

Faith Driven Capacity Builders

Landscape Report 2021



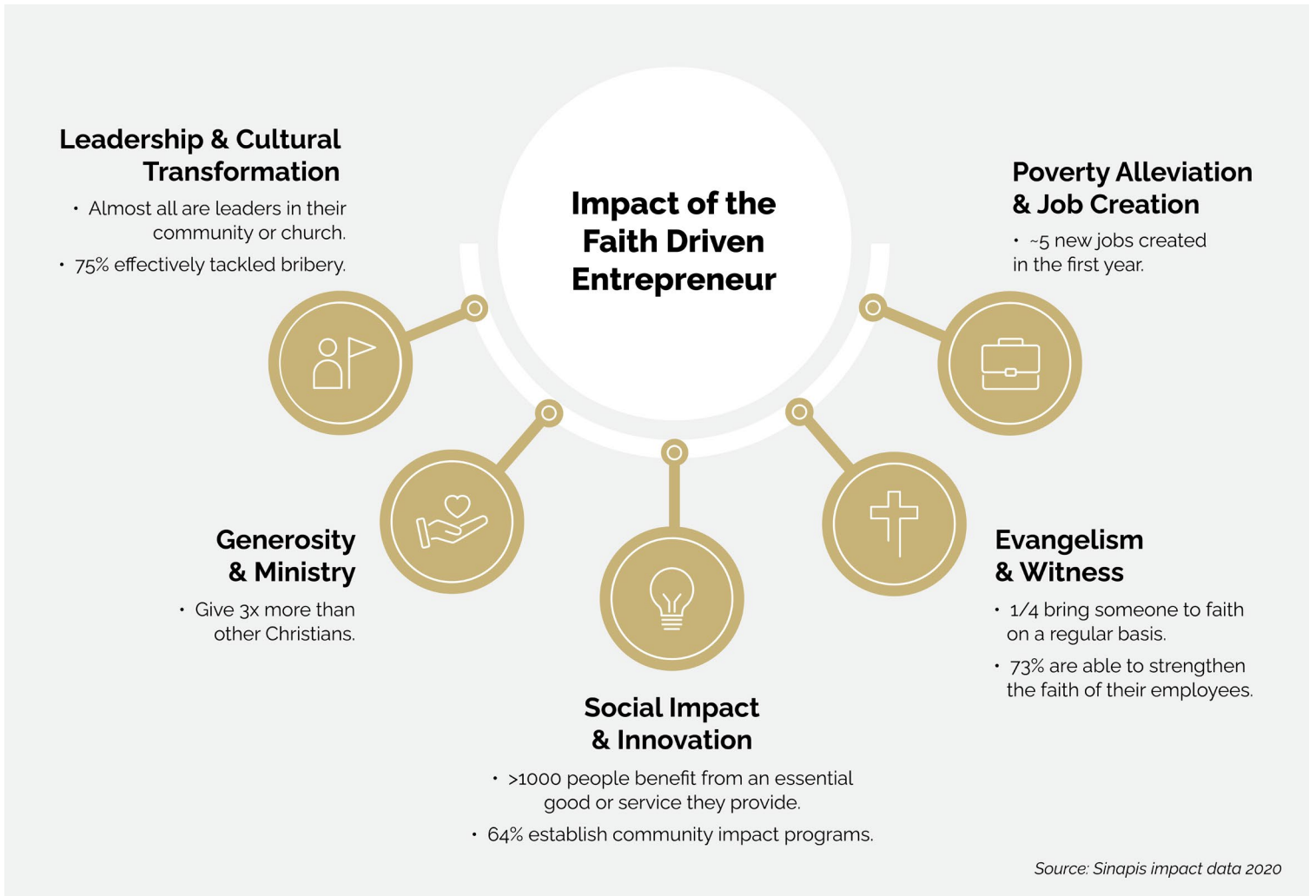
OVERVIEW

Culture begins to change when it reaches a tipping point. Bestselling author Malcolm Gladwell uses the example of smoking—which has gone from being pervasive and cool to socially unacceptable within one generation. This tipping point occurs when more than 10% of a group adopts a particular belief and from there it rapidly influences the rest of society.

Business has God-given power to transform nations by creating jobs, generating prosperity, catalyzing human flourishing, and bringing people into relationship with Christ. This transformation will only happen with an exponential increase in the quality and quantity of Faith Driven Entrepreneurs. It's encouraging to see more entrepreneurs and organizations embrace God's calling, but we are still a long way from reaching a tipping point.

Over the past decade, there has been a rapid proliferation of capacity builders supporting Christian entrepreneurs at each stage of their journey. Incubators, accelerators, peer networks, and consultants are vital in developing and discipling Faith Driven Entrepreneurs. At the moment, these efforts are relatively small-scale and fragmented. However, in 2019 a group of these capacity builders joined forces to cooperate, learn from each other, and create collective impact. This endeavor is called the "Global Collaboration."

This report surveyed 32 faith driven capacity builders who supported 3,450 enterprises last year. The impact of each of these entrepreneurs is undeniable (see graphic 1). At the current scale, however, these ventures are merely a drop in the ocean in respect to the world's needs. Faith Driven Entrepreneur is partnering with the Global Collaboration to coordinate and accelerate our shared mission: *see 'to see 1 million Christian entrepreneurs around the world inspired and equipped to bring redemptive impact in their business, community and nation for God's glory'*



Graphic 1

Achieving scale will require a Godly ambition for growth, wiser strategies for success, deeper collaboration between organizations, increased quality of entrepreneurial support, better utilization of technology, and significant growth in philanthropic resources.

Reuben Coulter

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Director of International Strategy

THE PURPOSE OF THIS REPORT

This report provides a landscape analysis of faith driven capacity builders around the world. It is based on survey and interview data collected from September 2020 to January 2021. It identifies the capabilities and limitations of these organizations. It also provides recommendations for how we can grow the entrepreneurial ecosystem—the supportive network of churches, schools, capacity builders, policy makers, and investors which should enable entrepreneurs to flourish. We hope the insights will benefit both the capacity builders and also the philanthropic community as it seeks to strategically allocate capital to support the development of the ecosystem and increase impact.

The focus of this report is to understand:

- Who is doing what and where?
- What are the capabilities and limitations of these capacity builders?
- How can we scale this movement and build the ecosystem?

This should be read in conjunction with our previous reports on

- "[The Missing Middle](#)' and 'Faith-based Entrepreneurial Ecosystems"—How a supportive environment can help entrepreneurs flourish.
- "[What Works?](#)"—Insights into the most effective approaches for capacity builders to support the growth of early-stage enterprises.

**26 faith driven capacity builders,
3,450 Christian entrepreneurs supported**

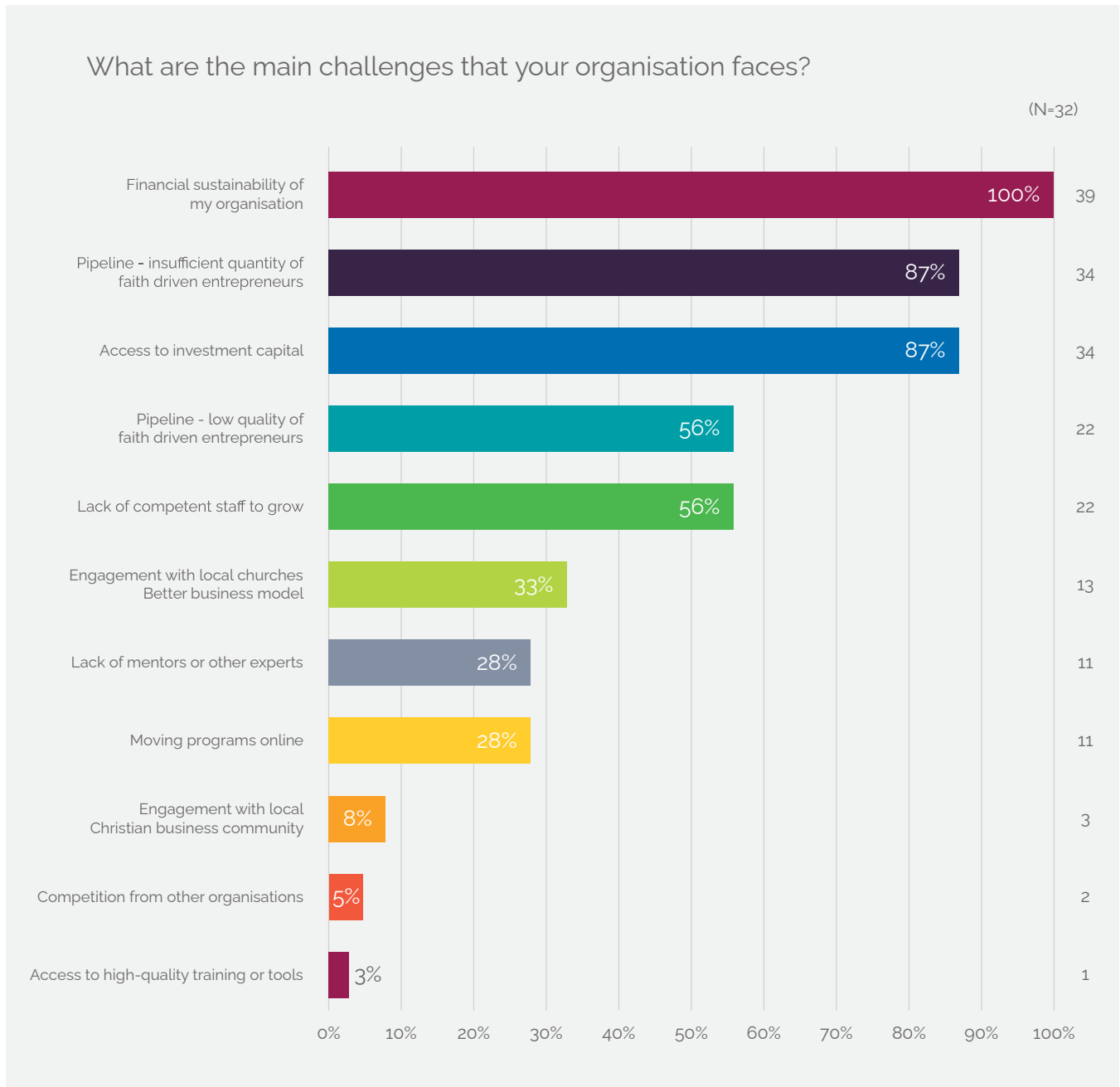


An aerial photograph of a city skyline, likely New York City, featuring a river and numerous skyscrapers. A large white rectangular box is overlaid on the image, containing the title and a list of recommendations.

Recommendations for Capacity Builders and their Philanthropic Supporters

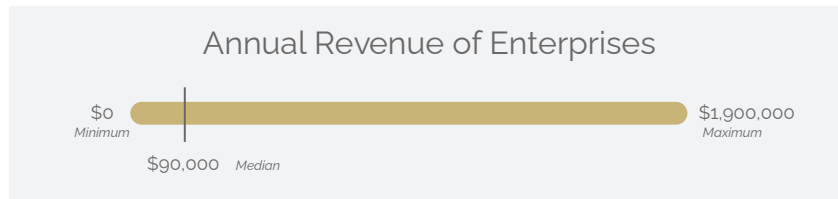
1. Strengthen entrepreneur pipeline through earlier intervention
2. Focus on market-shaping, scalable enterprises
3. Provide discipleship through a supportive peer community and engaged local mentors and investors
4. Develop impact measurement capability to identify successful interventions
5. Utilize partnerships and technology to scale impact, raise quality, and lower costs
6. Direct more philanthropic support to creating sustainable business models for capacity builders
7. Reevaluate the often-overlooked and high-impact tool of franchising
8. Create a new approach to supporting micro-entrepreneurs at scale

Top Challenges Facing Capacity Builders

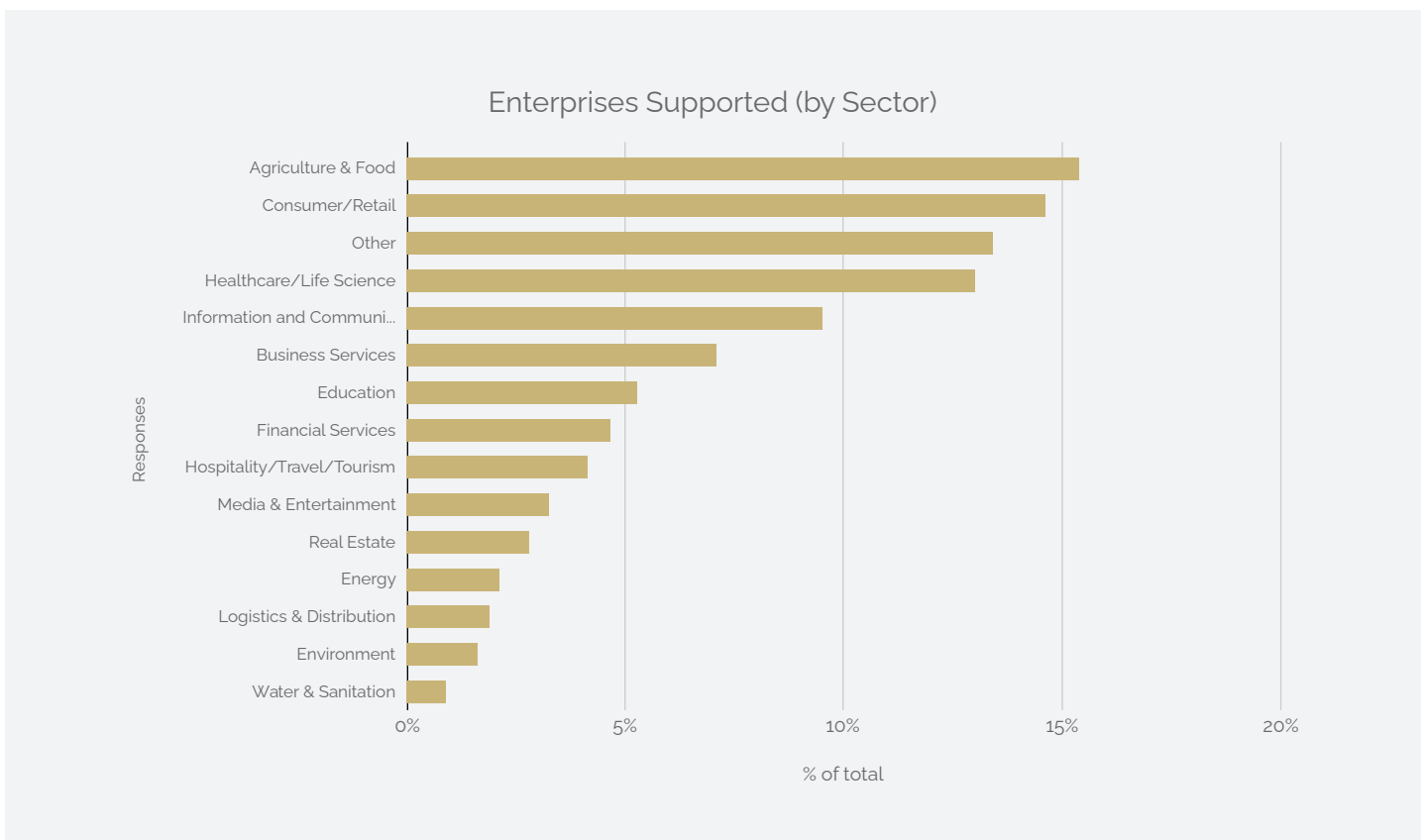


Graphic 2

1. Strengthen entrepreneur pipeline through earlier intervention



Graphic 3



Graphic 4

Growing the movement may take a generation. All faith driven capacity builders highlighted an insufficient number of high quality entrepreneurs as a key challenge. In some countries, such as the USA or Kenya, there are plenty of Faith Driven Entrepreneurs, but the landscape of capacity builders is extremely competitive. Many secular and Christian organisations offer excellent support, so capacity builders need to provide a high quality and unique offering if they are to attract the best entrepreneurs. However, in most countries there are few Christians in business because it is not perceived as a Christian vocation and those who are have not fully integrated their faith. Young people who are passionate about their faith are often directed towards church ministry or the not-for-profit world. Church leaders need to be equipped to understand the theology of work and its importance for the Kingdom, and practical ways they can support the entrepreneurs in their midst. Also, there is little encouragement and few role models for aspiring entrepreneurs in their communities or churches.

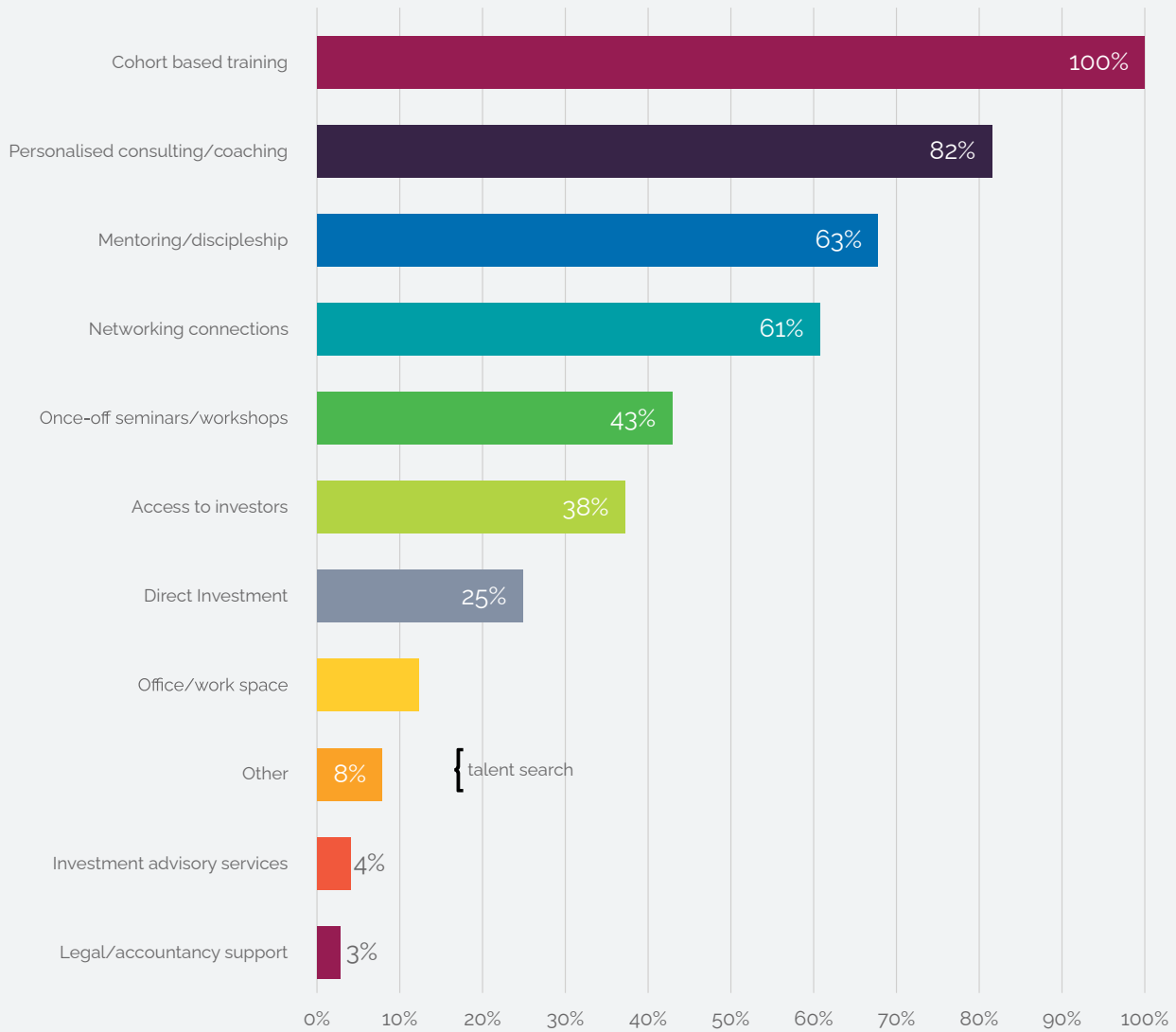
Telling the stories of Faith Driven Entrepreneurs and creating greater awareness is vital to start young people on the right track. The development of an entrepreneurial mindset and skills needs to begin at a younger age, in schools, universities, and churches. Youth programs, in the form of business plan competitions or hackathons, would help lay the foundations for the next generation of Faith Driven Entrepreneurs. At present, there are very few Christian organisations specifically supporting young people.

Case Study—Valley Christian Schools (VCS)

VCS in California nurture their students' entrepreneurial potential through a K-12 Business and Entrepreneurship Initiative. They run an annual business plan competition which embeds biblical principles and fosters innovative thinking. It has proved a highly successful way of developing their students' leadership skills and enabling them to start their entrepreneurial journey at a young age.

2. Focus on market-shaping, scalable enterprises

Top 4 Services Offered by Capacity Builders



Graphic 5

Creating spiritual and social impact is a priority for faith driven enterprises, with 59.7% described as having impact-first and 9.6% as impact-only (not for profit) models. Only 30.7% identified as finance-first (i.e. traditional commercial businesses). 23% of these enterprises have high or exponential growth trajectory. The majority of enterprises supported were micro or small businesses (43%) or steady growth businesses (35%). The median annual turnover of a supported enterprise was \$90,000. The challenge is that many of these businesses are neither innovative nor scalable and thus their impact is incremental at best. It may be that the Christian mission of serving the 'least of these' has put an emphasis on poverty alleviation. This is in sharp contrast to secular capacity builders which typically focus on high or exponential growth businesses as they create significant wealth.

High-growth businesses are particularly important, especially those which focus on 'market shaping innovation' because they create vast new markets by dramatically lowering the cost of a good or service for middle or lower income people. They don't just slightly reduce poverty but they create a shared prosperity. As described in the book *The Prosperity Paradox*, this is because when this type of business succeeds, they create a) direct jobs, b) indirect support jobs in the wider industry, c) profits which benefit a large proportion of the population and can fund public services, and, d) the potential to change the culture of entire societies.

Ideally faith driven capacity builders should focus on enterprises which combine high social and spiritual impact with a highly scalable business model. The support needed and capital required for these ventures is usually quite different from those supporting small or low growth businesses.

Case Study—Praxis Labs

At Praxis Labs, a US-based accelerator programme, >30% of its portfolio are on a high or exponential growth trajectory (defined as >20% growth year-on-year, potential to dominate their industry). Every year they select only 12 start-ups and guide them through a mentor-driven program over a 12-month period. The high caliber of their entrepreneurs enables them to attract a strong mentor and investor network.

An example of one of their alumni is CloudFactory, which provides an on-demand digital workforce to help train and augment Artificial Intelligence (AI). Today, CloudFactory creates direct social and spiritual impact by employing over 5,000 people in low-income countries. It is also shaping its industry by enabling outsourcing to become more ethical.

3. Provide discipleship through a supportive peer community and engaged local mentors and investors

The capacity builders surveyed offered a wide variety of support models. All of them offer cohort-based training—82% had personalised consulting/coaching and 68% had mentoring/discipleship. Historically, entrepreneurship support is focused on training of business principles. However, evaluations have shown that entrepreneurs who take traditional training programmes don't perform any better in terms of revenue growth, productivity, profitability, business survival, or job creation, than those who do not². Also Christian content doesn't necessarily improve personal behaviours. It has been shown that personal and business transformation occurs through a vibrant, supportive and accountable community where discipleship, mentoring and learning can take place.

Case Study—Kingdom Entrepreneurs Academy

Kingdom Entrepreneurship Academy (KEA), in Jakarta, Indonesia, was founded six years ago. Initially, it ran a mini-MBA programme for start-up/early-stage entrepreneurs. However, after three years of running this programme, they realised their graduates were struggling to apply what they had learned about living out their Christian faith with integrity. Many of the businesses were failing. KEA decided to change their strategy and instead focus on building a fellowship of marketplace leaders. This is a community of small groups (between eight - 15 people) who meet together on a weekly basis to support each other and pray together. Today they have over 60 entrepreneurs who are part of their fellowship, and they are seeing a much greater impact.

²[World Bank meta-review on the effectiveness of business training](#)

In addition, lack of access to experienced entrepreneurs as mentors (28%) and to investors (87%) continues to pose a major challenge to the growth of faith-driven enterprises. This is particularly the case in some emerging and frontier markets where there are fewer experienced and successful Christian business leaders and investors. Those who do exist have not yet caught the vision of how their talents could have Kingdom impact.

The focus of capacity builders needs to move from delivering short, content-driven programs to building long-term, faith driven entrepreneurial communities if they are to unlock the full potential for transformation.

Case Study —Triga

Triga in South Africa supports entrepreneurs through its accelerator and Next Gen programs. However, the secret sauce for Triga has been the development of a strong local mentor and investor network. Triga has matched its entrepreneurs with seasoned business leaders who provide strategic advice, technical expertise, and personal mentorship. This partnership provides huge value to its entrepreneurs and differentiates their programs from others. Triga also convenes a wider network of investors from individual angels to larger funds. So far there has been limited investment flow into the Triga enterprises because the risk-return appetite and ticket sizes of the investors don't necessarily match the needs of the entrepreneurs. However it is building awareness in the investor community around faith driven entrepreneurship, highlighting investment gaps and influencing investor behaviour which Triga believes will lead to wider transformation.

4. Develop impact measurement capability to identify successful interventions

High-performing accelerators have 4-5 times greater impact than low-performing accelerators³. At the moment, we can't definitively say which faith driven capacity builders or interventions are most effective as they don't collect sufficient data. 34% of capacity builders said they had little or no capability of measuring their impact. Only five organisations (19%) were confident that their impact measurement is robust.

Clearly defined indicators already exist for measuring the impact of capacity builders on the bottom line of enterprises. However, measuring spiritual growth and kingdom impact of enterprises is still in its infancy. Developing a common impact framework is critical to keeping data that is consistent and comparable. These measurements make it possible to determine which organizations, strategies, and programmes are having the greatest impact. For organizations with small budgets and few staff this can be challenging. Foundations should be willing to fund organizations to develop this capacity.

Case study - Sinapis

Over the past four years, Sinapis has developed a robust theory of change and impact indicators which allow them to measure the financial, social, and spiritual impact of their support to entrepreneurs. For example, in 2019 they were able to show that on average their entrepreneurs experienced a 49% revenue growth (CAGR), 73% rejected a bribe, 27% saw someone come to faith through their business, and each business created 2.4 new jobs. The entrepreneurs gave Sinapis an excellent Net Promoter Score of 81.6. This data has helped Sinapis to learn from their experience, improve their support, and demonstrate the value of their work to philanthropists.

³ [Accelerating the Flow of Funds into Early Stage Ventures—Global Accelerator Learning Initiative 2018](#)

5. Utilize partnerships and technology to scale impact, raise quality, and lower costs

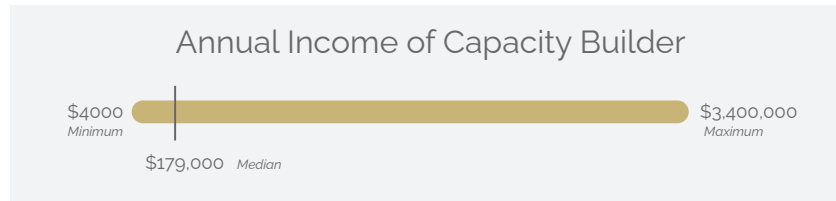
The majority of capacity builders are **Generalists**— they serve almost all enterprise segments, stages, sectors, and even geographies. Unfortunately many end up stretching themselves too thin. This can reduce the quality of their work. The reality is that the type of support a small agribusiness needs is vastly different to a rapidly growing tech business. The reason behind this is that capacity builders are trying to improve their finances; either because a particular market is too small (not enough faith driven entrepreneurs in a particular segment or geography) or sometimes they are driven by the need to access a wide variety of philanthropic capital.

There is an important role for **Specialist** capacity builders which are focused on specific market segments or sectors. It should be possible to develop effective partnerships between the Specialists (with their expertise) and the Generalists (with their local community and contextual understanding). Technology can deliver their content at scale to partners, thus improving the quality of support and dramatically reducing costs. A few Specialist capacity builders, like Praxis, Sinapis, and Ocean, have begun this digital transition and should be able to expand their reach dramatically in 2021.

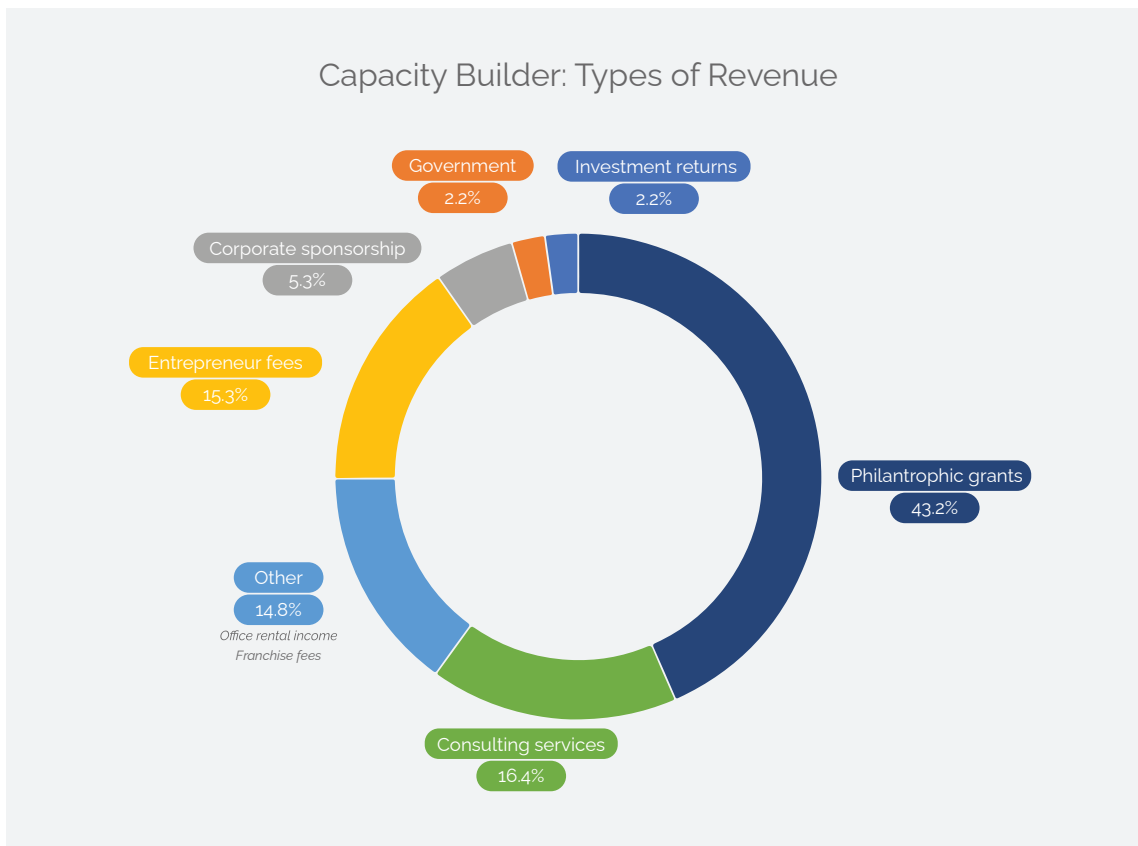
Case Study—OCEAN

OCEAN is an accelerator based in Cincinnati, Ohio, USA. One of their areas of focus has been on high-tech entrepreneurs. Prior to 2020, entrepreneurs participated in in-person, cohort-based training on a monthly basis. In response to the pandemic, Ocean realised that they needed to quickly shift their content online. They have utilised Mighty Networks, an online platform which combines a content management system and community engagement functions. This has proved highly effective and allowed OCEAN to serve tech entrepreneurs around the world, thus expanding their market.

6. Direct more philanthropic support to creating sustainable business models for capacity builders



Graphic 6



Graphic 7

Financial sustainability is the main challenge that prevents capacity builders from scaling. The average capacity builder has an annual income of only \$179,000 and has less than six employees. On average, 43% of their income is from philanthropic sources, while over one-third of capacity builders are highly reliant (>75% of income). The handful of well-resourced capacity builders are almost all US-based where they have access to larger pools of philanthropic capital.

There is a need for greater philanthropic support to develop the faith-driven ecosystem. Grant funding is essential to develop the capacity builders, enable them to test innovations, and to run activities, like discipleship and mentoring, which are difficult to make financially sustainable. Secular capacity builders are able to fund these activities from secular philanthropy or government sources; faith-explicit organisations are often excluded from these. US-based philanthropists can look beyond the small pool of well-known organisations and directly support high potential, local incubators and accelerators.

Capacity builders shouldn't become too reliant on philanthropic subsidy and need to diversify their revenue sources to build sustainability. An important principle of any support programme is that people value what they pay for. Entrepreneurs should pay for the service they receive, although in some cases it may be subsidised to make it more affordable. Some secular accelerators have developed an equity for service model. The challenge of this is that it doesn't deliver short-term financial return; however, it might be helpful in generating longer-term sustainability. Consulting to growth stage enterprises or corporates is a common way of generating income which can cross-subsidise support to early-stage enterprises. Other examples of diversified revenue streams include: membership models, franchising, and renting co-working space.

Case Study—Bluefields

Bluefields has achieved significant impact in Brazil over the past four years as the only faith-driven of its kind in the region. They run accelerator programmes for start-ups and scale-ups, utilising Sinapis' content. Early on they recognised that their area of strength is innovation and digital transformation. They have developed a consulting service to large corporations which brings in 80% of their income. This allows them to subsidize their work with early stage enterprises. Unfortunately, the impact of COVID-19 in 2020 dramatically hit the innovation budgets of corporations led to funding challenges. Bluefields realised the need to increase income from other

services and also to build partnerships with local and international foundations. This has provided them with financial stability, and they have entered 2021 with capacity to scale, especially now within biodigital, nanotechnology, and education markets.

7. Re-evaluate the often-overlooked and high-impact tool of franchising

Starting a business from scratch is incredibly challenging even in developed markets like the US the vast majority fail. In developing countries, the hurdles to succeed are even higher. The franchise model has the potential to lower the barriers to entry and increase the chances of success by deploying proven business models and established processes. In most economies, franchising contributes over 4% to total GDP. It could be a scalable and effective way to transfer knowledge and skills and create a wider Kingdom impact. None of the capacity builders are actively working in this space. A working group of franchisors, capacity builders, and investors has been formed to address this. Over the next 12 months, it will develop an online curriculum that existing capacity builders can use to train operators, identify franchise opportunities (either developed in or adapted to local markets), and mobilise aligned investment capital.

8. Create a new approach to supporting micro-entrepreneurs at scale

The average cost of supporting an entrepreneur is \$1,125. These models are not scalable with respect to the millions of micro-entrepreneurs worldwide whose annual turnovers are only thousands of dollars. Existing capacity builders are not serving these micro-entrepreneurs in any meaningful way. The most obvious organisations to serve these are the Christian microfinance institutions (MFI). The four largest (VisionFund, Opportunity International, Hope International and Partners Worldwide), collectively serve almost 9 million customers with over US\$3 billion AUM. However, the current reality is that they don't have the capacity or capability to provide training at scale. It should be possible to create high quality, engaging content to reach millions of faith driven micro-entrepreneurs at ultra-low costs, as there is now a high penetration of TV/radio in most of Africa, and internet access is increasing rapidly⁴. A partnership between media and technology companies, capacity builders, MFIs and the local church is required to address this massive need.

⁴ In Africa, 84% of the population are expected to have access to a mobile phone by 2025, smartphone ownership ranges from 14% in Tanzania to 51% in South Africa and by 2021, 75% of African will have access to television and up to 90% to radio.

Annex 1—Full List of Respondents

Agora Enterprises
Open Network
Digital Mission Ventures
Asia Leadership Development Network
Bluefields Accelerator
Innohub
Oasis Accelerator
Creo
Good Business Company
B4T.org
Triga Ventures
The Lion's Den DFW
Seed
Ibex International
Agora Strategic Consulting Group
Creative Kingdom Solutions
Kibir Consultants
Israel Firstfruits Center for Economic Advancement
Villgro Africa
The Platform
Itzinya Networks
ECatalyst
Praxis
OCEAN Programs
Belay Enterprises
Sinapis
Business as Mission Resource Team
TBN East Africa
TBN Asia
Triventure
The Institute

Annex 2—Methodology

We have compiled a database of 69 capacity-building organizations which intentionally integrate the Christian faith in supporting entrepreneurs. The criteria for selection in this survey were; Christian mission, providing cohort-based support to entrepreneurs from idea to growth stage of their journey, at least one (1) year of impact data available. 32 organizations responded to our survey¹ but six were excluded as they did not meet the criteria. In addition, telephone interviews were conducted with 31 of these organizations to provide more nuanced insights. We excluded business networks as they don't typically provide direct business support and also organizations which only provided one-to-one consulting services. Our database continues to grow and we hope that many more great organizations can be included in the future.



ACKNOWLEDGEMENTS

Thanks to all the organisations who participated in this survey. We hope this will help grow the movement. Thanks to Adora Jones for her excellent data analysis and Jonny Wills for his excellent editing.