

Why Investors should care about Transformation

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"When a righteous man prospers, the city rejoices." – Hebrew Proverb

This proverb seems to say that prosperous people – those who walk in a morally justifiable way, seeking justice and honoring and respecting their fellow man – when those people prosper, all around them will benefit as well. The righteous share their prosperity, lifting everyone up.

There's a lesson here for investors that both challenges us in our investment strategy and offers us assurance in maximizing our resources. We posit that unless investment is truly transformational, i.e. one that changes the essence or character of a thing or a situation, it will return less than optimal value. In this paper, we tie the concept of transformation investing to what others have called "Triple Bottom Line." Profit, Community Development, and Increased Righteousness are all necessary for a maximum return on investment. Transformation Investing returns a triple bottom line and that triple bottom line enriches and extends our investing.

Let's look at the advantages of Triple Bottom Line and how they interact with transformation.

Profit...

1. Creates capital for increased transformation investing.
2. Attracts capital to enlarge the pool of transformation investing and transformation investors.
3. Models transformation investing to the *recipients* of the investments, downstream.

Community Development...

1. Improves the target environment so that profits are strengthened in all three of the above outcomes.
2. Expands the sphere of influence through which transformation investors can affect community issues.
3. Enables more robust returns on investment.

Increased Righteousness

1. Increased understanding of the value of justice as a necessary element of transformation makes more attractive goal for both investors and the recipients with longer-term results.
2. Increased righteousness targets elimination of societal evils, further improving the investment environment and potential returns.



Our contention is that without all three components, investments will neither bring about transformation nor will they yield a full return to the investor. Lack of profit means that capital will eventually dry up and the financial fuel for transformation will be eliminated. The results of failing to engage in community development are obvious. If no change takes place as a result of the investment, nothing is transformed. Even the bottom line of the investor is prevented from realizing its fullest increase. Finally, if the investment does not result in increased righteousness, recipients will withdraw their resources from the marketplace and fail to address the moral, ethical and cultural issues that limit the market's ability to thrive.

Investors, then, have a fiscal and moral obligation to direct capital toward these ends. How this is done depends on the investor, the investment, the target environment, and the recipients. Most investors are gifted in the area of making money, not in identifying social ills and applying change efforts for transformation. So, investors often use change agents such as faith-based organizations, social services, or even government agencies to help direct capital. Transformation investing requires due diligence not only in evaluating and assessing the fiscal characteristics of the investment, but in choosing change agents that will maximize all three components of the bottom line.

Choosing a change agent

We assume most investors are adept at assessing the financial risks and returns, but we offer a bit of advice about choosing partners that can help with the other two "bottom lines." We mentioned three classes of change agents. Here are some points that may help investors in choosing a suitable match.

Investors would do well to match their own moral and ethical values with those of the change agent – an organization or person who shares the same religious beliefs or values the same social outcomes. Look deeper, though, than a nominal faith or denomination. Faith-based organizations are often driven by a primary goal of personal evangelism. This can fall far short of and even hinder city or nation transformation. Winning people to "the faith" without addressing the social, physical, and cultural needs will almost certainly limit return on investment and ignore the necessity of building a strong environment in which people are able to practice that faith.

Social service agencies, especially international agencies known for providing aid, are usually steeped in a tradition which enables people rather than empowers people. There is increasing awareness of this shortcoming, though, and we are seeing many examples of organizations that understand the value of the first two components of profit and community development. A good example of such an agency is Hope International. Other examples are [Cheetah Development](#) and [Heifer International](#), hHowever, neither of these is intentional about the third component, increased righteousness.

Government agencies, while on the surface may seem like a perfect match, are most often very inefficient and ineffective in delivering significant and lasting change. Most governments, especially in under developed countries are accustomed to operating under an aid structure and simply don't understand transformation concepts.

Summary

With careful planning and with due diligence, transformation investors are both changing the world through the marketplace, while increasing the value of the resources that flow through their hands. An age of Triple Bottom Line return on investment is bringing about substantial changes in such universal evils such as poverty, slavery, government corruption, inadequate education, and marginalizing women.

About Market 70 International

Our mission is to build bridges for transformation between people and organizations with shared goals and passions, and to equip and disciple them for long-term, measurable system change. We provide "feet on the ground" to monitor and maintain effective delivery of change efforts. We develop strong, personal relationships to ensure accountability and transparency. We help partners in transformation clearly identify and measure plans and outcomes. We are intentional about the Triple Bottom Line leading to true transformation. Visit us at Market70.com or [e-mail us](#).