



Investing Where Capital Has Consequence

Why private markets are compelling to us

Last month, we wrote about why we chose a deal-by-deal investment model and what we find compelling about private markets, particularly at the smaller end. This month, I want to share a little more about the experiences behind that conviction and why being part of, or invested in, a private enterprise can be so enriching.

It is worth starting with an acknowledgment of public markets, especially in the context of investing capital. When most investors buy shares of a public company, they are buying them from another investor, not from the company itself. The transaction changes ownership, but it does not put new capital directly into the business. Public companies can and do raise capital through new shares, debt, and cash generated from operations. But ordinary trading happens at a distance from how capital is used inside the business.

That model works well for what public markets are designed to do. The liquidity and efficiency these markets offer are remarkable, allowing almost anyone to own a piece of some of the largest and most influential companies in the world. But the connection between investor capital and company building is often indirect.

Private markets can offer something different. Capital can become part of the actual process of building the company and shaping what comes next. It can fund growth, support a transition to the next generation of leaders, or give an entrepreneur the resources to pursue an opportunity. In the right circumstances, the capital does more than acquire an ownership interest. It can directly enable something to happen.

But let's get more specific, because "private markets" covers a lot of ground. A large private equity fund can be several layers removed from the businesses it owns, and capital can become nearly as abstract as it is in a public-market index. Private ownership, by itself, is not what compels us at Jasper Lane. We are drawn to the smaller end of the market, where investors can see what their capital is helping make possible.

It might be a small professional services business whose largest client has asked it to expand into a new market, a restaurant with customers asking for another location or a manufacturer that needs a new piece of equipment to win a contract. It could be a growing company that wants to give more employees the opportunity to participate in ownership, or an entrepreneur with a promising idea but not yet the resources to build the team around it.

In each case, the capital is attached to something tangible. A market entered. A location opened. Jobs created. Ownership shared. A company prepared for its next chapter. An idea given the opportunity to become something more.

For each of us at Jasper Lane, this is also personal. Some of the most meaningful experiences in our careers have taken place from within private companies. There is something special about building together. And when that is paired with leaders who authentically pursue multiple bottom lines, individuals, families, communities and investors all benefit.

Success is certainly not guaranteed simply because a company is private. Private ownership is only a structure. Leadership, incentives, stewardship and yes, capital determines what becomes of it.

There is much more to explore and unpack on this topic: what investors should expect in return for accepting less liquidity, how capital can be returned without placing a sell-by date on a good company, how employees and investors can both share in the potential value they help create, and how purpose can be measured rather than merely claimed. We plan to spend more time on these questions in future updates and publications.

For now, the concept we keep coming back to is pretty simple. As investors, we spend a lot of time thinking about what our capital can earn. We think there is also value in asking what our capital can do and who our capital can impact.

Where We Are Now

A Summer Experiment. One of the benefits of starting a company from scratch is the freedom to build a culture from the ground up. At the beginning of this summer, we decided to carve out six weeks for rest and recuperation. We didn't take the whole time off, though all of us took at least a couple of weeks during this period to be fully away from work. But it did mean no new initiatives and a pause on all internal meetings and non-critical processes.

As nice as that sounds on paper, this was actually a much harder decision than it might otherwise seem. Startups are almost definitionally all-encompassingly busy, and our work at Jasper Lane is not an exception. But by whittling our work down to core client commitments and essential activities, we gave ourselves the space to come into September fresh and with renewed energy.

In the months ahead, we look forward to sharing more as we advance our investment pipeline, introduce programs and services and continue our journey to empower small businesses to build great companies

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