INSIGHT

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Building value beyond capital

Early in my career, I believed that as long as you had a partnerable management team, a good deal was defined at signature: the right entry multiple, a clean structure, a term sheet that protected downside. Eighteen years and three funds later, I no longer believe that. The signature is where the work begins, not where it ends. Capital gets you a seat at the table. What you do with that seat is what actually creates value.

This is not a new insight, but it is one the industry under-invests in. It is easier to model a return than to build the governance, talent and discipline that makes the return real. In African private markets specifically, where management depth and institutional-grade reporting isn't always present at entry, and where the continent's own history includes cautionary tales of funds that grew quickly and were governed poorly, the gap between "capital deployed" and "value created" is where a fund manager's true differentiation lives.

I sit on the boards of a maize milling business, a restaurant group, a rural telecommunications business and a consumer insights company. Across all four, the pattern is consistent: the highest-return work happens away from the investment committee memo.

Start with governance. It is tempting to treat board formation as a compliance exercise, a box to tick once the deal closes. In practice, a functioning board – one that meets with real information and debates a genuine risk register – is often the single biggest determinant of whether a business survives its first hard year post-investment without bruises. I have sat in board meetings where the most valuable contribution was not a strategic pivot, but simply insisting that a risk register move from a static compliance document to something that the executive team actually uses to prioritise capital and attention. That is not glamorous work, but it is the difference between a portfolio company that surprises its investors and one that doesn't.

In January 2020, the board of the restaurant group weighed the potential impact of a novel virus spreading in Asia and sketched out a rudimentary contingency plan. It didn't prepare us for the reality of COVID and what followed, but it meant that when March 2020 arrived, we weren't starting from a blank page. That is what a functioning board buys you: not certainty, but a head start.

Then there's community and social license. In a sector like maize milling, a business's relationship with the communities in which it operates is not a reputational nicety – it is operational risk management. Community engagement, done properly, means spotting where a business's social license could become fragile before it does, and building the relationships that let a board see that risk coming, rather than reading about it after the fact. This is active ownership in its least visible, most essential form.

On talent and succession, every business I have worked with eventually confronts the reality that its founder or long-serving executive cannot be its only source of institutional knowledge. Part of an investor's job – one that rarely appears in a pitch deck – is pushing management teams to build the bench strength, succession plans, systems and processes that let a business outlast any single person's tenure. As an example, getting incentivisation design right, so management is rewarded for the outcomes shareholders care about, has occupied more of my time recently than any single valuation debate.

Building value by accelerating a business rarely means simply approving more capital expenditure; it means helping management ask harder questions about where growth is genuinely defensible. In the consumer insights business, that has meant backing a shift toward more modern research and analytics methods, even where the shorter-term economics of sticking with legacy methodology looked easier. In the maize milling business, it took the better part of six months of debate and lots of prioritising before the management team and investors agreed that a capacity expansion was justified, based on an extensive market demand analysis. Innovation is less about new technology than about directing scarce management attention toward the handful of initiatives that will genuinely create value, and having the patience to say no to the rest.

None of this means financial discipline matters less. Structuring the deal correctly and negotiating the right protections remain foundational. But financial engineering alone is necessary, not sufficient. The investors who consistently outperform aren't the ones with the cleverest structures; they're the ones who treat every board seat as an obligation to make the business measurably better, not just monitor it.

This distinction matters more, not less, as capital becomes more commoditised. LPs increasingly ask fund managers to demonstrate what they actually did beyond writing a cheque: what governance was instilled, what talent was developed, what growth would have looked like without the intervention. Answering that credibly means showing up at the monthly, and sometimes weekly, management meetings, and the site visits that never make a case study – not just the deals that make headlines.

Capital alone rarely transforms a business. What does is the slower, less visible work of governance and capability, sustained with real institutional patience. That is the standard to which I believe our industry should hold itself.

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