variation in how founders handle letting go, suggesting that a similar heterogeneity likely exists among selling founders, although this has not yet been confirmed.

Develop Business Model Tools

The final SEMC canvas for Krystal EO, built from the academic literature and interview findings, appears in Appendix T. The SEMC's Governance, Mission Values, and Social Value Proposition blocks are mainly drawn from conversations with Krystal EO and the SEMC framework (Sparviero, 2019), the democratic theory of the firm (Ellerman, 1990), and the stewardship theory materials discussed earlier. Krystal EO's role post-acquisition is better characterised as stewardship than management. Voting rights are tied to employment status and working hours, not to earnings or seniority. The Social Value Proposition is based on the dual-

value-creation model (Harangozo et al., 2026), which distinguishes between the economic sustainability of the acquired SME and the social value it provides to its employees.

The four SEMC commercial blocks are pulled from the interviews and materials provided by Krystal EO. The Channels section is based on descriptions from EFEP1, EFEP4, and EFEP7, which identify accountants and solicitors as primary referral sources for deals. It also notes EFEP4's point that this channel has weakened following recent changes to capital gains tax. Key Resources are based on EFEP1's description of network membership as Krystal EO's primary asset to leverage. Income draws on Krystal EO's multi-layer funding model. This may be the first block to require adjustment if Krystal identifies new funding sources. Customers and Beneficiaries are derived from EFEP1 and EFEP4 descriptions of the target business profile: founder-owned SMEs, mostly with fewer than 100 employees, approaching an exit decision.

On the SI-RCOV side (see Appendix U), Resources, Competencies, and Organisation are also assessed through interviews. These better reflect Krystal EO's actual experience than the literature. Resources and competencies again emphasise the advisor referral network as the main sourcing ability for potential acquisitions, although recent changes to the tax structure in the U.K. remain a potential risk to that capability (EFEP4). Organisation is built on the descriptions of the EOT's 51/49 ownership split and its capital gains tax mechanics in EFEP1, EFEP2, and EFEP7. Krystal EO might make this split negotiable, in which case this box would show a flexible model rather than a fixed one. The Profit Equation represents different revenue allocations, for example, showing how administrative costs are covered compared to how acquisitions are funded.

The Project Impact Assessment (Appendix E) will come into play as Krystal EO is completing its first acquisition. This can then be used to document impact assumptions, which can then be tested and revised through future rounds of stakeholder engagement.

Hybrid Top-down and Bottom-Up Forecasting

We used external data (see Appendix V) to inform our top-down forecast, researching key assumptions and cross-checking them against market data to validate the bottom-up model. These included returns and growth assumptions (business value and organic headcount), failure and survival rates, size-tranche composition, and the resulting weighted-average business profile, including annual turnover, profit margin, EV/EBITDA multiple, leverage, and interest rates. The model also imposes an annual acquisition cap of 120 businesses to maintain realism. For context,

by January 2026, the UK employee-owned sector included 2,824 businesses and 547,971 employee owners, with around 500 new employee-owned companies established in 2025 (EOA Advocacy Pack, 2026). At this cap, Krystal EO would represent approximately 24% of last year's UK employee-ownership transition volume. Given the long timeframe, this sets an ambitious but plausible upper bound, reached only in some scenarios. This is especially true because the addressable market for target acquisitions is significantly larger. As of early 2025, the UK had 220,085 businesses with 10 to 49 employees, 38,435 with 50 to 249 employees, and 8,335 with 250 or more employees (Laden, 2026). Therefore, the presence of businesses within the appropriate size ranges is unlikely to limit acquisition activity. Instead, constraints will likely stem from Krystal EO's ability to target suitable businesses for acquisition, raise enough capital, and handle transactions at that scale.

The stakeholder-validation process refined the bottom-up assumptions. Employee-ownership productivity gains start only after a two-year transition, are implemented gradually, and are then ultimately capped. Normal employee turnover does not reduce the portfolio's overall headcount. However, the risk of company failure remains clearly represented at 5.0%, 2.5%, and 1.0% annually for the Poor, Standard, and Good scenarios, respectively. Profits are allocated in line with the EOT / Krystal EO split: 30% of initial profits are recycled within the acquired company to grow the business. The remaining profits are then split, with 51% going to the EOT and 49% to Krystal EO. Over the next few years, the financial model assumes an annual £3,600 employee dividend, assuming continued profitability, since bonuses of up to £3,600 are tax-exempt (HM Revenue & Customs, 2026b).

The financing assumptions illustrate how interview evidence modified the initial model. Company-level acquisition debt is excluded because Krystal EO views an unlevered acquired company and complete upfront seller payment as key parts of its value proposition. Leverage is instead modelled at Krystal EO level against its retained portfolio stake. Under the moderate setting, borrowing becomes available once the 49% portfolio stake reaches £200 million, with a 30% loan-to-value ceiling, an estimated 7.1% interest rate, and an eight-year term. Leverage therefore offers upside potential rather than being necessary to acquire firms.

The scenario comparison shows that fundamental portfolio performance has a greater impact on long-term outcomes than selecting among the four financing options. None of the Poor or Standard cases reaches the one-million-owner aspiration by 2060 (see Table 8). In contrast, all

Good cases surpass it, including the unlevered Vanilla scenario. In the Standard Combined scenario, Krystal EO reaches approximately 653,419 employee owners across 1,855 surviving businesses. In the Good Combined case, this increases to approximately 1.81 million owners across 2,505 businesses. The difference stems from the combined impact of higher business value, organic employee growth, improved productivity, and a higher probability of survival. Rather than a question of funding sources alone, the one-million ambition can be achieved in the model only with consistently strong portfolio performance, and favourable macroeconomic conditions.

Table 8 Financial model outcomes by scenario and return case

Scenario	Poor: Employee owners	Standard: Employee owners	Good: Employee owners	Standard capital multiple	Standard self-funding year
Vanilla	120,816	507,268	1,539,239	3.55x	2050
Leverage	133,183	641,816	1,796,663	4.55x	2054
Pension	120,816	531,851	1,628,882	3.75x	2050
Combined	133,183	653,419	1,809,057	4.64x	2056

Note. The impact multiple in Table 8, as defined by the model, equals the total employee distributions plus the value of Krystal EO's retained stake relative to the total donor capital. This serves as an impact indicator rather than a measure of financial return for donors. "Self-funding" refers to the year when cumulative internally recirculated capital first matches total external donations.

Krystal EO-level leverage offers the most significant incremental scaling effect among financing mechanisms. Compared with Vanilla, leverage boosts employee ownership in 2060 by about 26.5% in the Standard case, rising from 507,268 to 641,816, and by 16.7% in the Good case. But this growth does not mean Krystal EO will self-fund more quickly. The Standard Vanilla scenario hits the model's self-funding threshold in 2050; Leverage does so in 2054. In the Good case, these years are 2046 and 2047, respectively. Borrowing provides additional acquisition capital upfront, but subsequent debt service is funded from Krystal EO's portfolio economics and reduces the internally recycled capital available for further acquisitions. Leverage can therefore expand social impact while delaying the cumulative self-funding milestone. As such, employee-owner creation and self-funding must be evaluated together, not separately.

The revised pension fund produces a positive, but smaller, scaling effect. In the Standard case, Pension reaches 531,851 employee owners, 4.8% above Vanilla, while in the Good case it reaches 1,628,882, around 90,000 additional owners relative to Vanilla. It produces no incremental benefit in the Poor case because businesses growing at 3% do not reach the 3x recapitalisation trigger within the model horizon. The pension fund's value is highest when portfolio companies perform well enough to qualify for recapitalisation sooner. Even so, the resulting trade-off cannot be discounted: selling part of Krystal EO's stake creates immediate liquidity but permanently reduces

future dividends and interest earnings. The Combined scenario results in the largest number of employee owners in both the Standard and Good cases, with 653,419 and 1,809,057, respectively. However, the incremental impact is uneven. Approximately 92% of the Standard-case increase over Vanilla is attributable to leverage rather than to the pension fund. Leverage therefore remains the more powerful accelerator. The pension fund provides a far smaller positive effect. Here, we feel obligated to highlight the uncertainty around the viability of the pension fund model, as currently imagined. In our conversations with banking and investment experts on the topic, they repeatedly warned that current laws, as well as tensions between the fund's structure and the fiduciary duties of pension fund trustees, make this unworkable. Determining viability remains outside the scope of our research; it necessitates meaningful input from sector experts.

Further sensitivity analysis shows that the rate at which donor capital is mobilised is one of the most critical assumptions in the model. Assuming only a 10% annual funding increase, the £250 million cap will not be reached until 2044, while the base assumption's 50% increase achieves the same by 2031. All else being equal, the faster ramp raises the number of Standard-case employee owners in the Vanilla case from 346,081 to 507,268 by 2060, a 46.6% increase. The effect is replicated in the Good case, increasing the number of employee owners created from 1.15 million to 1.54 million, a 34.1% increase. Capital efficiency also improves, with each £1 million in donations creating 64.2, instead of 55.1 employee owners under the Vanilla scenario. Funds donated early also have a larger overall impact, since they circulate longer through the cycle of reinvestment, growth, and future acquisition funding.

Critically, the size of this funding remains a fragile assumption in our model. This requires approximately £7.9 billion of cumulative donor capital by 2060, which averages £230 million per year. For context, the British public donated approximately £14 billion to charity in 2025, down from £15.4 billion in 2024 (*UK Giving Report 2026*, 2026). The average annual Krystal EO requirement would demand around 1.6% of that total amount. This is only an indicative comparison, since that figure does not capture all funding or donations. Until this can be demonstrated in the real world, this assumption on sustained capital mobilisation remains uncertain.

Our final model successfully identified the key factors for Krystal EO to expand employee ownership. First, scale depends on a portfolio of firms that consistently perform strongly and on donor capital being mobilised early. Second, while leverage at Krystal EO level can accelerate

acquisitions, it also eats into long-term dividends and interest revenues. Third, if viable, the pension fund provides a small but positive financial accelerator, especially when paired with sustained financial performance. Finally, the Combined scenario produces the highest number of employee owners, driven primarily by the leverage effect. We conclude that while financing decisions can amplify strong financial performance, they cannot compensate for weak performance.

Research Results

Krystal EO's immediate limitation is its credibility rather than the theoretical size of the opportunity. Evidence from stakeholder interviews, business model tools, and the financial model all support this conclusion. This section examines each method, highlighting their areas of consensus and disagreement, and discusses the implications for sequencing. Appendix V illustrates how the research threads interconnect.

Stakeholder evidence: legitimacy is conditional

While employee ownership as a concept is widely accepted, Krystal EO's model is not, and positive opinions about EO do not automatically extend (T1). Support depends on proven impact and adaptable governance within Krystal EO's fixed ownership architecture (T2). Funding options are quite limited, and philanthropic sourcing remains in question (T3). Founders, not employees, lead the transition, and it carries significant emotional weight (T4). Founders access this support through accountants and solicitors who act as market makers (T5, T6). The sentiment distribution indicates that 76% of tags are neutral, with negative comments surpassing positive ones by a ratio of 2.7 to 1. Stakeholders are waiting for proof before deciding, rather than outright rejecting the proposition.

Evidence of the business model: the exposure is located in the commercial blocks

The SEMC distinguishes between the blocks that Krystal EO manages and those it controls in the environment. Governance, Mission Values, and Social Value Proposition are grounded in Krystal EO's custom design. Safeguarding these is essential for the model to be effective. The four commercial blocks are based on interview evidence and include the exposure. Interviewees noted that the referral channel, which relies on a single source, has weakened following the change in the capital gains tax. Key Resources can be created and sustained through EO network membership rather than solely by investing in internal capabilities. Income will likely require revision once

funding sources are tested after the first acquisition. The Organisation block in SI-RCOV also shows the 51/49 split that interviewees repeatedly questioned. The financial model is based on this division: at least 30% of profits stay with the acquired company, profits for distribution are split 51/49, and the £3,600 employee payout is considered a target limited by affordability. Although interviewees repeatedly questioned the ownership split, subsequent validation with Krystal EO confirmed the permanent 51% employee / 49% Krystal EO structure as a mission-protected design principle. Flexibility therefore lies in surrounding elements such as transition structure, founder involvement, governance implementation and communication rather than in the ownership split itself.

Financial evidence shows that portfolio performance and capital timing are key factors

The top-down analysis defines the maximum limits of the projections rather than driving them. A mature capacity of 120 transactions annually accounts for approximately 24% of the projected 500 UK employee-ownership transitions in 2025, out of 220,085 UK businesses with 10 to 49 employees. The aggregate availability of businesses in relevant size categories therefore does not appear to be the primary constraint; the more material challenges are sourcing suitable targets, mobilising capital, and building sufficient execution capacity. Additionally, portfolio firms' financial performance is a stronger predictor of success than financing choices alone. Next, our weakest yet most critical assumption concerns the speed at which donor capital can be mobilised. Increasing the annual funding ramp-up from 10% to 50% increases the number of employee owners by 46.6% in the Standard case and improves capital efficiency to 64.2 owners per £1 million donated. Finally, success under the Vanilla Standard (507,268 employee owners) or Vanilla Poor (120,816 employee owners) return cases, even while missing Krystal EO’s aspirational goal of creating 1 million employee owners, still represents substantial system-level impact in the UK.

Financing accelerators are alternatives only

Krystal EO-level leverage boosts scale but postpones self-funding, as debt service competes with internally recycled capital. The pension fund could also increase scale (e.g. up 4.8% over Vanilla), while Combined produces the highest Standard-case outcome. However, leverage remains a stronger accelerator, accounting for roughly 92% of the increase in employee owners. In the Poor case, the scenarios remain tightly clustered, and the lack of profits limits the benefits

linked to leverage or the pension fund. Financial engineering amplifies strong outcomes rather than insuring the model against weaker ones. While Krystal EO leverage should be included as an option in addition to donor capital, it should only be introduced when a large portfolio can promise strong, reliable cash flows. The pension structure should be reviewed by financial and legal specialists before being considered further.

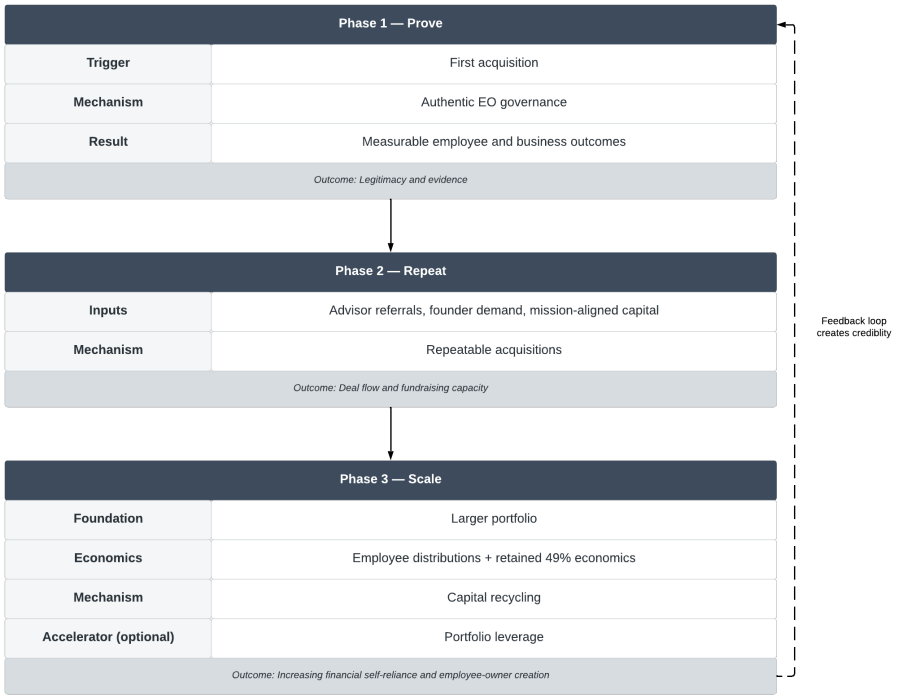
The philanthropic assumption was revised rather than confirmed

The interviews challenged, rather than refuted, the initial assumption that philanthropy alone could sustain Krystal EO's full scaling trajectory. EFEP4 described the pitch as challenging, where donors view their capital as funding an owner's exit, while PI3 identified impact investment as the broader available pool. Krystal EO subsequently clarified that the model is better understood as philanthropy-led rather than philanthropy-only: donor and mission-aligned capital fund acquisitions, Krystal Hosting supports operating costs, and Krystal EO's portfolio economics are progressively recycled into additional acquisitions. Importantly, Krystal Hosting does not cover operating costs indefinitely. The model shows that its contribution and accumulated reserve cover operations through 2037, after which Krystal EO first draws the agreed operating top-up in 2038, capped at 2% of total portfolio profit.

Access to capital and deals serve as constraints during different stages

The financial model identifies the timing of donor capital as the key factor for long-term scale, while the interviews identify deal access as the most pressing challenge. We view these factors as sequential rather than competing goals, as shown in Figure 5. First, Krystal EO needs to demonstrate its credibility by converting an acquisition lead into a successful EOB. This would provide the most tangible proof of its capabilities. This is the gate at which Krystal EO is then limited by how quickly it can mobilise donor capital to fund future acquisitions. Once a pipeline of donor capital is established, Krystal EO is capped by its execution capacity. At this point, Krystal EO’s execution capacity risks becoming the bottleneck to meeting its target acquisition pace. As its operations expand and the pace of acquisitions increases, Krystal will then need to demonstrate the organisational capacity to acquire new firms while supporting the profitability and continued performance of its existing portfolio. Stakeholder salience should be reviewed at every stage, as it is a dynamic rather than static concept (Kujala et al., 2022; Mitchell et al., 1997).

Figure 5 Phased Scaling Thesis for Krystal EO



Governance also functions as a financial factor

The difference between the Standard and Good scenarios arises from assumptions about growth, productivity, and survival, all of which are defined after the initial step rather than at the time of acquisition. The model foresees a two-year delay before productivity improvements are realised, which aligns with our learnings from both the literature and interviews. Both the interviews and the literature confirm that the benefits of employee ownership occur after a managed transition to authentic ownership, rather than simply as a result of a change in legal ownership. The 51% employee stake establishes legal majority ownership but does not, by itself, create psychological ownership. Developing genuine ownership behaviour requires organisational knowledge, meaningful participation, and employee influence over decision-making (Pendleton et al., 2023; Pierce et al., 2001). Krystal EO's 49% ownership will benefit from those productivity gains (as does the wider flywheel), even as it remains in a stewardship role to ensure authentic EO governance. These governance and financial tools, if implemented successfully, reinforce each other.

Testable financial conditions

In our financial analysis, we decided not to prove that reaching one million employee-owners by 2060 is feasible; instead, we modelled the requisite conditions for that outcome. Those conditions are a credible deal pipeline, successful transitions to employee ownership, measurable benefits for employees, the ability to bring on donor capital early, sustained performance of the EOB portfolio, and the thoughtful inclusion of financing outside of donor capital. The model also indicates that Krystal EO's portfolio changes in character over time. Businesses are acquired primarily as SMEs, but decades of organic growth mean that by 2060 the average surviving portfolio company resembles a mid-market company rather than the original acquisition profile. Over the long term, the model shows the growth and evolution of a maturing portfolio.

We also found that Krystal EO’s first acquisition will have an outsized impact on the model’s overall success because it gives Krystal EO the credibility it needs to win over donors. Each subsequent acquisition only contributes incrementally to the long-term employee-owner metric. The first acquisition should therefore be treated as both a credibility asset and an investment. Evidence will demonstrate the legitimacy of the model; legitimacy can unlock stakeholder support and capital, and those resources can enable future employee-ownership transitions.

Part 3

Conclusions

We were asked about which stakeholders would engage with Krystal EO's acquisition model and under what conditions. Our findings indicate this question remains open since Krystal EO has not yet completed its first acquisition. The other obstacles we identified, such as attracting donor capital and demonstrating the organisational capacity to scale EOBs, are all dependent on this first acquisition. The main takeaway from this project is to view these as sequencing tasks rather than prioritisation tasks.

Our proposed sequencing sets Krystal EO's next set of priorities. While we initially assumed that winning donor capital would be the first real barrier, our evidence suggests that Krystal EO needs to prioritise its deal pipeline. Accountants and solicitors often gatekeep this pipeline, and their views on employee ownership will determine how likely they are to point owners to this alternative to a trade sale. The first acquisition proves that the model can work and that Krystal EO can successfully transition a business to employee ownership. Given the untested nature of Krystal EO's model, many of the assumptions above may need to be retested once the realities of acquisitions and EOB transitions challenge them.

We were surprised to see how closely governance and finance were intertwined in this model. The difference between our Standard and Good scenarios was driven by performance post-acquisition, with the literature suggesting that authentic EO governance improves productivity and retention. As employees take ownership over the first 2 years post-acquisition, we expect them to drive stronger growth and profitability, which will, in turn, spin Krystal EO's flywheel model faster over time. Krystal EO's 49% stake in each business therefore depends on its ability to steward its portfolio effectively. No financial restructuring will make up for a breakdown here.

The first audience for this analysis should be Krystal EO and its board. Next are materials for these advisors, followed by the community of accountants and solicitors, who need to support the model and require tailored engagement. Next come donors and other philanthropic intermediaries, especially those motivated by the compounding effect of donations as they move through the flywheel.

Despite these clear outcomes, flawed research design or incorrect assumptions could challenge our conclusions. For example, we interviewed thirteen people, none of whom were

founders/owners looking to sell their company. We identified the route to this stakeholder group but did not investigate the group's engagement criteria or conditions. Our sentiment analysis also showed stakeholders staying in a holding pattern, waiting to commit until they felt the model had been proven. How those stakeholders act in that scenario may not match what they predicted. This further underscores the dynamic nature of stakeholder engagement and the need to continually map and engage stakeholders. Finally, Krystal should retain its aspirational goal of creating 1 million employee owners but not measure success by it. Many conditions must be aligned to reach it successfully and Krystal EO may find that these conditions change as markets, regulations, and attitudes change. Only attaining 60% of that goal would still have a marked positive impact on UK employees and communities.

Looking ahead, we expect several open questions to drive significant portions of Krystal EO's stakeholder engagement work. First, would an accountant refer a client to an EO transition if a trade sale would ultimately result in a higher commission? If so, what might change that? Next, how many founders will accept the 49/51 ownership split as their first choice for transitioning to employee ownership, and how many will only consider those terms as a last resort? Also, will the productivity improvements be capped at a different rate or timeframe depending on firm size and working conditions (e.g. remote vs. office work)? Finally, could philanthropic capital reduce the cost of debt rather than directly funding the acquisitions? Would this speed up the path to self-funding?

As the model scales, we envision a day when an EO transition through Krystal EO can be easily marketed to sellers as a standard offering, with transparent, up-front benefits and proven results. Right now, Krystal EO needs to extend its network and build credibility one meeting at a time. Someday, hopefully soon, we hope referrals become routine and Krystal EO must instead learn to scrutinise and filter requests at scale. To achieve this vision, we now focus on the most critical next steps to establish credibility, find acquisition targets, and attract donor capital.

Recommendations

The five recommendations are ordered according to the phased constraints from the research: credibility comes first, then the speed of mobilising donor capital, and finally organisational capacity. Recommendations 1 to 3 are immediate priorities. Recommendation 4 covers both the immediate and medium term. Recommendation 5 starts at the first transition and develops

gradually. Each is based on interview evidence, the financial model, business model results, and sources from the literature review, as shown in Appendix X.

Recommendation 1: Prioritise completing and instrumenting the first acquisition. Closing and transitioning its first business should be the immediate priority. The sentiment evidence indicates that stakeholders are mostly awaiting proof instead of outright rejecting the proposal: 76% of coded tags are neutral. Achieving a full transition can transform this uncertainty into engagement and provide Krystal EO with a concrete success story to promote, enhancing its reputation and trustworthiness among funders. This, in turn, can facilitate access to the philanthropic capital essential to the model's success. Interviewees were consistent on this point: EFEP1 noted the organisation "has no legacy and background and track record other than Simon and what he built elsewhere", and pointed to the remedy from their own experience, describing it as "a proof point" to secure a high-street bank's backing. PI3 described having "a deal they can point to" as the "single biggest thing they could do." EFEP7 was even more direct about it: "Which deals have you done before? What are your credentials?". PI1 linked founder track record directly to fundraising credibility: "he clearly has the track record of being an entrepreneur and investor, like that counts. And if he's anchoring his first funds, basically, that also will create enough credibility to start with." Moreover, Krystal EO should select a target within its existing areas of competence. PI1 warned that "the devil is in details, what their focus is, what their areas of knowledge are, what the gaps in their areas of knowledge are," and PI1 was more emphatic, noting that asset owners never invest in a first fund and that managers moving outside their proven sector fail again and again. This acquisition can be financed differently from those that follow. Additionally, the first deal is the only way to test the assumptions in the financial model, which have not been calibrated against a completed transaction.

Recommendation 2: Build the advisor channel and equip it with a differentiated offer. Krystal EO should build formal referral programmes with accountants and solicitors, treating them as separate channels given their different behaviours. EFEP7 named accountants as "our greatest source of referrals", EFEP4 confirmed accountants are usually an owner-manager's first point of contact, and EFEP3 described advisor networks as "way more effective and scalable" than approaching founders directly. The GOV.UK evaluation of EOT reaches the same conclusion independently, identifying accountants as one of the two main channels through which owners first learn about the EOT option (HM Revenue & Customs, 2026a). However, the channel has a

structural problem: recommending employee ownership is not always in advisers' commercial interest. As EFEP7 put it, "accountants don't necessarily love EO because it is not the greatest revenue option for their clients" compared with a competitive trade sale. Krystal EO cannot change this incentive, so it should compete by giving a compelling offer, which is already built into the model: sellers are paid in full at completion and the company is acquired debt-free, keeping the businesses unlevered. Krystal EO should make this the core of its adviser-facing proposition. Finally, this channel needs monitoring, not only funding. EFEP1 warned that the EOT model is "baked into law" yet "very susceptible to policy changes" citing tax treatment "changed really poorly by a supposedly supportive government." And HMRC research finds tax relief to be the highest bigger driver of EO adoption. Krystal EO should assign responsibility for tracking policy changes and be ready to reposition the offer when they occur.

Recommendation 3: Fix your red lines and negotiate everything else. Krystal EO should hold permanent majority employee ownership as its only non-negotiable term and make everything else explicitly open. The size of the retained ownership, a rigid 51/49 split is the most consistent single concern in the interview evidence, and market practice has already moved: EFEP1 reports firms shifting away from 100% employee ownership toward hybrid models that hold back a minority stake for incentive schemes. Also, the founder's post-transition role should be clarified upfront. WAPB1 asked how founders and existing management would be retained or replaced, while EFEP5 and EFEP6 highlighted the lack of clarity on board seats, management roles and how these fit the wider governance structure. Flexibility should carry a price rather than be granted case by case: every concession has a calculable cost in employee owners created, and Krystal should compute it before negotiating, not during. Finally, provide a one-page FAQ covering the Krystal EO model, including what is and is not flexible. WAPB3, an EOT trustee, asked for exactly this: "a frequently asked questions document…what would happen if the current leadership team changed? What sort of checks and balances are there?".

Recommendation 4: Front-load the philanthropic capital and use leverage as a boosting tool. Capital timing is one of the model's most sensitive assumptions. With £50 million in initial funding, increasing the annual ramp from 10% to 50% brings the £250 million cap forward from 2044 to 2031 and improves capital efficiency from 55.1 to 64.2 employee owners per £1 million donated, under the Vanilla scenario. Early capital enables more frequent capital recirculation

through acquisitions, retained ownership and reinvestment. Krystal EO should frame this simply: the same pound given in 2028 rather than 2038 delivers measurable more impact.

Alongside this, Krystal EO should recognise philanthropy-led donor capital as the pillar of the funding model and use leverage as an accelerator. Once the portfolio passes £200 million in assets, Krystal EO should borrow against it at a loan-to-value of around 30%, which captures a higher benefit at a level that lenders will realistically offer, which adds 134,548 employee owners in the Standard case. The 7.1% leverage interest assumption in the Standard case already reflects the UK's high-rate environment but should be stress-tested further before leverage is committed. Finally, we recommend dropping the aligned pension fund as a funding pillar. It only produces 4.8% more employee owners than donations alone in the Standard case. More importantly, the UK pension funds answer to independent trustees who cannot be directed by a sponsoring owner. Keep this option to align employees but revisit it only with pensions advice. As an alternative, target family offices and private wealth instead, which have no duty to pensioners and are comfortable with concentrated positions.

Recommendation 5: Build stewardship capability and report it publicly. Krystal EO should treat post-transition support as its core capability and resource the transition period deliberately. This should involve producing clear, recurring metrics and publishing transparent governance on the transition, management continuity planning, and support in exercising ownership rights. This helps employees, managers and ex-owners understand their roles and supports a smoother transition to employee ownership, which is critical for boosting performance, as employees begin to feel like owners rather than simply being informed of the legal change. WAPB3 noted that their own EOT-owned firm "provide up to date cash balances month by month. We do a full P&L. We tell them how much … is still to be repaid … totally transparent," warning that without it "there's suspicion and do we really own this business?". WAPB1 noted that founders who have never done this before "need a bit of support to work out what options are available for them to choose from, rather than just saying, right, you run the company now." EFEP4 framed the underlying test: true employee ownership rests on genuine governance and economic rights, not on a change of legal ownership alone. The financial model also supports this recommendation. The Good scenario is driven by favourable macroeconomic conditions but also by what happens after a deal closes: growth, hiring, productivity and survival can be actively built and improved by Krystal EO.

The five recommendations above outline where Krystal EO should focus its efforts in the next phase of deployment. Appendix Y provides a blueprint for how these recommendations can be sequenced and delivered, indicating who owns the work, showing interdependencies, providing measures of success, and highlighting what conditions might trigger Krystal EO to revisit that recommendation. The revisit trigger clarifies those conditions that we believe should call for Krystal to revisit that recommendation and reassess their stakeholder engagement and acquisition planning.

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Appendices

Appendix A Relevance of Business Model Tools for Krystal EO

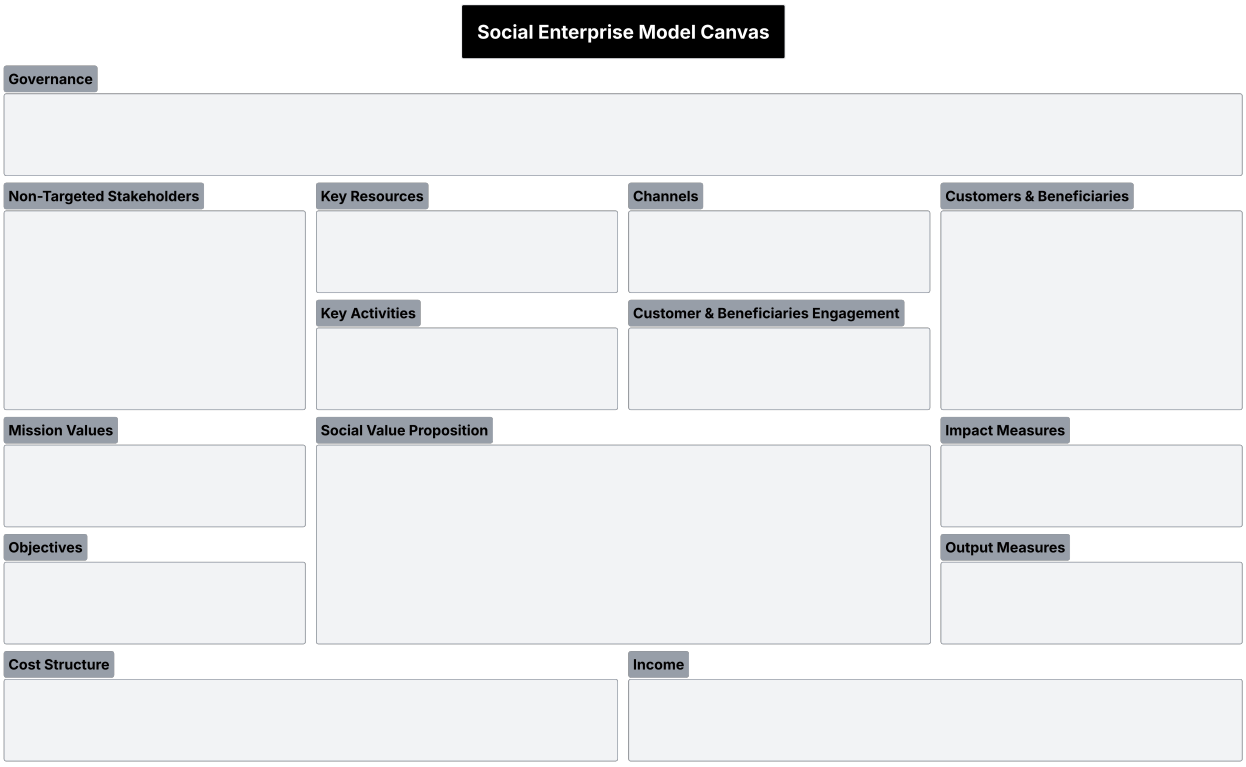
Theme / Analytical Dimension	RCOV Demil & Lecocq (2010)	NB S-BMC Stork, S. (2023)	SBMC Harangozo et al. (2026)	SEMC Sparviero (2019)	SI-RCOV Ranjatoelina (2018)	Ext-RCOV Lecocq et al. (2023)	OMC Spitzberg (2021)	ESG Suite Green Link (n.d.)
A. Value Creation & Dual Mission								
Dual value creation (social + financial simultaneously)	Partial	Strong	Strong	Strong	Moderate	Partial	Absent	Absent
Mission values vs. objectives distinction	Absent	Absent	Partial	Strong	Absent	Absent	Absent	Absent
Mission drift prevention	Absent	Absent	Partial	Strong	Absent	Absent	Absent	Absent
B. Stakeholder Architecture								
Beneficiaries vs. customers distinction	Absent	Strong	Strong	Strong	Partial	Absent	Moderate	Absent
Stakeholder salience & prioritisation	Partial	Partial	Moderate	Strong	Strong	Partial	Partial	Moderate
Non-targeted stakeholders	Absent	Partial	Moderate	Strong	Partial	Partial	Partial	Moderate
C. Financing & Revenue Structure								
Philanthropic financing as structural block	Weak	Strong	Moderate	Strong	Weak	Weak	Absent	Absent
Hybrid income stream representation	Weak	Strong	Moderate	Strong	Weak	Weak	Moderate	Absent
D. Governance & Ownership								
Governance as structural block	Partial	Strong	Moderate	Strong	Partial	Partial	Strong	Partial
Ownership transition mechanics	Absent	Absent	Absent	Absent	Absent	Absent	Strong	Absent
Employee governance rights (trustee / voting)	Absent	Absent	Absent	Partial	Absent	Absent	Strong	Absent
E. Impact Measurement & Assessment								
Social impact measurement framework	Absent	Partial	Partial	Strong	Absent	Absent	Absent	Strong
Distinct output vs. impact	Absent	Absent	Partial	Strong	Absent	Absent	Absent	Moderate
Theory-of-change structure	Absent	Absent	Absent	Absent	Absent	Absent	Absent	Strong
Negative / unintended impact panel	Absent	Strong	Moderate	Partial	Absent	Absent	Absent	Strong
F. Dynamic Evolution & Scaling								
BM shows evolution over time	Strong	Absent	Absent	Absent	Partial	Moderate	Absent	Absent
Loop-based feedback modelling	Strong	Absent	Absent	Absent	Partial	Strong	Absent	Absent
Scaling framework	Moderate	Absent	Absent	Absent	Partial	Absent	Absent	Absent
G. Ecosystem & Externalities								
Captures externalities to non-transacting stakeholders	Absent	Partial	Partial	Partial	Partial	Strong	Absent	Partial
Externality management policy typology	Absent	Absent	Absent	Absent	Absent	Strong	Absent	Absent
Contextual positioning	Absent	Partial	Absent	Partial	Absent	Moderate	Absent	Partial
H. Strategic Intent & Resource Logic								
Strategic intent as essential BM dimension	Absent	Absent	Absent	Partial	Strong	Absent	Absent	Absent
Wasted / under-evaluated resource logic	Absent	Absent	Absent	Absent	Strong	Absent	Absent	Absent
Resource-competence logic	Strong	Absent	Absent	Absent	Moderate	Strong	Absent	Absent

Theme / Analytical Dimension	RCOV Demil & Lecocq (2010)	NB S-BMC Stork, S. (2023)	SBMC Harangozo et al. (2026)	SEMC Sparviero (2019)	SI-RCOV Ranjatoelina (2018)	Ext-RCOV Lecocq et al. (2023)	OMC Spitzberg (2021)	ESG Suite Green Link (n.d.)
Investor-ready communication architecture	Strong	Moderate	Moderate	Strong	Partial	Partial	Absent	Absent

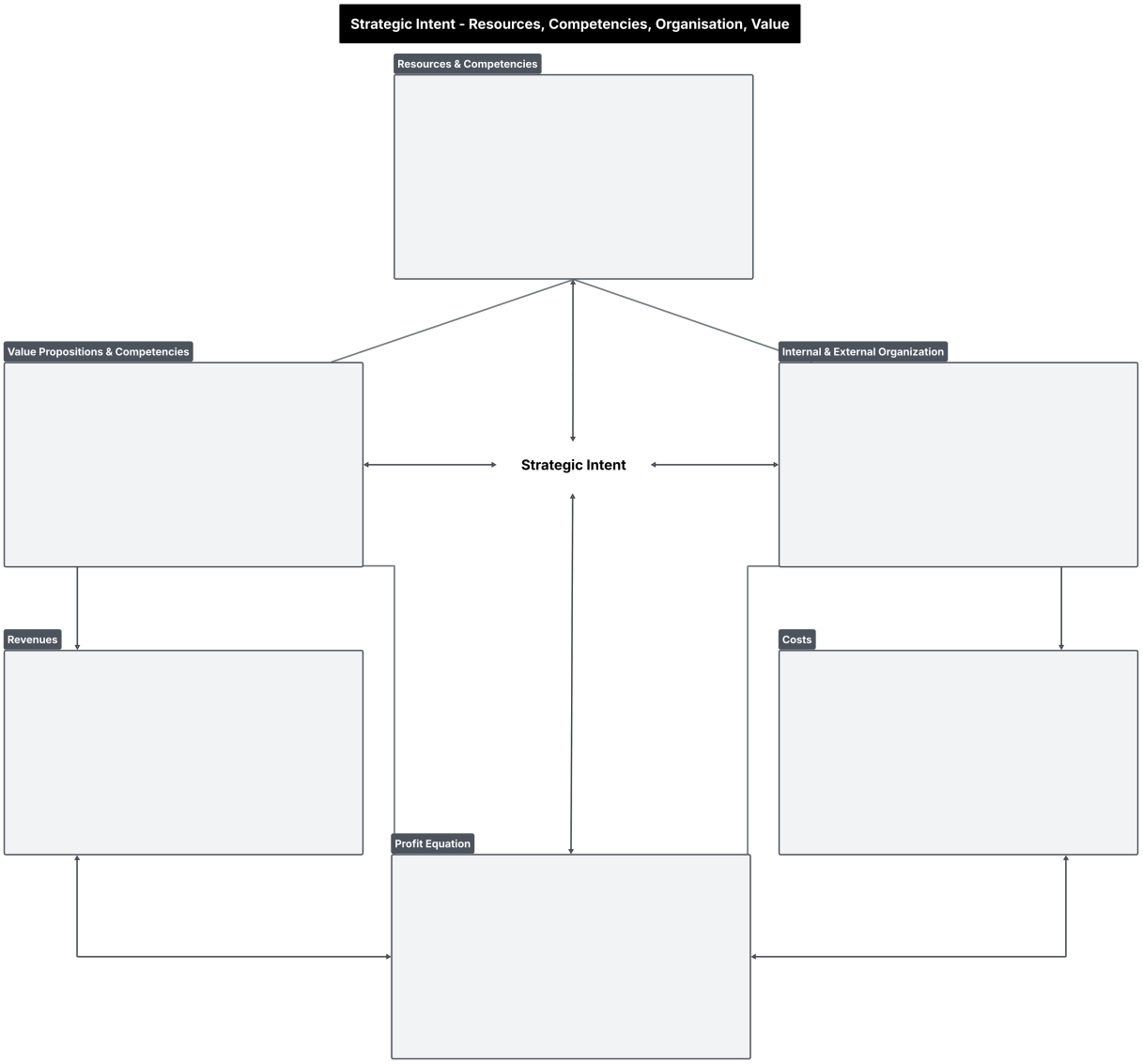
Appendix B Layered Approach to Business Modelling

Requirement	Primary model(s)	Why the layered approach is necessary
Meaningful snapshot for investors	SEMC	The SEMC offers a comprehensive, communicable overview that investors require: governance structure, income setup, value proposition, and mission logic all in a single view. The SI-RCOV then extends this snapshot into a projection toward 2060, providing investors with both the current state and future outlook. Neither component alone is sufficient for investor decision-making.
Dynamic growth modelling	SI-RCOV	No descriptive canvas (SEMC, BMC, or otherwise) can model how components interact and evolve. The SI-RCOV's loop-based logic and dynamic consistency concept are purpose-built for this. The SEMC provides the structural inputs the SI-RCOV sets in motion; without the SEMC content, the SI-RCOV has no grounded starting state.
Stakeholder mapping, impact expectations, and cyclical review	SEMC + Impact Canvas	The SEMC's C&B and NtS blocks visually represent all seven stakeholder groups. The Impact Canvas details the experiences of each group (including first, second, and third-order effects) and offers the Change Hypothesis framework for continuous review during acquisitions. However, neither model alone fully addresses both the identification process and the ongoing measurement necessary.
Differentiate Krystal EO's RC/O/V from those of acquired companies	SEMC (two-canvas method) + SI-RCOV	The proposed methodology runs two SEMC applications: one for Krystal EO as intermediary, one per acquired business. The SI-RCOV models how Krystal EO's own RC/O/V evolve over time independently of the acquired firms. Without the two-canvas separation, the intermediary and the portfolio companies collapse into a single undifferentiated model.
Mission visibility and KPI alignment	SEMC (MV/Obj blocks) + SI-RCOV (SI dimension)	The SEMC's Mission Values and Objectives distinction highlights the risk of mission drift at a structural level and aligns KPIs with instrumental objectives rather than ultimate values. The SI dimension in the SI-RCOV captures the mission as a dynamic force influencing all component interactions. Collectively, they make the mission both visible and actionable; the SEMC articulates it, while the SI-RCOV enforces it amidst scaling pressures.
Separate Krystal EO funding sources from acquired firm revenues	SEMC (I$ block)	The SEMC's Income block clearly separates philanthropic and commercial income streams and, importantly, connects the source of income to governance behavior, a distinction that no commercial canvas provides. Additionally, the SI-RCOV's RC component models the evolution of the philanthropic capital base over time, maintaining its clear separation from the trading revenues of acquired businesses.

Appendix C Social Enterprise Model Canvas (Sparviero, 2019)



Appendix D SI-RCOV Framework (Ranjatoelina, 2018)



Appendix E Project Impact Assessment Canvas (ESG Canvas Framework v1.6, n.d.)

Company: Krystal EO
Version: 1.0
As of: 30 September 2026

Project Impact Assessment Canvas

We believe that <specific change>

Will drive <specific result>

Within <specific domain>

Cascading Impact Sequence



Impact Ripple Effect:
First order impacts are the immediate, direct outcomes of the transformation
Second order impacts are the outcomes that result from the first order impacts
Third order impacts are the outcomes that arise from the second order impacts

Appendix F Additional Dimensions Guiding Research Questions

Dimension	Source	Citation
Interest & Orientation	(Boaz et al., 2018, p. 7)	"Identify those stakeholders who are particularly interested in being engaged and those who are likely to be influential. Depending on the objective of stakeholder engagement, they may provide the most useful input, and are most likely to play a key role in using the results; their engagement should be especially encouraged"
	(Bourne, 2016, p. 432)	"Interest: a circumstance in which a person or group will be affected by a decision, action or outcome. Consider a public event being conducted in a residential area: for the time that event is running people living in the vicinity of the event will have an interest, even if they do not enjoy or participate in that event."
	(Goodijk, 2003, as cited in Chinyio & Olomolaiye, 2009, p. 9)	"Good corporate governance deals in part with how to manage the involvement of an organisation with its stakeholders and to balance their interests. This objective is arranged in such a way as to enable the optimum weighing of stakeholders' diverse interests"
	(Corazza et al., 2024, p. 2386)	"…our case study reveals that although man- agers from a normative (What should happen?) point of view are aware of the different stakeholders' interests, at an instrumental level (What would happen if?), their practices and actions are not completely aligned with their beliefs. In this context, our methodology may represent the missing link between a purely descriptive (What does hap- pen?) and a purely normative (What should happen?) approach."
	(Mitchell et al., 1997, p. 859)	"In particular, any actor having a vested interest in the decision process, either directly affecting or being affected by its resolution, including experts and the public, is named stakeholder."
		"Claimants versus influencers. In order to clarify the term "stake," we need to differentiate between groups that have a legal, moral, or presumed claim on the firm and groups that have an ability to influence the firm's behavior, direction, process, or outcomes"
	(Hill and Jones, 1992, as cited in Mitchell et al., 1997, pp. 870–871)	"…managers have the responsibility to reconcile divergent interests by making strategic decisions and allocating strategic resources in a manner that is most consistent with the claims of the other stakeholder groups"
	(Mygind, 2026, p. 13)	"It can be argued that in a fully employee-owned company, employees get the full value added and have full control. The interests as owner and employee are aligned. However, there still could be conflicts between the narrow wage-earner interest of high wages and the collective interest of the survival of the company."
	(Newcombe, 2003, p. 6)	"Stakeholders with little interest in the project activities and little power to influence them (Zone A) will require minimal effort on the part of the project manager. Those stakeholders in Zone B with a high level of interest in the project's activities but little power to influence them will need to be kept fully informed of the major decisions which have been made, so that good communication with this type of stakeholder is essential."
Expertise & Impact	(Bourne, 2016, p. 6)	"Greene and Elfrers (1999, p178) outlines seven forms of power: 1. Coercive - based on fear. Failure to comply results in punishment (position power); 2. Connection - based on 'connections' to networks or people with influential or important persons inside or outside organisations (personal + political power); 3. Reward - based on ability to provide rewards through incentives to comply. Is expected that suggestions be followed (position power); 4. Legitimate - based on organisational or hierarchical position (position + political power); 5. Referent - based on personality traits such as being likeable, admired etc thus able to influence (personal power); 6. Information - based on possession to or access to information perceived as valuable (position, personal + political power); and 7. Expert - based on expertise, skill and knowledge, which through respect influences others (personal power)."
	(Chinyio & Olomolaiye, 2009, p. 71)	"The opportunities and challenges each of the identified stakeholder possesses are analysed. The management team prioritises and determines salient stakeholders as well as the degree of attention that will be given to them."

Dimension	Source	Citation
	(Ferretti, 2016, p. 6)	"Throughout all the above mentioned steps, the use of experts' panels may expand the knowledge basis and may serve to avoid possible biases, typical of a situation with a single expert."
	(Fleurbaey, 2023, p. 247)	"In particular, local communities where the firm operates may not be in a direct exchange relationship with the firm, and therefore may not have a WTP or WTA featured in the above formula, but nevertheless are substantially affected by the firm. And there are of course large externalities affecting broader populations, including future generations and other species."
	(Fleurbaey, 2023, p. 250)	"While financiers tend to focus on financial interests, even if they also care about externalities, workers and communities are likely to put externalities higher in their priorities, and to bring their direct knowledge of some impacts of the firm's activities."
	(Kujala et al., 2022, p. 1163)	"Most of the activities implicitly assume that stakeholders are involved in a positive way, and the destructive side of activities is rarely acknowledged. However, a few authors recognize that stakeholder engagement may have negative consequences, such as challenges when solving wicked issues (Schmitt, 2010), difficulties and con- flicts between political leaders and stakeholder groups (Thaler & Levin-Keitel, 2016), marginalization, or more restricted outcomes than expected (Schmitt, 2010; Thaler & Levin-Keitel, 2016) as well as a paralyzed implementation of the interventions due to a high level of participation and ineffective political action (Milio, 2014)."
Trust & Relationships	(Boaz et al., 2018, p. 6)	"Key aspects of particular value to the research included early identification and involvement of stakeholders, continuous engagement with stakeholders, and availability to stakeholders of supporting materials and in multiple languages. Mallery et al. recommend continuing to build trust with stakeholders "throughout the engagement process"
	(Bourne, 2016, p. 6)	"For example, an individual with weak influence on the project driving power force may have very deep and strong influence on another individual or group that may in turn have a very strong influence on the project power source."
	(Corazza et al., 2024, p. 2385)	"To be truly effective, this identification process must adopt a relational approach (Rowley, 2017), where all the relationships between external stakeholders, internal stakeholders, and anyone else who may play a role in the project are analyzed."
	(Corazza et al., 2024, p. 2385)	"Although the dimension of urgency includes dynamism, the classification still lies on a quite static interpretation of stakeholders; thus, as suggested by Rowley (2017), it should be empowered by the use of social network analysis (SNA) techniques and the analysis of the relationships between stakeholders and managers."
	(Kujala et al., 2022, p. 1167)	"Furthermore, most stakeholder engagement research relies on the assumption of (low) trust (Bundy et al., 2018; Harrison & Wicks, 2021). Therefore, the construct of stakeholder distrust might enhance the under- standing of the dark side of stakeholder relations"
	(Passetti et al., 2019, p. 186)	"Those stakeholders having a longer relationship with Alpha, such as all the social non-profit organisations, expressed a more positive view of the cooperative compared to the more recent stakeholders, such as various environmental stake- holders, who began interacting with the enterprise when it was already large and powerful. A long relationship based on trust was also important."
	(Van Rooijen et al., 2021, p. 62)	"Moreover, the importance of building a relationship among stakeholders seemed fundamental. The continuous contact in and between regular meetings made stakeholders feel listened to and researchers approachable, which helped build trust and sustainability in stakeholder engagement."
	(Ramus & Vaccaro, 2017, p. 315)	"Indeed, measuring and disclosing social outcomes enabled Alpha to convince social stakeholders regarding the trustworthiness and consistency of its repositioning path, thus motivating a growing number of them to collaborate with the WISE and to give it increasing power in the network."
	(Ramus & Vaccaro, 2017, p. 320)	"In particular, involving external stakeholders in dialog and action helps a social enterprise to develop the skills and capabilities it needs to design and manage social projects in partnerships with other actors."

Dimension	Source	Citation
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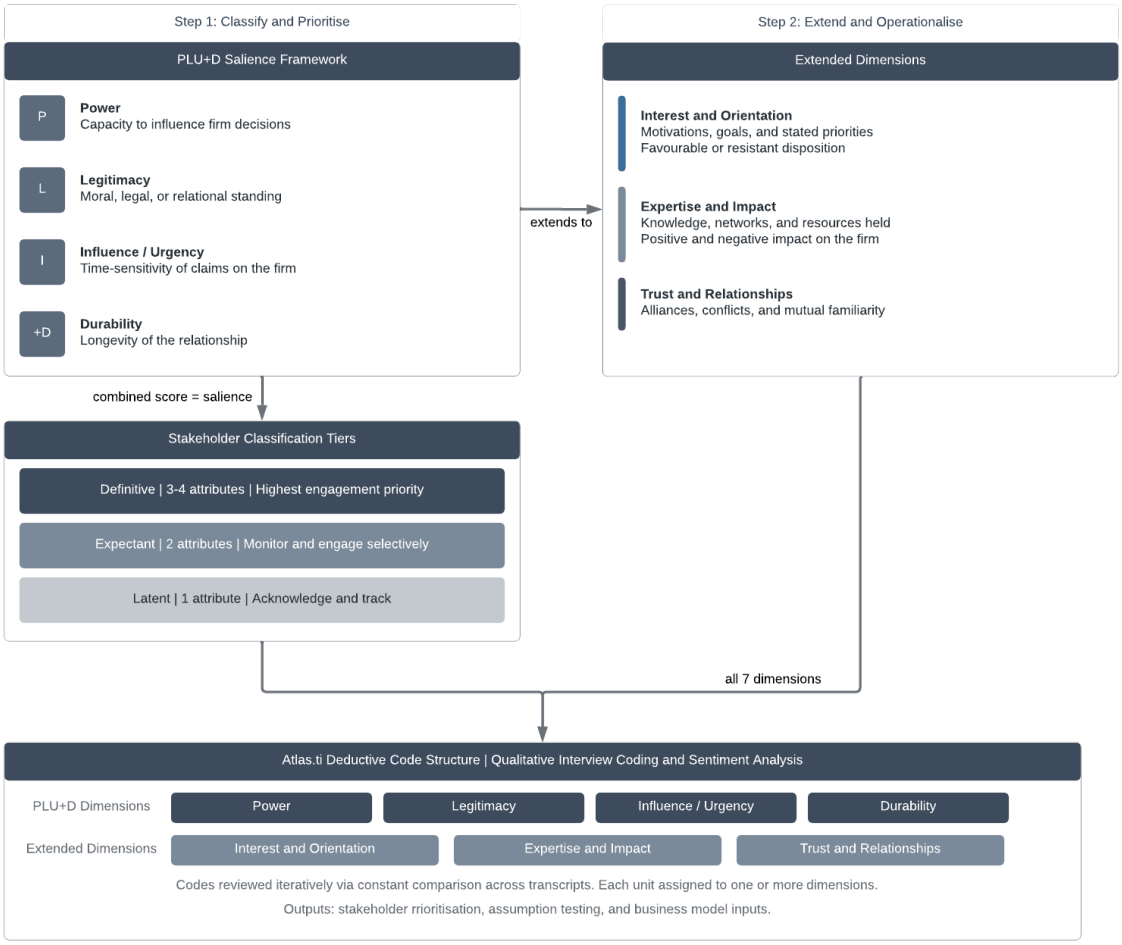
Appendix G Semi-Structured Interview Questions

No.	Overarching Research Question	Dimensional Research Question	Interview Questions
RQ1	How do current and future stakeholder groups perceive Krystal EO's mission, model, and legitimacy as an intermediary in scaling employee ownership in the UK?	On what basis does this stakeholder group's claim on Krystal EO's attention rest: legal, moral, relational, or reputational?	How would you describe your organisation's connection to what Krystal EO is trying to do? Is it something you feel practically pulled into, values-driven, or something else?
		How stable is this group's interest in Krystal EO likely to be over the medium to long term?	How might you see your interest in, or involvement with, Krystal EO evolving over the next five to ten years?
		What are their primary concerns about the employee ownership model?	What do you think is the biggest risk in this approach, for founders, for employees, or for the businesses themselves? Is there a version of this you've seen tried before that didn't work? What happened?
		How stable is this group's interest in Krystal EO likely to be over the medium to long term?	What conditions in your organisation or the wider environment would need to stay stable for your involvement in this to hold over time?
		What are their primary concerns about the employee ownership model?	Are there aspects of the employee ownership model that you think could create difficulties, either for employees or founders, or other parties like customers or suppliers?
		What is the existing level of familiarity and trust between this stakeholder group and employee-owned organisations?	How familiar are you with employee-owned businesses, and have you had direct experience working with or alongside one?
		What is the existing level of familiarity and trust between this stakeholder group and social enterprises like Krystal?	How would you describe your existing relationship with Krystal EO - and how much do you currently know about how it operates?
RQ2	What conditions would need to be in place for each stakeholder group to actively support, resource, or participate in Krystal EO's acquisition and transition model?	What formal or informal authority does this stakeholder group hold over decisions relevant to Krystal EO's operations?	Are there decisions Krystal EO might make, around governance, deal structure, or capital, where your involvement would be expected or needed? How does that work in your organisation? Who in your network or organisation would a commitment like this ultimately need to go through?
		Who do they listen to?	Who in your world would need to be satisfied that this model is credible before your organisation could engage with it seriously?
		How does this group perceive its own right to be heard in decisions that Krystal EO makes?	If Krystal EO made a major strategic or governance decision that affected your sector without talking to you first, would that matter? What would you do?
		How are prepared are they to respond if their expectations are not met?	If Krystal EO were to act in ways that conflicted with your interests or expectations, what options would your organisation have, and how likely would you be to use them?
		What practical constraints (time, resources, organisational mandate) would limit their ability to engage meaningfully? D16	What practical constraints - time, budget, internal mandate, regulatory requirements - would affect your ability to engage with Krystal EO in a sustained way? Is there a near-term window where your organisation could move on something like

No.	Overarching Research Question	Dimensional Research Question	Interview Questions
			this, or is the timing not right yet? What would change that?
		What does success look like for this stakeholder group in relation to Krystal EO?	What would a successful relationship with Krystal EO look like from your perspective - in the short term, and over a longer horizon? What would need to be true about the model for you to say yes? And what would make you say no, full stop?
RQ3	What are the primary tensions, barriers, and areas of potential misalignment between Krystal EO's objectives and the interests of its key stakeholder groups?	How do other stakeholder groups view this group's standing?	Are there any tensions for your organisation in being associated with Krystal EO's model, whether reputational, regulatory, or with other relationships you hold? Is there anything about how Krystal EO is currently structured or operating that would need to change before it could credibly claim legitimacy in your world?
		How time-sensitive is this group's stake in Krystal EO's activities, and what would trigger them to act on that stake?	Is there a window where engaging with Krystal EO makes sense for you, or does timing not matter much from your side? What would make you step back from this over time: what conditions would need to change for your involvement to stop making sense?
		How critically do they feel Krystal EO's decisions could affect them?	In practical terms, how much does Krystal EO's direction of travel matter to you?
		How significantly would Krystal EO's operations affect this group, directly or indirectly, including any externalities not immediately visible in the transaction?	Beyond the most visible interactions, are there secondary effects of Krystal EO's model - on your sector, your relationships, or the communities you work with - that you think are not yet well understood?
		What would Krystal EO need to do to build or maintain sufficient trust (for them or their network) to secure their cooperation?	What would Krystal EO need to do - in terms of behaviour, transparency, or governance - to build the level of trust required for your organisation to commit meaningfully to supporting their work? What assumption do you think Krystal EO is making about your organisation or your sector that is probably wrong? What's your read on Krystal EO's model so far? What looks promising and what looks untested from where you sit?
RQ4	What resources, relationships, and forms of engagement does Krystal EO need from each stakeholder group to sustain and scale its model through 2060?	To what degree could this group accelerate or obstruct Krystal EO's work if they chose to act?	If your organisation decided to actively champion Krystal EO's work, what difference could you realistically make? And conversely - what would Krystal lose out on if you withdrew support or chose to oppose the model? Who would you put Krystal EO in front of, and what would need to be true before you'd make that introduction? If Krystal EO came to you today with a specific ask, whether that's capital, introductions, or an endorsement, what would your first question

No.	Overarching Research Question	Dimensional Research Question	Interview Questions
			be? What's the minimum proof-point you'd need to see before putting your organisation's name behind this?
		What does success look like for this stakeholder group in relation to Krystal EO?	If employee ownership becomes a standard succession option for SMEs in this region, what changes in practice for the people you work with?
		What specific knowledge, expertise, or resources does this group possess that would be valuable to Krystal EO's mission?	What could your organisation bring to this work that would be genuinely hard to find elsewhere? What's the thing Krystal EO most needs to understand about your world that they probably don't yet?
		How stable is this group's interest in Krystal EO likely to be over the medium to long term?	What would need to happen - on Krystal EO's side or in the wider environment - for your organisation's engagement with this work to deepen over time?
		On what basis does this stakeholder group's claim on Krystal EO's attention rest: legal, moral, relational, or reputational?	If this model is working well three years from now, what does the relationship between your organisation and Krystal EO look like?

Appendix H PLU+D Interview Framework



Appendix I Participant Consent - Informational Letter

Research project title: Scaling Employee Ownership: A Stakeholder-Centred Strategic Framework for Krystal EO

Academic Institution: EDHEC Business School

Researchers: Jan-Christoph KRANNICH, Ashley LA BOLLE, Itziar LAFITA, Mubeenah Fatemah MOOSSUN

Academic Advisor: This study is conducted under the supervision of RUPEKA Alise.

Purpose of the study: This study aims to understand how Krystal EO can effectively scale its acquisition-and-hold model for transitioning businesses to employee ownership. Based on your feedback and input, we will map the stakeholder landscape, develop financial projections, and produce strategic recommendations to support the organisation's growth and investor engagement.

What your participation involves: If you agree to take part, you will be asked to participate in an interview lasting approximately 60 minutes, during which we will discuss your views and experiences related to Krystal EO's model, including stakeholder needs, business assumptions, risks, and opportunities in the context of employee ownership transitions. With your permission, the interview will be audio-recorded and transcribed for analysis.

Potential risks and benefits: There are no known major risks to participating in this interview, but you are free not to respond to any question and to withdraw from participation at any time. You will not receive any direct personal benefit from participating or suffer any loss or disadvantage from not participating. If you do choose to participate, we hope to use your insights to provide relevant and practical insight into the organisation's stakeholder strategy and growth planning.

Voluntary participation and rights: Your participation is completely voluntary. You have the right to stop the interview or withdraw from the research, and you do not need to provide any explanation. You may also refuse to answer any questions. After the interview, we will provide you with the transcripts for your approval. Once we have received your approval, the interview recording will be deleted, and the transcript anonymised. Up until the point where the interview transcript is anonymised, you can withdraw permission to use data from your interview.

Use of data, confidentiality, and anonymity: The interview recording and transcript will remain strictly confidential and will be used solely for this research. The research will not identify you by name or role in any reports or publications using information obtained from this interview. Your confidentiality will be maintained in accordance with GDPR. It will be securely stored, processed only for this study, and handled in a manner that protects your rights as a participant.

Thank you for agreeing to be interviewed as part of the above research project.

Appendix J Stakeholder Groups Identified in the Academic Literature

	Stakeholder group	Classification	Driver	Preliminary Salience	Academic backing
1	Krystal EO Founder and Staff	Internal / Primary	Financial Relationships &Project Documentation	**Power** (Controls funding/operations) **Legitimacy** (Founder/Sponsor)	(Chevalier & Buckles, 2008)
2	Impact & Philanthropic Investors	External / Primary	Financial Relationships	**Power** (Provides the capital) **Urgency** (Requires measurable impact data to justify funding)	(Klein-Markman, 2023)
3	Selling Founders / Retiring SME Owners	External / Primary	Market Analysis & Legal Obligations	**Power** (Gatekeepers of the assets) **Urgency** (Seeking rapid, tax-efficient liquidity/succession)	(Pendleton et al., 2023) (*Evaluation of Employee Ownership Trusts*, 2025)
4	Professional Advisors (Lawyers, Accountants)	External / Secondary	Operational Dependencies & Legal Obligations	**Power** (Can block or enable the deal through their advice to founders)	(*Evaluation of Employee Ownership Trusts*, 2025)
5	Target SME Management Teams	Internal / Primary	Operational Dependencies	**Power** (Day-to-day execution) **Urgency** (Needs immediate training/playbooks)	(Weiss & Rouen, 2026): Prove that without "take-forward" management alignment, the model fails.
6	Target SME Employees	Internal / Primary	Market Influence & Project Documentation	**Legitimacy** (Core beneficiaries) **Urgency** (Immediate need for job security & tax-free bonuses)	(*The Ownership Dividend*, 2018) (Mygind, 2026) Validate that employee voice generates the "ownership dividend".
7	EOT / Governance trustees	Internal / Primary	Operational Dependencies & Legal Obligations	**Power** (legally, they own the majority of the company) **Legitimacy** (strict fiduciary duty to the employees) **Urgency (**immediate clarity on how Krystal EO expects them to govern)	(Pendleton et al., 2023) Notes that trustee composition dictates actual employee power.
8	Policymakers / Regulatory Bodies (e.g., HMRC, UK Government)	External / Secondary	Legal Obligations & Industry Regulations	**Legitimacy** (architects of UK economy)	(Chevalier & Buckles, 2008)
9	Local Communities (Geolocked Regions)	External / Secondary	Market Influence	**Legitimacy** (Beneficiaries of wealth retention and high-street revitalization)	(Fernandez-Guadaño & López-Millán, 2018) Validates EO firms as regional anchors that prevent wealth extraction.
10	Institutions & Ecosystem (e.g., WREOC, EOA)	External / Secondary	Market Analysis Reports	**Legitimacy** (Providers of standard impact metrics and industry data)	(Chevalier & Buckles, 2008)
11	Krystal Hosting Management and Board	Internal / Secondary	Financial Relationships	**Power, Legitimacy** (They generate the profits that fund Krystal EO).	(Freeman, 1984) Classic internal value creators.
12	Impact Investors	External / Primary	Financial Relationships	**Power** (Provides the capital) **Urgency** (Requires measurable impact data to justify funding)	(Klein-Markman, 2023))
13	Trade Unions / Labor Reps	Internal / Secondary	Legal Obligations	**Power, Legitimacy, Urgency** (Legal right to collective bargaining; urgent need to understand how EOT impacts existing contracts, as they normally want to sit on EOT Board).	(Pendleton et al., 2023)
14	Traditional PE & Trade Buyers (competitors)	External / Secondary	Market Analysis (Competitors)	**Power** (Utilitarian financial power to outbid Krystal EO for target SMEs; but lacks	(O'Sullivan, 2025) Succession pipeline alternatives.

	Stakeholder group	Classification	Driver	Preliminary Salience	Academic backing
				legitimacy or urgency in Krystal's internal model).	
15	Other Banks & Lenders	External / Secondary	Financial Relationships	**Power, Legitimacy** (Control working capital credit lines for the acquired SMEs; hold legitimate contractual debt claims).	(Klein-Markman, 2023)
16	Suppliers to Target SMEs	External / Secondary	Operational Dependencies	**Legitimacy** (Valid contractual claims, but low power unless they are a monopoly supplier, and low urgency if bills are paid).	(Mitchell et al., 1997)
17	Customers of Target SMEs	External / Secondary	Financial Relationships	**Power** (Utilitarian power of the wallet to support or boycott the business).	(Mitchell et al., 1997) Classic "Dormant" stakeholder until organized.
18	Student Researchers and Academic Community	External / Primary	Academic Learnings and Performance	**Legitimacy** (Academic institutions carry recognized institutional legitimacy as objective, independent analysts. The student researcher team has a legitimacy derived from their commissioned role as external consultants).	(Chevalier & Buckles, 2008)
19	Target Firm Competitors	External / Secondary	Financial and Competitive Dependencies	**Power** (Private equity acquirers, trade buyers, and other EOT intermediaries hold significant utilitarian financial power: they can outbid Krystal EO for the same SME targets, shape seller expectations around valuation multiples, and influence what "a normal exit" looks like in the market. This competitive pressure on deal flow is real and material).	(Chevalier & Buckles, 2008)

Appendix K Stakeholder Groups Validated by Krystal EO

	Stakeholder group	Classification	Driver	Preliminary Salience	Backing
1	Krystal EO Founder and Staff	Internal / Primary	Financial Relationships &Project Documentation	**Power** (Controls funding/operations) **Legitimacy** (Founder/Sponsor)	(Chevalier & Buckles, 2008)
2	Philanthropic Intermediaries	External / Primary	Mission and Systems-Change	**Power** (Provides the capital) **Legitimacy** (Have the networks and social impact capabilities to bring in additional investors) **Urgency** (Requires measurable impact data to justify funding)	Krystal EO
3	Selling Founders / Retiring SME Owners	External / Primary	Market Analysis & Legal Obligations	**Power** (Gatekeepers of the assets) **Urgency** (Seeking rapid, tax-efficient liquidity/succession)	(Pendleton et al., 2023) (Evaluation of Employee Ownership Trusts, 2025)): Prove exits are driven by Capital Gains Tax reliefs.
4	Exited Founders / EO Practitioners	External / Primary	Mission & Financial Profit	**Legitimacy** (Have the networks with other founders and EO practitioners to attract and convince new target firms) **Urgency** (Must create and document positive exit experience in order to share with owners/founders of target companies)	Krystal EO
5	Professional Advisors (Lawyers, Accountants)	External / Secondary	Operational Dependencies & Legal Obligations	**Power** (Can block or enable the deal through their advice to founders)	(*Evaluation of Employee Ownership Trusts*, 2025) Identifies advisors as the primary friction point and cost barrier in EOT transitions.
6	Target SME Management Teams	Internal / Primary	Operational Dependencies	**Power** (Day-to-day execution) **Urgency** (Needs immediate training/playbooks)	(Weiss & Rouen, 2026) Prove that without "take-forward" management alignment, the model fails.
7	Target SME Employees	Internal / Primary	Market Influence & Project Documentation	**Legitimacy** (Core beneficiaries) **Urgency** (Immediate need for job security & tax-free bonuses)	(*The Ownership Dividend*, 2018) (Mygind, 2026) Validate that employee voice generates the "ownership dividend".
8	EOT / Governance trustees	Internal / Primary	Operational Dependencies & Legal Obligations	**Power** (legally, they own the majority of the company) **Legitimacy** (strict fiduciary duty to the employees) **Urgency** (immediate clarity on how Krystal EO expects them to govern)	(Pendleton et al., 2023) Notes that trustee composition dictates actual employee power.
9	Policymakers / Regulatory Bodies (e.g., HMRC, UK Government)	External / Secondary	Legal Obligations & Industry Regulations	**Legitimacy** (architects of UK economy)	(Chevalier & Buckles, 2008)
10	Local Communities (Geolocked Regions)	External / Secondary	Market Influence	**Legitimacy** (Beneficiaries of wealth retention and high-street revitalization)	(Fernandez-Guadaño & López-Millán, 2018) Validates EO firms as regional anchors that prevent wealth extraction.

	Stakeholder group	Classification	Driver	Preliminary Salience	Backing
11	Wealth Advisors and Private Banks	External / Primary	Access to Ultra High Net Worth Individuals & Fiduciary Duty to Clients	**Power** (act as gatekeepers to UHNW individuals who might donate to Krystal EO) **Legitimacy** (Understand clients' needs and preferences, Knowledgeable of philanthropic landscape) **Urgency** (Requires measurable impact data to justify funding)	Krystal EO
12	Donor-Advised Funds (DAFs)	External / Primary	Mission & Responsible and Impactful Distribution of Donations	**Power** (Distribute donated capital to value-aligned causes and organisations) **Legitimacy** (Understand clients' needs and preferences, Knowledgeable of philanthropic landscape) **Urgency** (Requires measurable impact data to justify funding)	Krystal EO
13	Institutions & Ecosystem (e.g., WREOC, EOA)	External / Secondary	Market Analysis Reports	**Legitimacy** (Providers of standard impact metrics and industry data)	(Chevalier & Buckles, 2008)
14	Krystal Hosting Management and Board	Internal / Secondary	Financial Relationships	**Power, Legitimacy** (They generate the profits that fund Krystal EO).	(Freeman, 1984) Classic internal value creators.
Below are other stakeholder groups less relevant but should be noted to show a "wide net" approach.					
15	Impact Investors	External / Primary	Financial Relationships	Power (Provides the capital) Urgency (Requires measurable impact data to justify funding)	(Klein-Markman, 2023) Defines investor demand for "catalytic impact" and strict metric reporting.
16	Trade Unions / Labor Reps	Internal / Secondary	Legal Obligations	Power, Legitimacy, Urgency (Legal right to collective bargaining; urgent need to understand how EOT impacts existing contracts, as they normally want to sit on EOT Board).	("Trade Unions Confronted with Employee Ownership," 2018) Notes the need to integrate existing labor structures into EO governance.
17	Traditional PE & Trade Buyers (competitors)	External / Secondary	Market Analysis (Competitors)	Power (Utilitarian financial power to outbid Krystal EO for target SMEs; but lacks legitimacy or urgency in Krystal's internal model).	(O'Sullivan, 2025) Succession pipeline alternatives.
18	Other Banks & Lenders	External / Secondary	Financial Relationships	Power, Legitimacy (Control working capital credit lines for the acquired SMEs; hold legitimate contractual debt claims).	(Klein-Markman, 2023) Notes traditional lenders often misunderstand EOTs, causing credit friction.
19	Suppliers to Target SMEs	External / Secondary	Operational Dependencies	Legitimacy (Valid contractual claims, but low power unless they are a monopoly supplier, and low urgency if bills are paid).	(Mitchell et al., 1997) Classic "Discretionary" stakeholder.
20	Customers of Target SMEs	External / Secondary	Financial Relationships	Power (Utilitarian power of the wallet to support or boycott the business).	(Mitchell et al., 1997) Classic "Dormant" stakeholder until organized.
21	Student Researchers and Academic Community	External / Primary	Academic Learnings and Performance	Legitimacy (Academic institutions carry recognized institutional legitimacy as objective, independent analysts. The student researcher team has a legitimacy derived from their	(Chevalier & Buckles, 2008)

	Stakeholder group	Classification	Driver	Preliminary Salience	Backing
				commissioned role as external consultants).	
22	Target Firm Competitors	External / Secondary	Financial and Competitive Dependencies	Power (Private equity acquirers, trade buyers, and other EOT intermediaries hold significant utilitarian financial power: they can outbid Krystal EO for the same SME targets, shape seller expectations around valuation multiples, and influence what "a normal exit" looks like in the market. This competitive pressure on deal flow is real and material).	(Chevalier & Buckles, 2008)

Appendix L Ranked Stakeholder List

Rank	Stakeholder group	Priority status	Classification	Salience role	Proposed engagement	Driver	Power	Legitimacy	Urgency	Durability	PLU+D total
1	Krystal EO Founder and Staff	Primary	Internal	Decisive stakeholder	Internal validation + objective-setting	Strategic intent, internal documentation and practical project boundaries	5	5	5	5	20
2	Krystal Hosting Management and Board	Primary	Internal	Decisive stakeholder	Internal validation + objective-setting	Funding envelope, governance oversight and strategic commitment	5	5	4	5	19
3	Wealth Advisors and Private Banks	Primary	External	Mediating stakeholder	Phase 1 - Early gatekeepers and donor channels	Access to UHNW individuals and fiduciary interpretation of philanthropic opportunities	5	4	5	4	18
4	Donor-Advised Funds (DAFs)	Primary	External	Mediating stakeholder	Phase 1 - Early gatekeepers and donor channels	Committed charitable capital and mission fit	5	4	5	4	18
5	Exited Founders / EO Practitioners	Primary	External	Mediating stakeholder	Phase 1 - Early gatekeepers and donor channels	Strong mission fit, understand succession and legacy, may act as both donors and validators	4	5	5	4	18
6	Philanthropic intermediaries	Primary	External	Mediating stakeholder	Phase 1 - Early gatekeepers and donor channels	Broader funding networks, donor circles and philanthropic intermediation	5	4	4	4	17
7	Selling Founders / Owners	Primary	External	Decisive stakeholder	Phase 2 - High-fit donor archetypes	Transaction feasibility, succession route and legal ownership decision	5	5	5	4	19
8	Values-led family offices	Primary	External	Decisive stakeholder	Phase 2 - High-fit donor archetypes	Significant capital capacity, mission fit possible, but often more process-heavy and slower	5	5	4	4	18
9	Next-generation wealth	Primary	External	Decisive stakeholder	Phase 2 - High-fit donor archetypes	Often values-led and open to mission-based giving, but sometimes mediated by family structures	4	5	4	4	17
10	Impact-Driven Tech Founders	Primary	External	Decisive stakeholder	Phase 2 - High-fit donor archetypes	Likely to support innovative, systems-change models and engage with first-of-its-kind ideas	4	4	4	4	16
11	Target SME Management Teams	Primary	Internal	Decisive stakeholder	Phase 3 - Governance and implementation feasibility	Post-acquisition continuity, operational alignment and business model execution	5	4	4	5	18

Rank	Stakeholder group	Priority status	Classification	Salience role	Proposed engagement	Driver	Power	Legitimacy	Urgency	Durability	PLU+D total
12	EOT / Governance Trustees	Primary	Internal	Decisive stakeholder	Phase 3 - Governance and implementation feasibility	Governance structure, fiduciary role and employee representation	4	5	4	5	18
13	Target SME Employees	Primary	Internal	Beneficiary-legitimacy stakeholder	Phase 3 - Governance and implementation feasibility	Employee voice, legitimacy and ownership dividend	4	5	4	5	18
14	Professional Advisors (Lawyers, Accountants)	Primary	External	Mediating stakeholder	Phase 3 - Governance and implementation feasibility	Technical advice, transaction cost and interpretation of EOT feasibility	4	4	4	4	16
15	Policymakers / Regulatory Bodies (e.g., UK Government)	Primary	External	Beneficiary-legitimacy stakeholder	Phase 4 - Contextual / triangulating interviews	Regulatory environment, tax incentives and policy legitimacy	4	5	3	5	17
16	Institutions and Ecosystem (e.g., WREOC, EOA)	Primary	External	Mediating stakeholder	Phase 4 - Contextual / triangulating interviews	Sector knowledge, market validation and ecosystem legitimacy	3	4	3	5	15
17	Customers of Target SMEs	Secondary	External	Secondary	Postponed Engagement	Revenue continuity and external legitimacy of the acquired business	4	4	3	4	15
18	Trade Unions / Labour Representatives	Secondary	External	Beneficiary-legitimacy stakeholder	Postponed Engagement	Labour representation, employee voice and formal worker structures	3	4	3	4	14
19	Other Banks and Lenders	Secondary	External	Secondary	Postponed Engagement	Credit access and lender understanding of EOT structures	4	3	3	3	13
20	Traditional PE and Trade Buyers (competitors)	Secondary	External	Secondary	Postponed Engagement	Alternative succession routes and competitive pressure for acquisitions	4	3	3	3	13
21	Suppliers to Target SMEs	Secondary	External	Secondary	Postponed Engagement	Operational dependencies and supply continuity	3	3	3	4	13
22	Impact Investors	Secondary	External	Secondary	Postponed Engagement	Return-seeking impact capital and metric reporting requirements	3	3	2	3	11
23	Target Firm Competitors	Secondary	External	Secondary	Postponed Engagement	Competitive response and sector dynamics around target firms	3	3	2	3	11
24	Student Researchers and Academic Community	Secondary	External	Secondary	Postponed Engagement	Academic learning, methodological rigour and research output	2	3	2	3	10
25	Pension funds	Secondary	External	Secondary	Validate if acquisition context allows	Academic learning, methodological rigour and research output	4	4	3	3	14

Rank	Stakeholder group	Priority status	Classification	Salience role	Proposed engagement	Driver	Power	Legitimacy	Urgency	Durability	PLU+D total
26	Local Communities (Geolocked Regions)	Primary	External	Beneficiary-legitimacy stakeholder	Validate if acquisition context allows	Regional anchoring, local employment and prevention of wealth extraction	2	4	3	5	14

Appendix M Pre-Interview Brief

BRIEFING NOTE FOR INTERVIEW PARTICIPANTS

Krystal EO Stakeholder Research Project

About the Research Team

This research is being conducted by four master's students at EDHEC Business School as part of the MSc Corporate Finance programme: Jan-Christoph Krannich, Ashley La Bolle, Itziar Lafita, and Mubeenah Fatemah Moossun. The project is supervised by Alise Rupeka.

We are working as a consulting team on behalf of Krystal EO, a UK not-for-profit organisation. The research is being conducted in accordance with EDHEC's ethical standards and GDPR requirements. A consent informational letter will be shared with you before the interview begins.

About Krystal EO

Krystal EO was founded in 2025 by Simon Blackler, who previously built Krystal Hosting into the UK's largest independent web hosting provider and the world's first B Corp-certified web hosting and public cloud company, operating on 100% renewable electricity across the UK, Europe, and the United States.

Over two decades of building and acquiring businesses through Krystal Hosting, Simon came to believe that responsible business practices alone were not enough to address deeper structural economic problems. Individual firms could behave ethically while still operating within ownership systems that concentrated value and limited participation. In 2024, Simon stood down as CEO, becoming Krystal Hosting's Chair to focus on building Krystal EO.

Krystal EO's mission is to acquire UK businesses, transition them into permanent majority employee ownership at no cost to employees, and steward them for long-term value creation.

The model works as follows:

- Using philanthropic and mission-aligned capital, Krystal EO acquires businesses and places a 51% majority stake into a trust for employees immediately on acquisition, so they become majority owners from day one, rather than through the deferred payment that a conventional Employee Ownership Trust (EOT) requires.
- Founders receive a full-market-value exit on commercial terms comparable to a private equity or trade sale, paid upfront. Employees gain ownership without having to fund the purchase themselves.
- Krystal EO retains a 49% minority stake and a Golden Share, which together provide ongoing governance support, leadership development, and stewardship beyond the point of transition.
- Profits and dividends from the minority stake are reinvested into further acquisitions, so each transition helps to fund the next in a self-sustaining "flywheel" through which early philanthropic capital compounds over time.

Research consistently shows that employee-owned businesses are more productive, more resilient, and have lower staff turnover over the long term. Employees tend to be better paid, more engaged, and more

committed, reflecting a meaningful stake and voice in the organisations they help to build. These structures also support stronger governance, longer-term decision-making, and deeper roots in local communities.

Krystal EO's own operating costs are covered by Krystal Hosting, which contributes 5% of its revenues annually, so that 100% of philanthropic capital is deployed directly into acquisitions rather than overhead. Because that capital is donated rather than invested, there is no external investor return expectation.

Krystal EO's governance structure is mission-locked by design. As a company limited by guarantee, with Krystal Hosting Ltd as sole Guardian Member, the organisation is structurally protected against acquisition, conversion, or mission drift.

Krystal EO describes its model as a way to "tweak capitalism to make it work for everyone", improving the lives of employees, strengthening local economies, and demonstrating that commercial performance and social benefit are not in tension.

Why now: The UK is entering a major business-succession wave, with large numbers of SME owners approaching retirement. An estimated 3,800 to 11,400 mid-sized firms are structurally suited to employee ownership, yet only 560 transitioned in 2024 – at that rate, it would take decades to meet demand. Krystal EO is designed to accelerate that process at scale.

About the Research

Our consulting project has three components: (1) stakeholder mapping and prioritisation, based on primary interviews and academic evidence; (2) business model articulation, using frameworks designed for social enterprises; and (3) financial scenario modelling, projecting Krystal EO's acquisition capacity, capital requirements, and social impact through 2060.

We are speaking with a small number of people whose perspective is directly relevant to Krystal EO's model. Your input will inform strategic recommendations on how Krystal EO should prioritise and engage its stakeholders, how its business model should be communicated, and what assumptions underpin the financial projections.

What the Interview Will Cover

The interview will last approximately 45 to 60 minutes and will be conducted online via video call. There is no right or wrong answer to any question. We are interested in your honest perspective, including any concerns or scepticism you hold.

We will ask you about: your familiarity with employee ownership and Krystal EO's model; your organisation's connection to this area of work; the conditions that would need to be met for your organisation to support or engage with Krystal EO; any tensions or concerns; and what resources or relationships you think Krystal EO needs most.

You do not need to prepare anything in advance. The briefing above is intended to give you sufficient context to engage with the questions. If you have questions about the research before the interview, please contact [name and email].

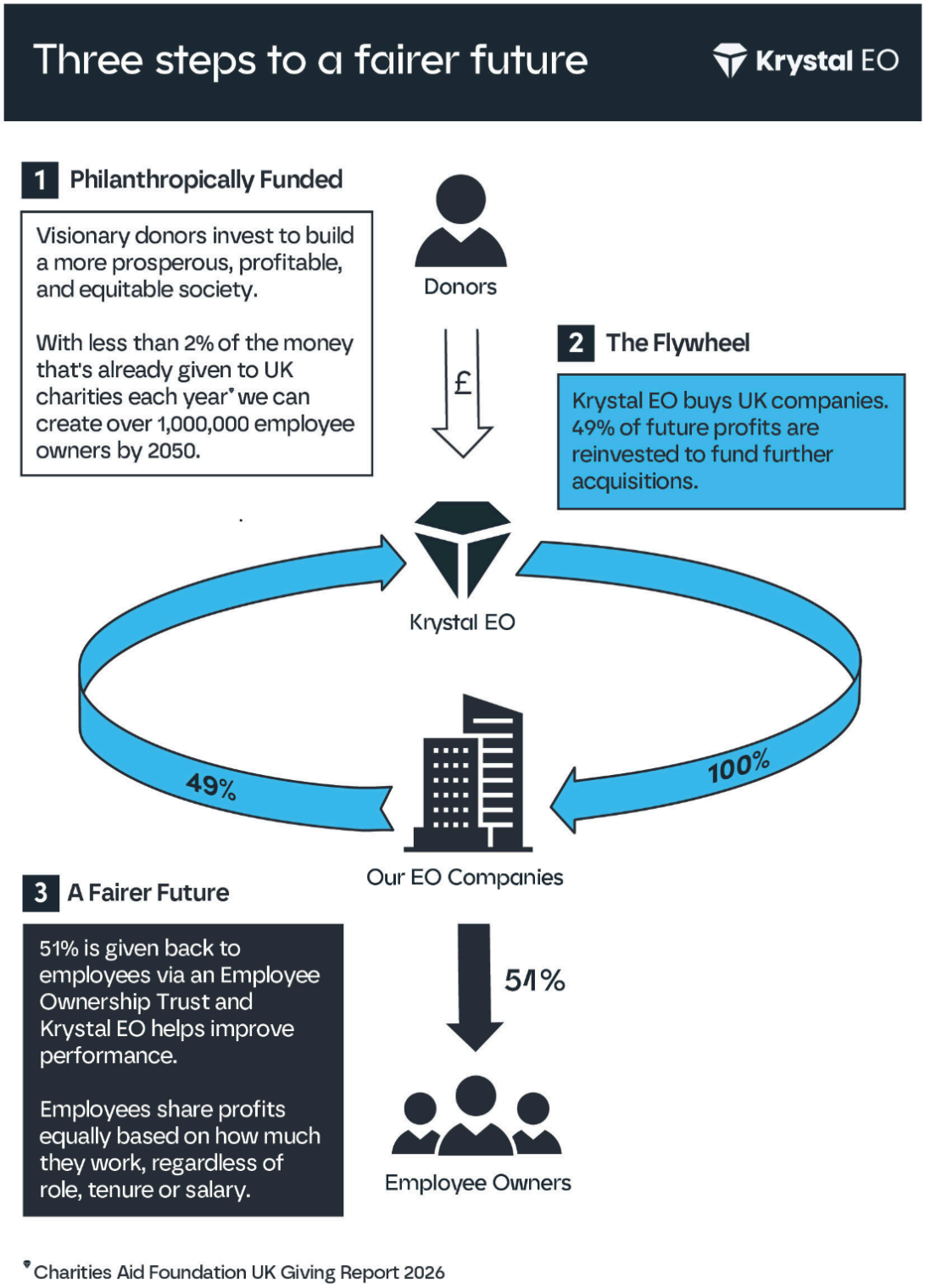
Confidentiality and Data Use

The interview will be audio-recorded for transcription purposes only. Recordings will be deleted once the transcript is complete. You will be sent the transcript for your review before any of your input is used in the final report.

All responses will be treated in strict confidence and handled in accordance with GDPR. You will not be identified by name or role in any reports or publications unless you explicitly consent to this.

The final report will be submitted to EDHEC Business School and to Krystal EO. It will not be published commercially without Krystal EO's written consent.

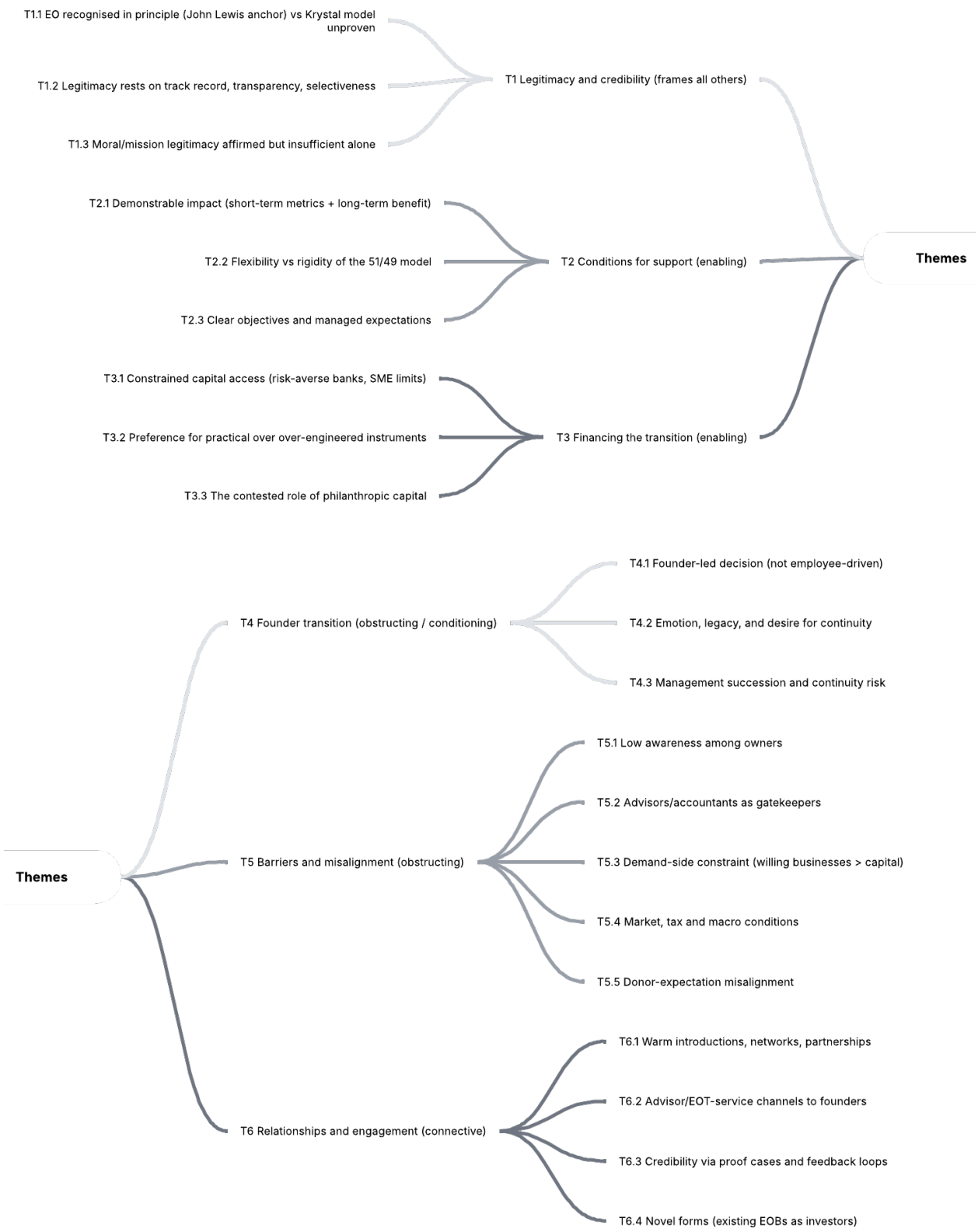
Appendix N Krystal EO Flywheel (*Krystal EO Flywheel*, 2026)



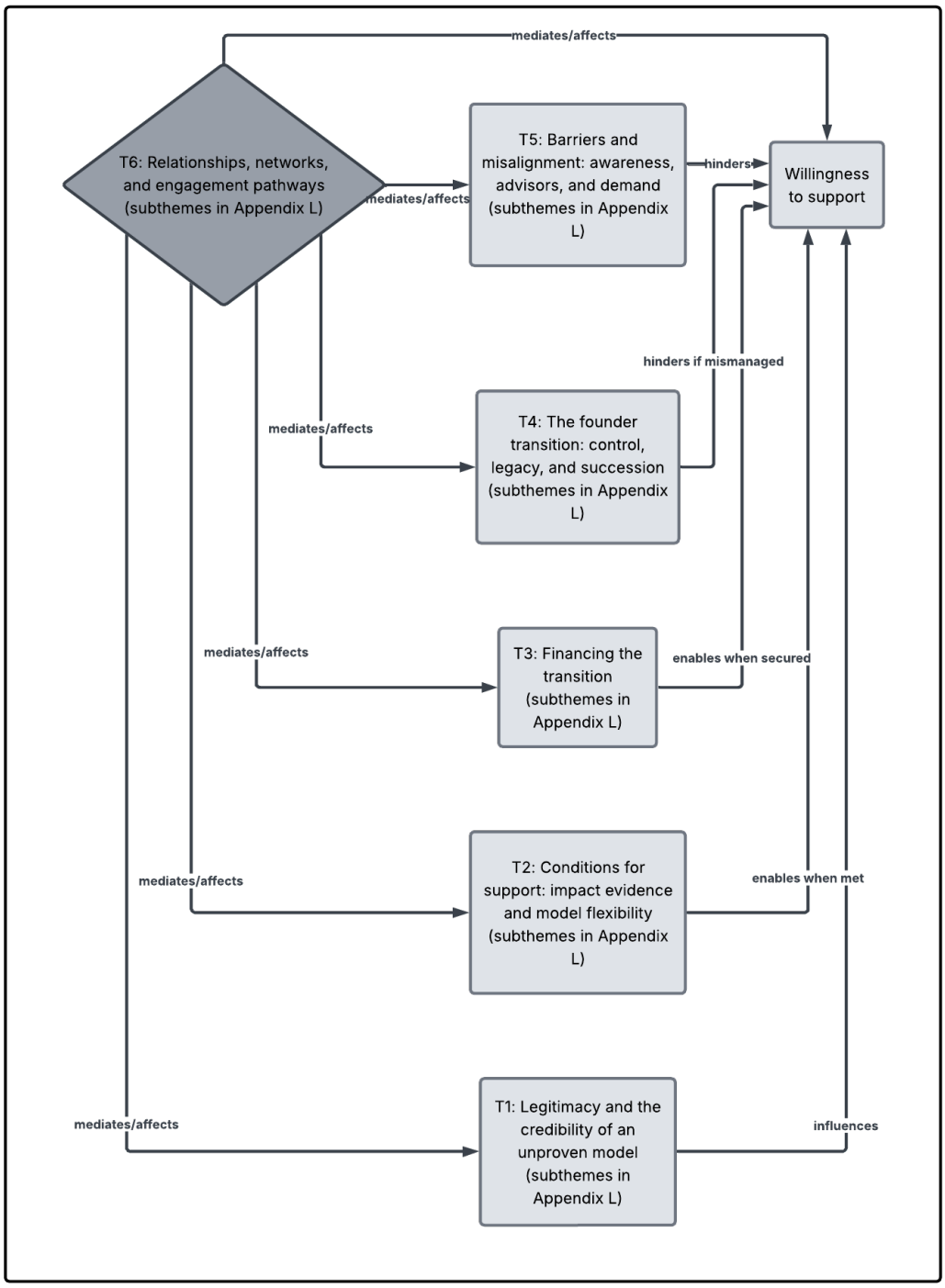
Appendix O Interview Corpus

ID	Role (anonymised)	Date	Duration	Sentiments	Codes	Sent. / 10 min	Codes / 10 min
Wealth Advisors & Private Banks							
WAPB1	Sustainable Finance / Social Impact Investing	29-Jun-26	43m 41s	386	62	7.7	1.4
WAPB2	Vice President, Europe	28-Jul-26	37m 08s	470	72	12.7	1.9
WAPB3	Executive Chair & Head of Employee Ownership	31-Jul-26	43m 34s	436	50	10.0	1.2
WAPB subtotal		3 interviews	2h 04m	1292	184	10.1	1.5
Philanthropic Intermediaries							
PI1	Managing Director	20-Jul-26	1h 01m 24s	519	50	8.5	0.8
PI2	Angel investor / Strategic adviser	29-Jul-26	25m 33s	203	45	7.9	1.8
PI3	General Partner and Co-Founder	4-Aug-26	32m 58s	247	39	7.5	1.2
PI subtotal		3 interviews	2h 00m	969	134	8.0	1.3
Exited Founders / EO Practitioners							
EFEP1	Chief Executive Officer	21-Jul-26	42m 14s	471	121	11.2	2.9
EFEP2	Co-owner	24-Jul-26	32m 26s	301	64	9.3	2
EFEP3	Founder	30-Jul-26	59m 30s	677	140	11.4	2.4
EFEP4	Director and Partner	31-Jul-26	1h 01m 39s	698	96	11.3	1.6
EFEP5 & EFEP6	Head of EOT Services; EOT Services Director	4-Aug-26	57m 45s	694	84	12.0	1.5
EFEP7	Ownership Engagement Adviser	5-Aug-26	43m 10s	440	75	10.2	1.7
EFEP subtotal		6 interviews	4h 57m	3281	580	10.9	2
Total		**12 interviews**	**9h 01m**	**5542**	**898**	**9.7**	**1.6**

Appendix P Research Themes



Appendix Q Thematic Framework: Support for Krystal EO's Model



Appendix R Per Interview Sentiment Spread

Interview	Positive	Neutral	Negative	Total	Positive share of polar
Wealth Advisors & Private Banks					
WAPB1	21	290	75	386	21.9%
WAPB2	20	390	60	470	25.0%
WAPB3	30	300	106	436	22.1%
WAPB subtotal	71	980	241	1,292	22.8%
Philanthropic Intermediaries					
PI1	31	384	104	519	23.0%
PI2	18	165	20	203	47.4%
PI3	17	193	37	247	31.5%
PI subtotal	66	742	161	969	29.1%
Exited Founders & EO Practitioners					
EFEP1	27	372	72	471	27.3%
EFEP2	21	243	37	301	36.2%
EFEP3	49	493	135	677	26.6%
EFEP4	49	530	119	698	29.2%
EFEP5 & EFEP6	43	536	115	694	27.2%
EFEP7	35	307	98	440	26.3%
EFEP subtotal	224	2,481	576	3,281	28.0%
Total	361	4,203	978	5,542	27.0%

Appendix S Interview-Informed Revisions – Ranked Stakeholder List

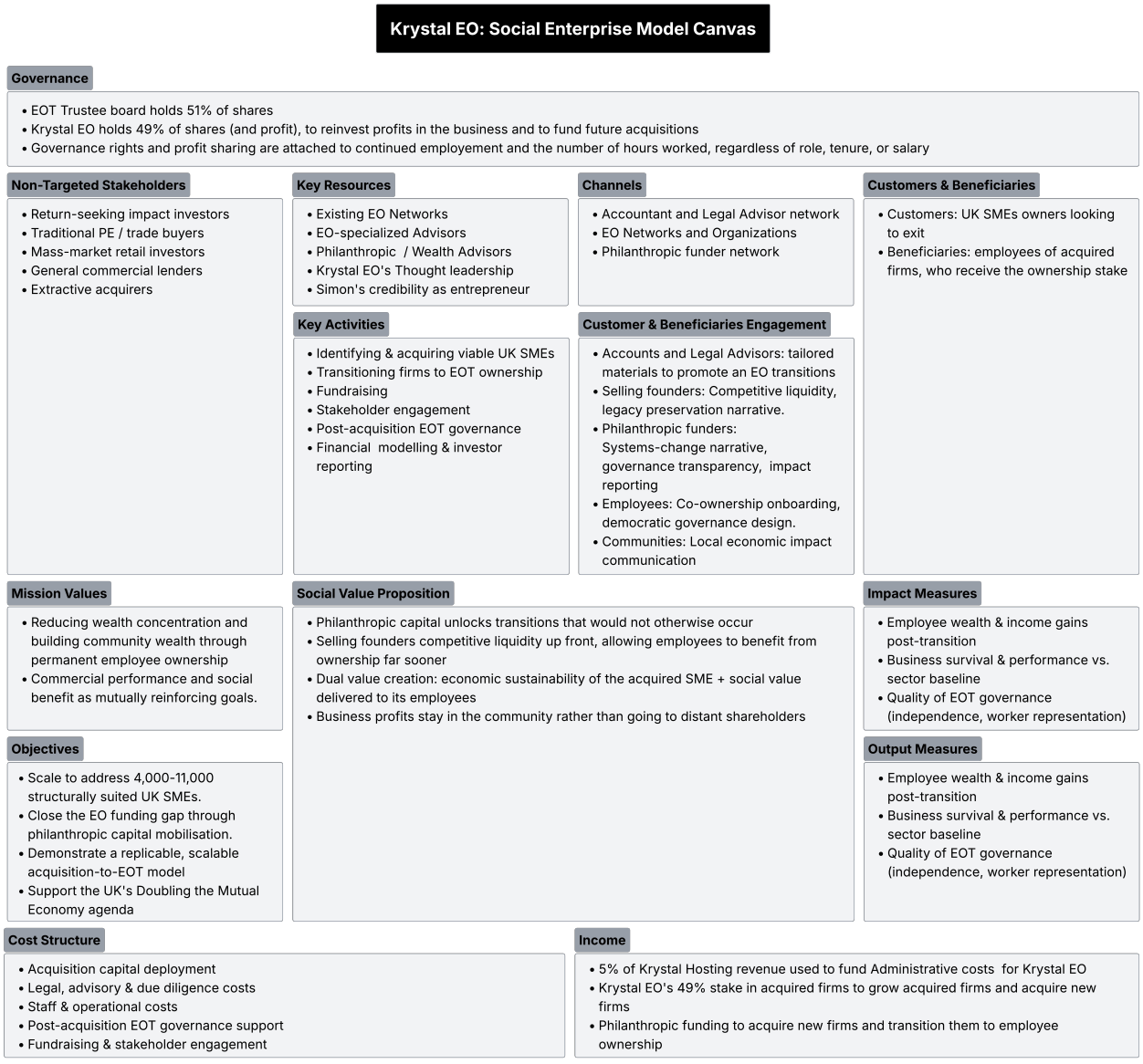
Rank	Stakeholder group	Priority status	Classification	Salience role	Proposed engagement	Driver	Power	Legitimacy	Urgency	Durability	PLU+D total
1	Krystal EO Founder and Staff	Primary	Internal	Decisive stakeholder	Internal validation + objective-setting	Strategic intent, internal documentation and practical project boundaries	5	5	5	5	20
2	Krystal Hosting Management and Board	Primary	Internal	Decisive stakeholder	Internal validation + objective-setting	Funding envelope, governance oversight and strategic commitment	5	5	4	5	19
3	Selling Founders / Owners	Primary	External	Decisive stakeholder	Phase 2 - High-fit donor archetypes	Transaction feasibility, succession route and legal ownership decision	5	5	5	4	19
4	Exited Founders / EO Practitioners	Primary	External	Mediating stakeholder	Phase 1 - Early gatekeepers and donor channels	Strong mission fit, understand succession and legacy, may act as both donors and validators	4	5	5	4	18
5	Accountants	Primary	External	Mediating stakeholder	Phase 1 - Early gatekeepers and donor channels	Gatekeepers to selling founders exploring exit options	5	5	5	3	18
6	Values-led family offices	Primary	External	Decisive stakeholder	Phase 2 - High-fit donor archetypes	Significant capital capacity, mission fit possible, but often more process-heavy and slower	5	5	4	4	18
7	Target SME Management Teams	Primary	Internal	Decisive stakeholder	Phase 3 - Governance and implementation feasibility	Post-acquisition continuity, operational alignment and business model execution	5	4	4	5	18

Rank	Stakeholder group	Priority status	Classification	Salience role	Proposed engagement	Driver	Power	Legitimacy	Urgency	Durability	PLU+D total
8	EOT / Governance Trustees	Primary	Internal	Decisive stakeholder	Phase 3 - Governance and implementation feasibility	Governance structure, fiduciary role and employee representation	4	5	4	5	18
9	Target SME Employees	Primary	Internal	Beneficiary-legitimacy stakeholder	Phase 3 - Governance and implementation feasibility	Employee voice, legitimacy and ownership dividend	4	5	4	5	18
10	Philanthropic intermediaries (including DAFs)	Primary	External	Mediating stakeholder	Phase 1 - Early gatekeepers and donor channels	Broader funding networks, donor circles and philanthropic intermediation	5	4	4	4	17
11	Next-generation wealth	Primary	External	Decisive stakeholder	Phase 2 - High-fit donor archetypes	Often values-led and open to mission-based giving, but sometimes mediated by family structures	4	5	4	4	17
12	Policymakers / Regulatory Bodies (e.g., UK Government)	Primary	External	Beneficiary-legitimacy stakeholder	Phase 4 - Contextual / triangulating interviews	Regulatory environment, tax incentives and policy legitimacy	4	5	3	5	17
13	Wealth Advisors and Private Banks	Primary	External	Mediating stakeholder	Phase 1 - Early gatekeepers and donor channels	Access to UHNW individuals and fiduciary interpretation of philanthropic opportunities	5	4	3	4	16
14	Impact-Driven Tech Founders	Primary	External	Decisive stakeholder	Phase 2 - High-fit donor archetypes	Likely to support innovative, systems-change models and engage with first-of-its-kind ideas	4	4	4	4	16

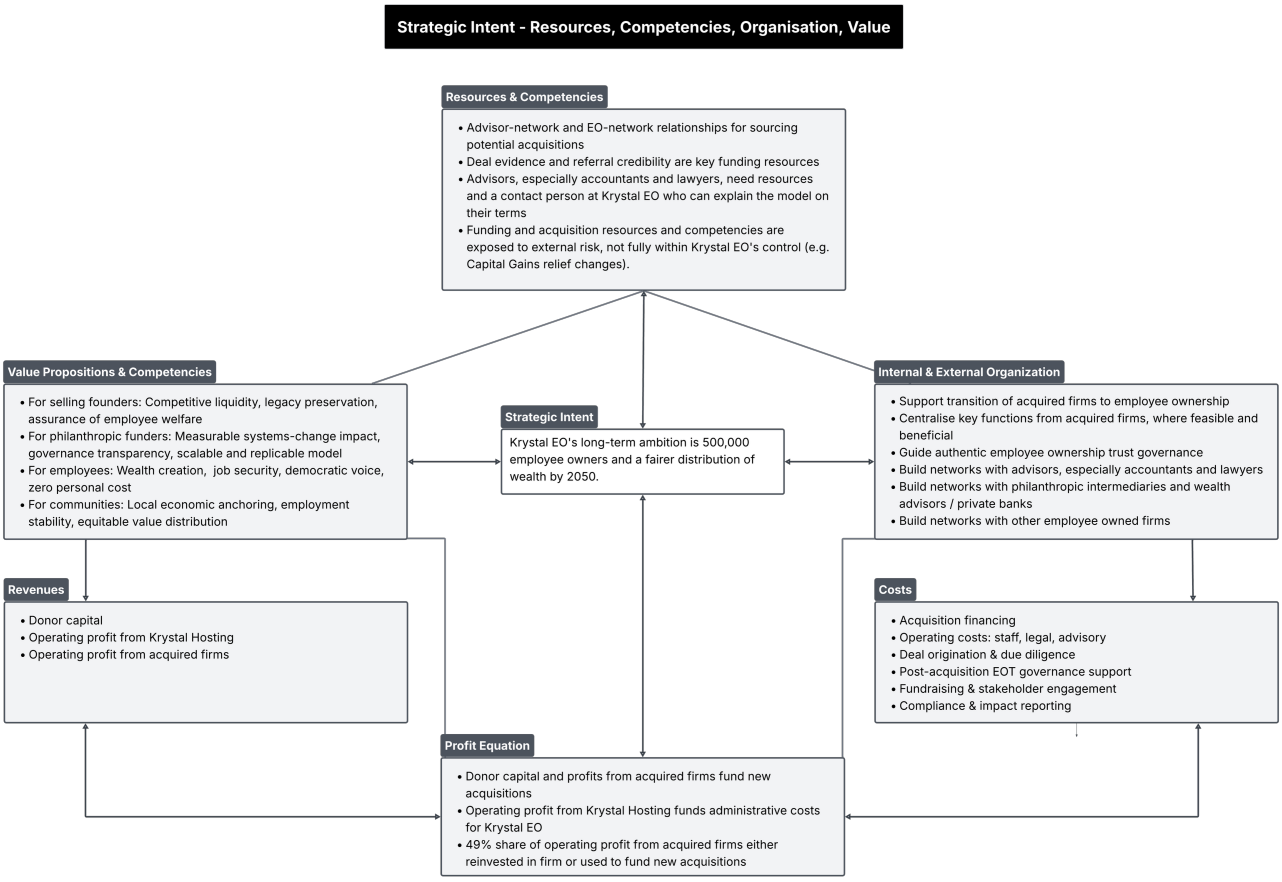
Rank	Stakeholder group	Priority status	Classification	Salience role	Proposed engagement	Driver	Power	Legitimacy	Urgency	Durability	PLU+D total
15	Professional Advisors (Lawyers, Accountants)	Primary	External	Mediating stakeholder	Phase 3 - Governance and implementation feasibility	Technical advice, transaction cost and interpretation of EOT feasibility	4	4	4	4	16
16	Institutions and Ecosystem (e.g., WREOC, EOA)	Primary	External	Mediating stakeholder	Phase 4 - Contextual / triangulating interviews	Sector knowledge, market validation and ecosystem legitimacy	3	4	3	5	15
17	Customers of Target SMEs	Secondary	External	Secondary	Postponed Engagement	Revenue continuity and external legitimacy of the acquired business	4	4	3	4	15
18	Impact Investors	Secondary	External	Secondary	Phase 2 - High-fit donor archetypes	Return-seeking impact capital and metric reporting requirements	4	3	5	3	15
19	Trade Unions / Labour Representatives	Secondary	External	Beneficiary-legitimacy stakeholder	Postponed Engagement	Labour representation, employee voice and formal worker structures	3	4	3	4	14
20	Pension funds	Secondary	External	Secondary	Validate if acquisition context allows	Academic learning, methodological rigour and research output	4	4	3	3	14
21	Local Communities (Geolocked Regions)	Primary	External	Beneficiary-legitimacy stakeholder	Validate if acquisition context allows	Regional anchoring, local employment and prevention of wealth extraction	2	4	3	5	14
22	Other Banks and Lenders	Secondary	External	Secondary	Postponed Engagement	Credit access and lender understanding of EOT structures	4	3	3	3	13

Rank	Stakeholder group	Priority status	Classification	Salience role	Proposed engagement	Driver	Power	Legitimacy	Urgency	Durability	PLU+D total
23	Traditional PE and Trade Buyers (competitors)	Secondary	External	Secondary	Postponed Engagement	Alternative succession routes and competitive pressure for acquisitions	4	3	3	3	13
24	Suppliers to Target SMEs	Secondary	External	Secondary	Postponed Engagement	Operational dependencies and supply continuity	3	3	3	4	13
25	Target Firm Competitors	Secondary	External	Secondary	Postponed Engagement	Competitive response and sector dynamics around target firms	3	3	2	3	11
26	Student Researchers and Academic Community	Secondary	External	Secondary	Postponed Engagement	Academic learning, methodological rigour and research output	2	3	2	3	10

Appendix T SEMC for Krystal EO



Appendix U SI-RCOV for Krystal EO



Appendix V Financial model assumptions and sources

Assumption	Value	Source
Start year	2027	Client input (Krystal EO)
End year	2060	Client input (Krystal EO)
Aspirational target employee owners	1,000,000	Client input (Krystal EO)
Model length	34 years	Derived within the model
Business value growth p.a.	3% / 8% / 15%	(*Business Demography Statistics*, 2026; Eurostat − OECD Manual on Business Demography Statistics, 2007)
Organic headcount growth p.a.	1% / 5% / 10%	(*High-Growth Enterprises - Statistics*, 2026)
EO productivity uplift (one-off, pp)	0 / 1.5 / 3.0 pp	(*New Data Shows Employee Owned Businesses Deliver an 8-12% Productivity Boost | About*, 2023)
EO uplift phase-in	4 years	(*New Data Shows Employee Owned Businesses Deliver an 8-12% Productivity Boost | About*, 2023)
Portfolio net-margin hard cap	15%	(*What's the Average Profit Margin by Industry in the Uk*, 2026)
EO uplift transition delay	2 years	Client input (Krystal EO)
Annual portfolio failure rate	5.0% / 2.5% / 1.0%	(*Business Demography, UK: 2024*, 2025, p. 2024)
Loss given failure (capital)	90% / 70% / 50%	(Sharon, 2011)
Deployment capital: start-year amount	£50,000,000	Client input (Krystal EO)
Deployment capital growth p.a.	50%	Client input (Krystal EO)
Annual deployment cap	£250,000,000	Client input (Krystal EO)
Recycle % of Krystal EO 49% profit	100%	Client input (Krystal EO)
Krystal Hosting monthly turnover	£1,000,000	Client input (Krystal EO)
Krystal Hosting turnover growth p.a.	10%	Client input (Krystal EO)
Krystal Hosting turnover cap	£100,000,000	Client input (Krystal EO)
Krystal Hosting contribution	5% of turnover	Client input (Krystal EO)
Max Krystal EO ops top-up	2% of total distributable profit	Client input (Krystal EO)
Fixed annual overhead (all-in)	£89,000	Client input (Krystal EO)
Board and support	£65,000/yr	Client input (Krystal EO)
Office and facilities	£24,000/yr (£2k/month)	Client input (Krystal EO)
Variable governance cost per company	£18,000/co/yr	Client input (Krystal EO)
Overhead cost inflation p.a.	3%	(*Inflation and the 2% Target*, 2026)
Efficiency curve thresholds	×0.85 above 50 companies; ×0.60 floor above 500	Derived within the model (experience-curve logic)
Avg turnover per target (Core anchor)	£18,000,000	Client input (Krystal EO)
EV/EBITDA multiple: entry (Core anchor)	5.0x	(*EBITDA Multiples for UK SMEs*, 2026)
Deal cost (one-off)	4% of purchase price	Derived within the model
Acquisition cost inflation p.a.	3%	(*Earnings and Working Hours - Office for National Statistics*, 2026)
Avg net profit margin (target)	6%	(*What's the Average Profit Margin by Industry in the Uk*, 2026)
Profit share to employees (EOT)	51%	Client input (Krystal EO)
Krystal EO retained stake	49%	Client input (Krystal EO)
Blended cost per acquisition	£8,034,325	Derived within the model (tranche mix)

Assumption	Value	Source
Blended employees per acquisition	196	Client input (Krystal EO) / Derived within the model
Tranche phase-in: Growth	2032 → 2037	Client input (Krystal EO)
Tranche phase-in: Scale	2038 → 2043	Client input (Krystal EO)
Leverage LTV ceiling	20% / 30% / 40%	(*How Much Can My UK Business Borrow?*, 2025)
Interest rate on debt	6.14% / 7.14% / 8.14%	(*Employee Ownership Trust Funding | Eot Scheme Finance*, 2026; *The Average Business Loan Interest Rates for 2026 | Money.Co.Uk*, 2026)
Debt term	7 / 8 / 10 years	(*The Average Business Loan Interest Rates for 2026 | Money.Co.Uk*, 2026)
Rate-spike stressed interest rate	10.5%	(*Employee Ownership Trust Funding | Eot Scheme Finance*, 2026)
AUM threshold gate	£350m / £200m / £100m	(Hoover, 2026)
Sell trigger: value multiple	3.0x	Client input (Krystal EO)
Share of whole company sold at recap	25%	Client input (Krystal EO)
Minimum years before recap	5 years	Client input (Krystal EO)
Aligned pension fund launch year	2035	Client input (Krystal EO); expert review
Recapitalisation capacity	100% of eligible stakes	Derived within the model (single transparent capacity assumption)
Aligned-fund carry / management fee	2% of recap proceeds	Client input (Krystal EO)
Max acquisitions in start year	1 deal	Client input (Krystal EO)
Acquisition capacity (steady state)	120 deals/yr	(Sardella, 2025)
Capacity ramp p.a.	50%	Derived within the model (capacity doubles every ~2 years)
Employee distribution: start level	£3,600/employee/yr	(HM Revenue & Customs, 2026a)
Employee distribution: maximum level	£10,000/employee/yr	Client input (Krystal EO) (aspirational; only the first £3,600 is income-tax exempt)
Minimum profit retained for reserves	30%	Client input (Krystal EO)
Debt-funded % of purchase price	35%	(*Employee Ownership Trust Funding | Eot Scheme Finance*, 2026)
Repayment term	5 years	(*Employee Ownership Trust Funding | Eot Scheme Finance*, 2026)
Failure rate uplift during recession	+2.5 pp	(*Commentary - Company Insolvency Statistics March 2026*, 2026)

Appendix W Integrated Review of Financial and Stakeholder Evidence

Financial-model evidence	Stakeholder evidence	Relationship	Interpretation	Strategic implication
Standard cases projections reach approximately 0.51–0.64 million employee owners by 2060 (Vanilla–Combined), while every Good case surpasses 1 million, including the unlevered Vanilla scenario.	Support depends on proof, governance, and credibility (T1, T2).	Converging	The one-million goal depends on portfolio performance rather than financial engineering.	Treat one million as a North Star; evaluate progress using intermediate financial and impact KPIs
Each single acquisition has negligible impact on a 2060 endpoint, but the first acquisition has an outsized impact.	The lack of a track record is the most common identified gap; positive sentiment towards employee ownership does not automatically carry over to Krystal EO (T1).	Complicating	The value of the initial deal is in generating evidence.	Treat the first acquisition primarily as proof generation rather than merely an investment in the EO model.
Acquisition capacity increases up to a maximum of 120 transactions per year (input constraint).	Advisers act as the “market makers," but the change in capital gains tax weakened the referral channel (T5, T6).	Complicating	120 deals per year represent approximately 24% of UK employee-ownership transitions expected in 2025, compared to 220,085 businesses with 10–49 employees: the issue is not availability but sourcing.	Develop the adviser network as part of the acquisition infrastructure, with demand generation happening before fundraising.
Donor capital funds acquisitions, while Krystal Hosting handles operating costs, a model driven by philanthropy rather than solely reliant on it.	Philanthropic framing is considered “a tough pitch” when viewed as financing an owner’s exit (EFEP4); impact capital presented as an alternative (PI3) (T3).	Disconfirming → reframed	The proposal remains valid only if donor capital is viewed as eliminating the barrier that stops employees from gaining majority ownership.	Reframe the donor story; initiate open dialogue with impact investors.
Increasing the funding ramp from 10% to 50% results in a 46.6% rise in Standard-case owners, from 346,081 to 507,268, and improves efficiency from 55.1 to 64.2 owners per £1m donated.	Funders need to see proven impact and credibility prior to providing capital (T2)	Converging, with dependency	The assumption that the model is most sensitive to is the one we cannot yet test.	Prioritise evidence and proof prior to scaling the funding request.
At least 30% of profits remain within the acquired companies before distributing profits in a 51/49 split; the £3,600 distribution is based on affordability constraints.	The 51/49 structure was often challenged, and flexibility was seen as a requirement for support (T2).	Complicating	The majority-ownership principle remains fixed; however, the division and the related deal terms do not have to be set in stone.	Clearly state what aspects are non-negotiable and what details are specific to the deal and stick to those red lines.

Financial-model evidence	Stakeholder evidence	Relationship	Interpretation	Strategic implication
The Standard–Good gap results from assumptions about growth, productivity, and survival; productivity improvements are typically realized two years after the initial estimate.	Practitioner accounts mainly focus on transition quality, succession, and employee participation (T4).	Converging	Post-transition governance constitutes an economic factor instead of a compliance requirement.	Consider the 49% stake and stewardship role as performance driver and allocate resources to them accordingly.
Leverage increases ownership benefits by 26.5% for Standard-case owners (16.7% for Good), but postpones the self-funding threshold from 2050 to 2054.	Practitioners are wary of debt pressure on acquired firms, e.g. “15% loan rates against 10% growth” (PI1) (T3)	Converging	Leverage boosts social reach, postpones financial independence, and shifts pressure onto portfolio companies.	Introduce leverage only when the portfolio size and cash flows warrant it.
Pension recapitalisation results in 0.4% fewer owners compared to Vanilla in the Standard scenario: £684m realized versus a £4.46bn unmet backlog.	The legal and financial regulations directly challenge the current concept for the pension and interviewees and experts challenged it as implausible (PI3) (T3)	Disconfirming → reframed	The pension fund concept requires additional due diligence by relevant financial and legal experts before it can be included in the model.	Keep it as a backup strategic option for later, not as a primary reliance.

Appendix X Evidence sources by recommendation

Source	R1	R2	R3	R4	R5	Principal contribution
EFEP1	●	●	●	●	●	R1: Krystal EO "has no legacy and background and track record other than Simon and what he built elsewhere"; describes its own organisation's high-street bank backing as "a proof point". R2: Advisors are "the market makers"; proposes formalising "a referral kind of route, either between us and the advisor community and Krystal EO." R3: The EOT model is "very susceptible to policy changes," and firms are increasingly moving away from 100% EO toward "hybrid models" holding back a minority stake for incentive schemes. R4: Observes "a massive contraction in philanthropy into this space" over the last decade; R5: Argues Krystal EO "has to … do a lot of due dil on any capital that comes in."
EFEP2			●	●		R3: On the founder's position after the sale: "continued involvement in the company to have kind of a golden share or something like that might be an opportunity to be able to protect the future of the business." R4: "There doesn't seem to be a source of finance in the UK. The banks don't seem able to supply that finance."
EFEP3		●				R2: Advisor referral networks are "way more effective and scalable" than direct founder outreach.
EFEP4		●		●	●	R2: The accountant is typically an owner-manager's first point of contact and "a good source of information for business owners looking to sell"; the channel has weakened following capital gains tax changes. R4: On philanthropy: funding "is going into an individual's pocket … the employees don't get that money, they get the business," which makes it "a tough pitch." R5: On stewardship: "true employee ownership" rests on genuine governance and economic rights, not on a change of legal ownership alone.
EFEP5		●	●			R2: A capital gains tax change collapsed a live deal. R3: "It has to be quite an emotional transaction because it usually means such a personal difference to the founder or board."
EFEP5 / EFEP6			●			R3: "What we haven't heard from them is any sort of thinking around how to keep people around and give them a clear role that also gives clear governance to the entire structure … do they offer board seats or do they offer kind of a management role within the company for X number of years during the transition."
EFEP7	●	●				R1: "Which deals have you done before? What are your credentials? That's always going to be the hardest first question to answer before Krystal EO has done any purchases … until Krystal EO has some of them under their belt, I think that's going to be a challenge for any service provider they engage with." R2: "Accountants are "our greatest source of referrals," yet "accountants don't necessarily love EO because it's not the greatest revenue option for their clients" compared with a competitive trade sale. Reports "a lack of reassurance in the market … a lot of pausing" after the tax change, and cites HMRC research finding tax relief to be "the single biggest driver of EO adoption."
PI1	●			●		R1: "They have no track record yet"; the founder's record as "an entrepreneur and investor … anchoring his first funds … will create enough credibility to start with." On target selection: "devil is in details … what their focus is, what their areas of knowledge are, what the gaps in their areas of knowledge are." R4: On borrowing: loans introduce pressure to guarantee growth, and pricing "15% loan rates against 10% growth" would make a deal "just unviable."
PI2			●		●	R3: Executive talent must be retained through the transition at market rates: "you still need to be able to operate at the highest level if you want to survive and be competitive."

						R5: Sustaining executive and management talent through and after the transition is a precondition of portfolio performance; internal promotion "is not going to happen overnight."
PI3	●			●		R1: The model "needs a few proof points to show this isn't just theory, but this is something that is working"; having "a deal they can point to" is the "single biggest thing they could do." R4: Points to impact investing as the broader available pool "a lot of capital out there looking for a positive home" citing "Better Society Capital and that whole sort of impact investing world." Separately questioned whether traditional pension funds would take minority stakes in smaller private companies, prompting the model revision.
WAPB1			●	●	●	R3: "How much of the founders still involved, the existing management team? What can you do to keep them if you want them to, or who's going to run it if they're not?" R4: Positions their own bank as a potential funder or market participant, a disconfirming case against the wider funding pessimism, and raises a blended structure in which philanthropy, as "a bigger pot of money," could be used to "lower the cost of the debt" taken on. R5: Notes that impact metrics to date have focused narrowly on "the number of employees impacted," and on transition support: "if they've never done it before … you need a bit of support, I think, to work out what options are available for them to choose from, rather than just saying, right, you run the company now."
WAPB2			●	●		R3/R4: Asks governance questions unprompted: "What's the governance of this? Is this a nonprofit? … indicating that lender conversations will also be governance conversations.
WAPB3			●		●	R3: Recommends "a sort of frequently asked questions document, what would happen if the current leadership team changed? What sort of checks and balances are there in there?" and closes with "if you're not transparent, then it's not ownership." R5: Describes practice at their own EOT-owned firm: "we provide up to date cash balances month by month. We do a full P&L. We tell them how much … is still to be repaid … totally transparent," warning that without it "there's suspicion and do we really own this business?"
Financial model (scenarios) - Model output	●			●	●	R1/R4: the fundamental portfolio performance has a greater impact on long-term outcomes than selecting among the four financing options. R5: Standard cases deliver 507,268–653,419 employee owners against 1,539,239-1,809,057 in the Good cases; the separation is driven by post-acquisition growth, productivity and survival, not by financing choice.
Financial model (sensitivities) - Model output				●		R4: Leverage delivers 641,816 Standard-case owners against Vanilla's 507,268, an increase of 134,548 (+26.5%). It offers the most significant incremental scaling effect among financing mechanisms. Loan-to-value tested across 0-60% with no turning point on the employee-owner axis, though returns diminish: 0-30% adds 134,548 owners while 30-60% adds a further 118,671.
Financial model (assumptions) - Model output			●		●	Two-year delay before productivity gains, applied gradually and capped; annual failure rates of 5.0% / 2.5% / 1.0% (Poor / Standard / Good); steady-state mix of ~196 employees at 5.0x EBITDA and £8.0m all-in per transaction. At least 30% of profits remain in the acquired company for reinvestment; remaining distributable profits split 51% to employees and 49% to Krystal EO; the £3,600 annual employee distribution is a medium-term target contingent on profitability, not a guarantee. Leverage is applied at Krystal EO level only — company-level acquisition debt is excluded because an unlevered acquired company and complete upfront seller payment are treated as core to the value proposition.
Sentiment Analysis	●					R1: 76% of tags neutral; negative to positive ratio of 2.7:1 - stakeholders are awaiting proof rather than rejecting the proposition.

Business model tools (SEMC, SI-RCOV)		●	●		●	R2: The advisor referral network is both the primary sourcing competency and the principal commercial exposure, resting on a single pathway weakened by the tax change. R3: Krystal EO "might choose to make this split negotiable, so that this box represents a flexible model rather than a fixed one." R5: Governance is designed as a stewardship model providing support rather than monitoring.
(HM Revenue & Customs, 2026)			●			R3: EOT trustees must hold more than 50% of the company; the qualifying employee-ownership bonus is income-tax exempt up to £3,600 per employee, both are load-bearing model inputs and both are policy-exposed.
(*Evaluation of Employee Ownership Trusts*, 2025)		●				R2: Identifies accountants as one of the two main channels through which owners first learn of the EOT route, and finds that "changes to CGT relief … would likely influence the decision" of prospective sellers.
(Grandori, 2017; Pedrosa-Ortega et al., 2019)			●			R3: Hierarchy is "just a coordination mechanism" rather than an inherent feature of the firm, so governance design is a choice; and legitimacy weighs more heavily than raw power in cooperative and employee-owned governance contexts.
(Ellerman, 1990; Harangozo et al., 2026; Kujala et al., 2022; Mitchell et al., 1997; Sparviero, 2019)					●	R5: Dual value creation distinguishes the economic sustainability of the acquired SME from the social value delivered to employees; the SEMC and democratic-theory materials underpin a stewardship rather than monitoring relationship. Stakeholder attributes are "variable, not steady state," so salience should be reviewed at each stage of scaling rather than fixed at the outset.

Appendix Y Recommendation Blueprint

Rec.	Proposed solution	Sequencing trigger	Owner / capability	Success measure	Revisit trigger
R1	Complete one acquisition in an existing area of expertise and document it as proof. Create a transition case record that includes seller terms, governance design, employee benefits, trading performance, and cost to complete, formatted for advisers and funders to reference.	Immediate. Gates R2 and R4: other recommendations become more relevant once a deal is finalised.	Founder, with transaction and legal support secured under Krystal Hosting board supervision.	Completed the transition to employee ownership, recalibrated financial model assumptions based on actual deal data, and noted the 76% neutral sentiment share on re-engagement stakeholders.	The only relevant targets lie outside Krystal EO's established sector, or else twelve months will pass without achievement.
R2	Establish dedicated, independently managed referral programmes for accountants and solicitors, based on the existing model where sellers are paid in full at completion and the company is acquired debt-free and unlevered. Assign specific responsibility for monitoring EOT tax issues and policy changes.	Work begins after Deal 1 is completed, providing the channel's first reliable asset.	Dedicated resources to target acquisitions target capability; policy monitoring held by a named individual.	The adviser-originated pipeline is enough to support the projected increase toward the 120 transactions per year ceiling, indicating the proportion of deals sourced through advisers instead of direct approaches.	Further erosion of capital gains tax relief, or advisers consistently declining despite the debt-free offer, suggests that the incentive problem cannot be resolved through the proposal alone.
R3	Publish a schedule of terms that clearly states permanent majority employee ownership as the sole non-negotiable. This should be supported by a pre-calculated concession table that prices each deviation—such as retained stake, founder role, and board seats—in terms of employee ownership forgone. Additionally, include a one-page FAQ addressing leadership continuity and governance safeguards.	Immediate. Available as soon as possible and positioned prior to the start of negotiations on deal 1.	Krystal EO working with relevant tax and legal counsel.	Each consultation incurs a cost calculated beforehand, not during negotiation; governance questions raised spontaneously during interviews are addressed using existing material.	Market practice is shifting away from favouring majority employee ownership, as the requirement for a majority often prevents otherwise feasible transactions.
R4	Increase the annual funding ramp from 10% to 50%, maintaining philanthropic capital as the main funding source. Apply leverage at about 30% loan-to-value only after the retained portfolio exceeds £200 million. Remove the aligned pension fund from the base case and instead focus on targeting family offices and private wealth.	Ramp up immediately, planning funds for target acquisition 2 at the latest. Focus on portfolios exceeding £200 million. Keep the pension route as a later-stage option, to be reviewed only with pensions advice.	Director of Philanthropy for donor engagement; external debt advice for facility structuring; pensions advice if that route is reopened.	The £250 million cap reached around 2031 instead of 2044. The capital efficiency is 64.2 compared to 55.1 employee owners per £1 million donated. Leverage contribution is monitored against an estimated 134,548 additional Standard-case owners.	The 7.1% interest assumption does not pass stress-testing, or if donor conversion stalls despite the deal-1 proof point, this is because the model's most sensitive assumption is beyond Krystal EO's control.
R5	Treat resource post-transition support as a fundamental capability, not just a secondary effect. Implement a standard transition program that includes governance induction, management continuity, and exercising ownership rights, with regular public reports on	Starts at the initial transition and increases with each following acquisition.	A governance stewardship function within Krystal EO developed as the portfolio expands.	The gap between Standard and Good has narrowed for variables like Krystal EO controls, including growth, hiring, productivity, and survival; employees perceive a change in ownership as a practical	Portfolio companies do not meet Standard-case growth and productivity assumptions, even with full stewardship resources.

Rec.	Proposed solution	Sequencing trigger	Owner / capability	Success measure	Revisit trigger
	transition quality and portfolio performance.			shift rather than just a legal one.	