

# EVPA CoLab AWARD

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## INVESTING IN THE HUMAN FACTOR: HOW NURTURING CAPITAL CREATES HEALTHIER ORGANIZATIONS AND A THRIVING WORLD.

Submitted by Masawa, Germany

Masawa is the mental wellness impact platform, comprising an impact fund (capital provider) and a Nurture Capital advisor (Market Builder). The fund invests in startups driven to increase mental wellness and our Nurture Capital service provides catalytic support to growing an investment's human factor. By focusing on the external social impact an organization or company creates, as well as the internal founder wellbeing and organizational health, we help grow companies and teams that thrive.

### BACKGROUND

A. Which **type of organisation** are you (tick all that apply)?

- A Capital Provider (grant maker): An engaged grant maker deploying financial capital and other resources for impact
- An Intermediary: an advisory, capacity building organisation or research organisation supporting capital providers, impact delivery organisations and other stakeholders and/or enhancing knowledge in the impact economy.

B. Please briefly summarise your **mission**

Masawa is on a mission to increase access to mental wellness for all, through impact investing in mental wellness startups, nurture capital advisory services, and amplifying the impact of partners in the mental wellness ecosystem.

C. Which of the **use cases** does your practice(s) apply to? Please tick all that apply!

- Transforming value chains and industries
- Open social innovations
- Building impact (investing) ecosystems
- Public – private (blended) financing vehicles and mechanism

D. Which **system practice field(s)** does your practice apply to? Please select the most relevant (max three).

- Systems diagnostics

- Strategy design
- Management, learning & adaptation
- Collaboration
- System leadership & governance

E. Please give us a brief background 1) what motivated you to act and who initiated the practice(s), inside or outside your organisation, and (if applicable) 2) describe the event that triggered your engagement.

The motivation behind Nurture Capital was our founder's personal experience with mental ill-health and his journey to becoming a healthier and happier person. If you are not prioritizing mental wellbeing as an individual, it is difficult to build a successful and healthy organization that delivers mental health services and fosters the wellbeing of its people. We also realized early on that the existing startup and investment environment is not conducive to people's mental wellbeing. Startup founders are entrenched in a hustle culture that normalizes overworking, stressful working environments, and continuous uncertainty. Investors' conditions and rapid growth expectations put a heavy weight on founders' shoulders. And while investors expect to make money quickly and see significant returns on investments, they take the fact that 9/10 startups will fail for granted. We believe a lot of these issues, including startup failure, could be prevented when investors stop wasting capital and start nurturing capital, and invest in organizational health and the wellbeing of humans in their portfolio companies.

## THE PRACTICE(S)

F. Please describe the key elements of the practice so that we better understand what the practice entails, how it works and what makes it interesting.

Nurture Capital consists of three phases:

### 1. Discovery

**Organizational Health Discovery:** Conducted at the beginning of working with Masawa, this is a diagnosis of the organizational and leadership culture aimed at unearthing leaders' thinking regarding their own health and the health of the organization.

**Social Impact Strategy Review:** In-depth alignment (or design, if not yet established) of organization's impact model.

### 2. Nurture Capital Plan

A tool for both parties to align expectations and provides a roadmap for Masawa and the Nurture Capital partner to work together towards meaningful change. The Plan encompasses both the organizational health and social impact objectives and targets resulting from the Org Health Discovery and Social Impact Strategy elements. Monitoring progress enables us to continually improve and adjust our Nurture Capital support to best meet the organization's changing needs and work towards the greatest impact possible.

### 3. Implementation, includes but is not limited to:

- Ongoing one-on-one **coaching** for founders & leadership team to strengthen self-, people and organizational leadership
- 4 facilitated **team retreats/workshops** to tackle priority issues identified during the discovery & prioritized in the Nurture Capital Plan
- Membership in the Masawa **Founder's Circle** of purpose-driven leaders

- Full Access to Masawa's growing **Resource Hub** & extensive network of organizational health experts and advisors
- **Periodic check-ins** to track progress on health and impact of your portfolio companies



G. Briefly **analyse the situation before you introduced the practice**. What contributed to maintaining the status quo and producing (undesirable) results, e.g. resources (or lack of resources), rules (informal and formal), roles (relevant actors from the public, private and social sector, their legitimacy or effectiveness) and/or the kind and quality of relationships (informal and formal cooperation, power dynamics, information flows).<sup>1</sup>

The problem we're addressing in the finance and investment sector is that a lot of capital goes to waste because investors do not (sufficiently) take into account the human factor<sup>1</sup>. We know that 65% of startups are failing because of people-problems: co-founder conflict is not uncommon; founders are twice as likely to experience mental health issues and 3x as likely to have substance abuse issues; a lack of organizational health and employee wellbeing fuels the surging prevalence of burnout and leads to more absenteeism and turnover. All of these factors implicate an organization's financial bottom line and its ability to achieve meaningful social impact. This lack of focus on the human factor does little to address the poor state of mental wellbeing in the workplace, much less the mental health crisis in society.

Part of the cause is the lack of accountability of investors. The conditions they set and the culture they, sometimes unwittingly, help propagate are detrimental to the wellbeing and founders and their organizations. Social impact funds, too, often focus too excessively on the social impact in the external world, and forget about the impact they can create by influencing and improving internal dimensions and conditions, such as organizational culture, structures, and policies. Indeed, it has been [shown](#) that purpose-driven teams are more likely to experience burnout.

<sup>1</sup> See more details on using the 5R framework (Results, Resources, Rules, Roles, Relationships) for systems analysis for example here Ashoka [Online Guide on System Change, part 3](#)<sup>1</sup> based on USAID's Programm Cycle.

H. Please describe the **actual results** you sought to achieve with your practice, **the parameters you sought to influence most**; roles, relationships, rules, and resources and how?

Masawa's Nurture Capital seeks to shift resources (time, value, and investment) to address this neglect of the human factor. We offer tailored support both to our own investees and to portfolio companies of other investors whom we partner with. Nurture Capital is predicated on the belief that a heightened focus on founder and team wellbeing will put the entire team in a better position to operate and transform the lives of others. Moreover, it would also help shape a new conversation about power dynamics between investors and funders, for the quality of their relationships would radically change. For example, more often than not, an investor's funding conditions and demands weigh on the health and wellbeing of investees, affecting their unique potential and ability to create a healthy organization. Rethinking them could create an internal impact for investors, which ultimately, creates a ripple effect impacting all stakeholders far outside the organization. Nurture Capital is a new investment paradigm; a mindset that expands the accountability of investors to include the wellbeing of all, paving the way to healthy systems and thriving societies.

I. Please describe the **intended results** you sought to achieve with your practice and **the parameters you sought to influence most** – if considerably different from the actual results described above.

At the outset, we did not have an elaborate theory of change but we did have specific national targets and a clear idea of the main opportunities and challenges in the fields. We focused on areas where there was a significant gap between espoused national policy and practices at the time and developed a methodology to implement systems changes, scaling up to a national rollout over a five year period. We used an adaptive approach, based on action research model, in parallel with performance-related grant making. Short-term targets were set for regions and grants made to get the programmes of work operational and the adaptive approach enabled us to surface and address implementation challenges as they arose.

J. Please specifically explain the **role other actors and collaboration played** in this practice (if not the main practice itself) and insert a figure that illustrates the main stakeholders and partnerships that play a role in the practice you are presenting here.

Today, mental health remains a siloed issue that lacks interdisciplinary communication and collaboration. There is little shared action between researchers, investors, entrepreneurs, and public institutions. This fragmented approach is as much a testament to the lack of systems change practices in the industry as it is a barrier to systemic change.

The mental health crisis is a cultural crisis. We don't prioritize mental health and wellness because our society lacks the understanding of human psychological needs and the consequences on individual and societal thriving when these needs aren't met. We don't have enough honest conversations about mental health, even though good mental health is critical to systemic health. For culture to change and systems to move, we need more and better stories. Nurture Capital is our story that we hope will be told in streets and boardrooms; a story that involves everyone and evolves as more contribute to it.

Collaboration played and continues to play an important role in fine-tuning our Nurture Capital offering. Our in-depth conversations with for instance the Future Farm, a community dedicated to healthier entrepreneurship, provided many insights into the pain points entrepreneurs are experiencing and the global scope of the issue we are addressing. Another mission-aligned partner, BMW Foundation, co-hosted with us a mental health meetup in Berlin, bringing together innovators, startup founders, investors, academic researchers, and public officials. The event enabled people to connect in a meaningful way and across silos, exchange ideas and experiences, and provided Masawa with deeper insights into what is missing in the mental health ecosystem.

We want to continue to exchange best practices with coaches, psychologists, and organizations to ever-improve our service delivery, and share our learnings with the entire impact investing community. We hope for it to kickstart an important conversation that unearths the importance of the human factor; of focusing on the role of inner wellbeing and inner work to create systemic social change.

## YOUR INSIGHTS

K. What went well and why? What were the challenges you faced and how did you overcome them? What would you do differently today and why?

Our Nurture Capital approach emerged out of numerous conversations with people and organizations in the field. Our message resonates across actors and industries, and we have been receiving very positive feedback from investors, startups, and funders, including foundations and family offices. But just as it took decades for policymakers and the private sector to begin to take action against climate change, even if the need for it was clearly visible, so investment in mental health is still lagging. There is an awareness that mental health is a major challenge and needs to be addressed preventively to avoid unnecessary suffering and much higher costs down the line. Yet, buy-in can be a challenge: Nurture Capital is still an investment that requires some long-term commitment.

Our solution to this challenge is to partner with a few early adopters who understand the need and value of our approach and with whom we do a trial run. This way, we establish a proof-of-concept, validate our assumptions, and, together with this group of investors and their founders, build towards a new investment paradigm that puts the focus on the human factor.

L. Which three pieces of advice would you give to your peers?

1. Think about the wellbeing of your investee as their most valuable resource to nurture (basically what you have). Identify current systems, structures, and policies, both from your perspective as an investor/grantmaker as from the perspective of your investee/grantee, that may be beneficial or, on the contrary, harmful to the health and wellbeing of people. Your impact starts from the very first interactions with people, from how you talk to them (just checking in, as human beings, is a small but important intervention) to how you set your expectations.
2. All outward work starts with inner work, not only for your investee, but also for you as the investor. When we become more aware of ourselves and our actions, and the different roles we play on a daily basis, we become better aware of the mindsets that influence or control our thinking, and how they may influence or control others.
3. Normalizing prioritizing mental health (in the workplace and as a society) will require systemic change. Coordination, collaboration, and an amplification of the work is key for catalyzing the seachange we need.

## FURTHER RESOURCES

[Our Nurture Capital Thought Starter](#)  
[Masawa's website](#)

## CONTACTS

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