

New breed of leaders wanted throughout Africa to harness impact investment

The hunt for professionals who can successfully lead and grow companies with a dual mandate of economic and social returns is on throughout Africa. As well as deal-makers and fund managers who can recognise and realise value for the private equity, venture capital and debt funds who invest in these companies.



Debbie Goodman-Bhyat

“There is an evolving recognition among savvy investors that growth and shareholder returns can - and should - be achieved by measuring more than just the financial bottom line. In fact, data shows that when an organisation has a combined agenda of both commercial and social impact, sustainable growth is the outcome,” says Debbie Goodman-Bhyat, CEO of Jack Hammer, rated as one of the top three executive search firms in South Africa.

Goodman-Bhyat says the **growing trend by companies and investors seeking to ensure that they make a profit plus a positive difference**, makes sound business sense, particularly when viewed in the context of the dwindling fortunes and even spectacular implosions of more and more companies that chased super financial returns at all costs.

In its 2015 report, [*Impact Investment in Africa: Trends, Constraints and Opportunities the United Nations Development Programme*](#) (UNDP) notes the following:

Impact investments are defined as investments that are made to generate a measurable social and environmental impact alongside financial returns. Since the term was coined at the Rockefeller Foundation’s 2007 Bellagio Conference, the impact investment industry

has steadily grown. The Global Impact Investing Network (GIIN) estimated that in 2012 an approximate \$8bn of assets were committed to impact investments by 99 surveyed investors. In 2015, 146 investors reported that they had approximately \$60bn worth of assets under management in the impact investment sector.

Where visionary leadership is required

But according to the report, one of the key challenges for investors in Africa is the difficulty in sourcing viable investments that meet both financial and social/environmental objectives.

This is where visionary leadership is required and in high demand, as companies need to identify how they can take their existing core business, and create projects that will meet the requirements of the impact investment model.

According to the UNDP report: “Deal flow in the impact investment market is significantly hindered by a limited number of viable investment options that are able to provide adequate financial returns as well as demonstrate social and environmental impact. Particularly challenging is the low volume of potential impact investees that are able to demonstrate sufficient track record and capacity development to align with the risk appetite of investors.”

“Right now, throughout Africa, there is more money earmarked for impact investments – predominantly in the fields of Fintech, financial and digital inclusion, affordable housing, water and renewable energy, education, health and agriculture -

than there are opportunities for these investments,” says Goodman-Bhyat.

“Therefore, investors are struggling to commit funding because there are not enough businesses that can demonstrate social impact on top of track record.”

The new breed of leader

Goodman-Bhyat says the rise in social impact investing presents a great opportunity for business, business leaders and entrepreneurs. “But they need to transform a part of their existing business and rethink their business models to attract investment capital earmarked for social impact.

“ The challenge is that most corporate leaders are not able to transform from within using the same approach or mindset that has traditionally focused purely on financial profit. The answer to this dilemma is to start thinking innovatively around howto attract leaders who can disrupt current models – and then to give a mandate to them to followthrough. ”

This new breed of leader has many of the same key skills as expected of top leaders in successful businesses, with regard to strong commercial capability, she says. “They are not different in terms of qualifications or commercial skills. However, they are different in terms of their outlook to business and society and are driven by the bigger picture, rather than just working for profit. This leader is someone who is able to integrate business and social good, someone who can integrate multiple agendas.”

Goodman-Bhyat says for entrepreneurs and businesses that are driving innovation, and incubators looking for growth opportunities and struggling for funding, there should be no excuse. “If you can combine social impact with a for-profit business model, there is capital out there waiting to invest in your vision.”

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