INTERVARSITY URBANA 15

Investing in Kingdom Companies

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Introduction

- Personal introduction
- Ibex International Associates – capitalising Kingdom companies
- Global investment fund in the "business-as-mission" space across the Arab world and Asia
- Since 2002 Ibex has invested over $5.6m in 45 growth-stage SME companies in 20 sectors across 20 countries in the 10/40 Window
- Ibex also provides mentoring, coaching & strategic recruitment

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Our legacy brand

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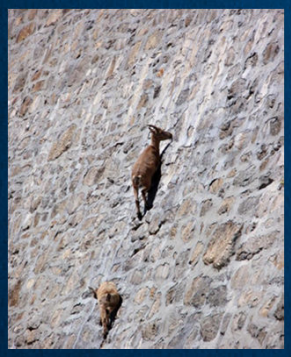
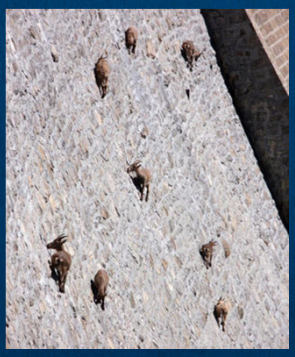
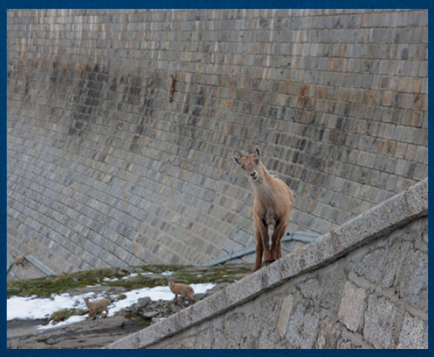
Our legacy brand







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Working definitions

- A Kingdom company is a real, commercial enterprise that is intentionally missional and transformational
- Kingdom business is authentic commerce which demonstrates, proclaims and extends the Kingdom of God
- Business-as-mission (BAM) has a four-fold mandate: i) creation stewardship ii) love of God iii) love of neighbour iv) discipling all nations in the way of Jesus Christ

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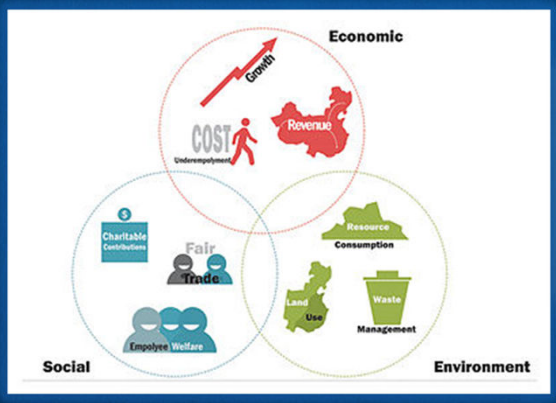
The quadruple bottom line



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Motivation

- A theology of wealth
- The law of gleaning
- The law of borders
- Modesty and generosity as virtuous disciplines
- Optimisation vs. maximisation as a governing principle

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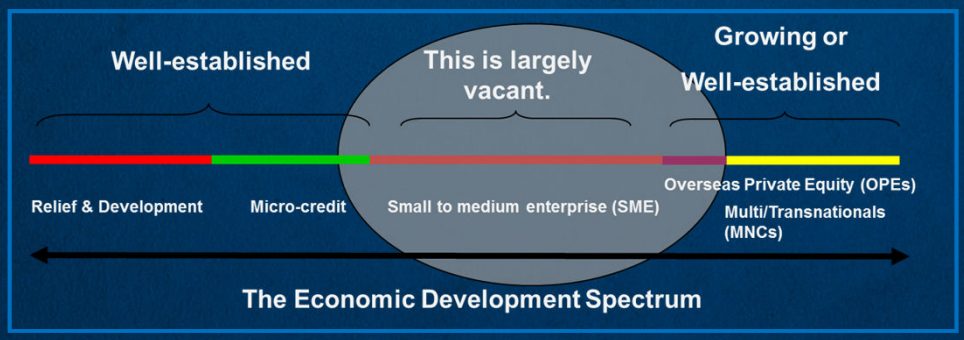
Priority Focus: SME



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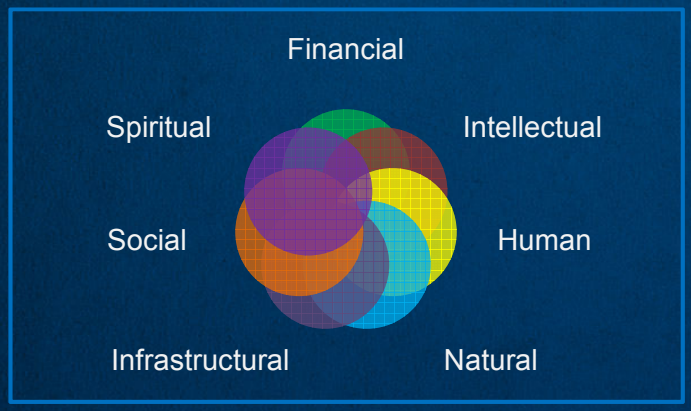
7 Types of Capital



- Kingdom business is wholistic
- Kingdom business strategically integrates 7 types of capital
- Investors and practitioners of Kingdom business should be patiently invested

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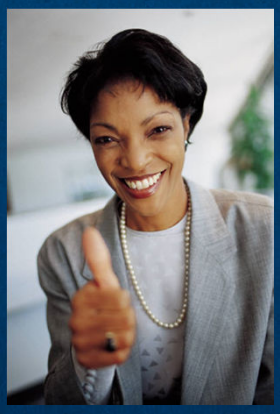
It's not only money…



- Business creators & builders
- Mentoring & coaching
- Spiritual warfare

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Business life-stages

1. Start up (typically -2 → 2+ years)
2. Growth (typically 2+ → +/- 7 years)
3. Mature (typically 8 years or more)

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Life-cycle & finance

Key financial capital needs
Critical financial metrics
Strategic financial capital sources

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7 financial challenges

1. Capital structure – Equity/Debt
2. Capital budgeting – Income/Expenditure
3. Capital at work – Cash flow
4. Whose Capital – yours and theirs – Assets, Liabilities & Sources of Finance
5. Surplus Capital – Profit
6. Capital search – the key questions: "what, why, when, where, who, how?"
7. Honorable Capital – Moral considerations

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Funding sources

Personal resources: savings, loans against collateral, credit card

"The three F's", or "Love capital": friends, family, fools

Angel investors

Venture capital

Mezzanine lenders: debt with equity characteristics

Institutional investors/lenders

Donor/Grant funding

Retained earnings

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Funding match-up

Matching Sources of Capital with Life-cycle Stage	Start-up (-2 to + 3 yrs)	Growth (+3 – 7 yrs)	Mature (>7 years)
Personal Funds as Equity and/or Debt (terms most lenient, but capacity limited)	✓✓	!	×
Friends, Family and "Fools" as Equity and/or Debt (terms generally lenient, capacity limited)	✓✓	✓	×
"Angel" investors (using own cash as Equity and/or Debt, firm terms, in addition often provide counsel)	✓✓	✓	×
Venture Capital (Equity), ownership, exit strategy, management influence, returns & growth are key issues, specialised sectors (institutional vs. B4T VC)	!	✓	×
Mezzanine finance (debt with equity characteristics, cash flow, longer time horizon, repeated cycles)	×	✓✓	✓
Institutional investors/lenders (more aggressive terms, require security/collateral, rates/returns variable)	×	!	✓✓
Donor/grant funding (transparency, some conditions; grantors may require return)	✓	!	!
Retained earnings (most flexible, combined with strategic dividend policy)	×	!	✓✓

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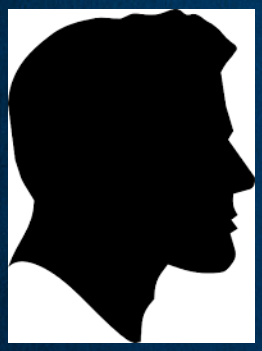
Align investor profile



- Investor expectations vary, shape their behaviours and can significantly impact your business
- Investors are looking closely at managerial character traits, work commitments and track record
- Honourable business dealings are paramount
- Investors vary in their degree and manner of influence and control
- Investors have variable tolerances for, and management approaches to risk
- Investors are looking for returns – of capital, on capital, from capital

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Address risk!

1. Risk Appetite/Tolerance
2. Risk Analysis
   - Type
   - Likelihood - LMH
   - Impact - LMH
3. Risk Management
4. Risk & Reputation

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