

Are You Ready to Transform to an Impact Economy?

By Charly Kleissner | Mar 22, 2020



We are at the beginning of an unprecedented global transformation, where humanity will have to figure out how to live sustainably within the carrying capacity of a finitely resourced planet. And we don’t have a whole lot of time to do that! During this transformation to an impact economy, all systems will have to change, especially the financial system.

It’s possible to have adequate financial return and social impact — the two are not exclusive.

When I co-founded impact investment firm Toniic, we asked ourselves the question: “What is the meaning of our wealth?” The answers became evident quite quickly. For us, wealth comes with the responsibility to make a positive contribution to the planet and people; it cannot possibly be just to make more money. When we looked into philanthropy, we saw that the old way of doing philanthropy is as flawed as the way the pure, capitalist investment model works: Philanthropy creates more dependencies and contributes to corrupt systems, while not addressing systemic issues. The standard investment model maximizes its profits at the expense of communities, the environment, and the spiritual well-being of its participants.

That is why we began focusing on what is now called impact investing: We needed to align our wealth with our values, and we needed to contribute to the change of the existing system. The answer is not to stifle wealth creation, but to direct it toward the right goals.

You should not think about your wealth as an intellectual exercise, but rather as an expression of who you are — an expression of the change that you want to see in the world around you. Instead of being driven by the fear of losing money, become driven by the joy of making a positive contribution.

Many big investment players are still defining their proprietary ways of measuring environmental, social, and governance metrics, thus perpetuating their model of maximizing revenue from clients without contributing to the impact economy. They are holding on to old financing models, such as venture capital, pure equity, and vanilla fund structures versus new financing approaches such as pay for success, impact term sheets, and blended capital.

While creating wealth, decide what you stand for and what impact you’d like to have on the world. Reinvesting back into a social or environmental cause can be the best investment you ever make.

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ABOUT THE AUTHOR



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Charly Kleissner is an impact investor and co-founder of Toniic. He believes that the fundamental and deeper meaning of wealth is to make a positive contribution to humanity and the planet and that the best impact investments integrate positive impact into the core of their business model.

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