Nowadays, there's truly widespread small-investor participation in the public stock markets…many people are dabbling at buying stock. That's owning part of a company by executing a very quick internet purchase. Owners of a few shares of Tesla stock are just as much a real owner of Tesla as Elon Musk—that's cool!

But what's the backstory about how publicly-traded companies like Tesla even get to that stage? Well, most companies launched in the current era into full public-ownership status utilized what's called an IPO…an Initial Public Offering. Incidentally, executing an IPO is also called by different names that you've likely heard of, like *going public* or *taking a company public*. And the IPO world is fascinating for us to dig in to…from several perspectives. So, we're going to talk a little bit of the 5 W's of IPOs (Who, What, When, Where, and Why). But we're going to alter the order of the W's a bit to craft the story. Go with me for a few minutes—it's going to be instructive, especially after we lay some foundations! Let's get started with…

What is an IPO? An Initial Public Offering (IPO) works to expand ownership of stock in a privately-owned corporation to the general investing public.

Next, *why* does a company want to do an IPO? Well, the stewardship-focused leaders of a privately-held individual company can have strong motives to execute an IPO. Here are several possible reasons.

- First, the company needs significant capital for geographic expansion of the business, perhaps globally, or wants robust physical expansion, like additional factories, warehouses, or retail stores.
- Second, the company wants to pay off debt, like loans and bonds—replacing that debt with ownership capital that doesn't have to be paid back.
- Third, the founders and other private investors in the company are eager to exit from all or part of their investment, and new investors are either scarce or unwilling to pay high value. An IPO can provide a radically-expanded number of internet-enabled, global investors super ready to invest.
- Fourth, setting the stage for future flexibility can be very important, like future expansions or stockholders wanting easier, more fluid selling of part or all of their stock holdings.
- Fifth—and quite often this is the case—a combination of any or all of these four previous motives, with all of them geared together working towards long-term stewardship of the company.

After that *why*, just *who* is qualified to do an IPO? Well, in the U.S. at least, there are all sorts of legal hurdles about qualifications and requirements to do an IPO. But a street-level, practical answer is this: the company needs to be big enough to matter and is expected to *scale* after being publicly listed—that means it's expected to grow well beyond where it is today. Otherwise, why would fresh, new investors invest?

So, just *where* is a company doing an IPO "listed"—that is, where does an investor then publicly, easily, buy or sell the company's stock? Well, a company that goes public is listed on a *public stock exchange*, and that most often in the country where the company's located. There are, say, about 20 notable stock exchanges spread around the world, understandably located in countries which are at least somewhat hospitable to free markets and capitalism. Right, no stock exchanges in Cuba or North Korea at this time! By far, the largest stock exchanges are the New York Stock Exchange (NYSE) and NASDAQ, both in the U.S.

Now we get to this: *when* does a company go public? Well, when the company is good and ready! And I mean that literally—it must be good, and it must be ready! The company's combination of progress-until-now and its future prospects must be good! And the company stewardship must be poised, too, with strong leadership in place and strong plans to execute well! But there are outside factors—the bigger picture. Sometimes, the market timing is simply not right; an example was the famous dot-com bust in the early 2000s in America—the investing environment, especially for tech companies, was then ice-cold for quite some time, even for companies that would be considered worthy at any other time!

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But after considering these 5 W's, here's the real deal. Relatively few companies do an IPO, because going public is a really difficult and expensive process, with lots of hurdles to overcome—especially the quality and expected prospects of the company to truly be able to enter the big-time. Costly intermediaries abound—investment bankers, attorneys, and the like—so the company can count on a painful, labor-intensive process unlike any other. But then the benefits kick in—those were the "whys" of going public!

Interestingly, in recent years, a couple of alternatives to an IPO have emerged—paths with the same ultimately-desired positioning of trading on a public stock market. First, there's what's called a *direct listing*. That's where the company doesn't really need cash, doesn't want to use many costly intermediaries, and so doesn't want or need to issue additional shares of stock. So, with a direct listing, the company doesn't raise more money for the company immediately, you know, like for new factories or for expanding into Europe. But the current stockholders can now sell part or all of their holdings publicly. And since no new stock is being issued, that means that, unlike an IPO, the current stockholders' relative percentage ownership position is not diluted. Well-known companies that have done direct listings have included the streaming platform Spotify, eyewear maker Warby Parker, and data-mining company Palantir. Frankly, a number of direct listings have done quite well, so expect more in the future!

Second, SPACs are an alternative—that stands for Special Purpose Acquisition Company. Here, the private company doesn't do an IPO or a direct listing. Instead, the private company is acquired by a SPAC that is already listed on a public stock exchange. Now, there are both pros and cons to doing this approach. Typical pros include certainty of pricing for the private company and faster execution time to being listed, and typical cons can include a notable dilution of current stockholders' ownership and a shorter time to prepare upcoming public filings with the Securities and Exchange Commission (SEC).

So, good news, it looks like direct listings and SPAC activity will be here to stay. That's because strong, seasoned leaders can find using these alternative approaches very beneficial for the private company getting listed on a public exchange—that is, beneficial except for some of the company's expensive middlemen for IPOs! Regardless of which of these three paths are taken, the remarkable thing to focus on here is that the public's amazing access to sharing ownership with talented founders and executives of highly successful businesses…what we call the "participatory magic" of stock markets!

Now, do you remember that the first real public stock exchange for business was about four centuries ago in the Netherlands with the Dutch East India Company? Wow, could those pioneering souls have fathomed that public stock markets around the world now handle many companies worth many trillions of dollars?

But of course, the truly pioneering initial public offering was centuries before that! And you know what that "IPO" was—Jesus's very public offering on the Cross on our behalf! John 3:16 (ESV) says: "For God so loved the world, that he gave his only Son, that whoever believes in him should not perish but have eternal life." Remember, this was the *initial* time—*the very first time in history*—that redemption from sin and reconciliation to God the Father was made available to every person in the world. Yes indeed, Gentiles were grafted in to God's root with who we might call His original stockholders, Israel! (Romans 11:17)

Here's the parallel. A stock listing on NASDAQ is where *whoever having just a few dollars can be an owner*; likewise, *whoever believes in Jesus should not perish but have eternal life!* And that transaction of grace by a believer's faith is open to the public, from kings to "the least of these." And even a late-coming believer can immediately gather with other Jesus-followers and, yes, has become a joint heir with Christ!

To buy stock, you must buy ownership digitally—you must take action! Likewise, to participate in the Cross supernaturally—you must believe! No middlemen. No transaction fees. Knowing what you know now, can you imagine *not* telling someone 20 years ago about investing in Amazon's stock? Likewise, knowing what you know now, can you imagine *not* telling someone today about believing in Jesus? The benefits of belief in Jesus are huge, both now and for eternity! That's *the* IPO! So, we buy in with our faith…and tell others!

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A&A: Application & Action

1. Wittingly or not, many modern public company CEOs have followed the stewardship model of King Jesus and the Cross when they took their companies public, giving countless people the opportunity for upside by just a straightforward action of "buying in." Do you laud Jeff Bezos for his stewardship because he has created many millions of happy customers and more than a trillion dollars of wealth for other Amazon stockholders, or do you believe he should have stayed a smallish bookseller on the internet? Explain.

2. Look around at Christian missions' efforts in the current era. How are they doing with regard to Jesus's public offering of eternal life and fellowship with God, His offering to whoever believes? In your observation, how many churches are fulfilling the "go forth and disciple" command the Great Commission laid before them?

3. How are you personally leveraging your participation in the initial public offering by Jesus at the Cross? Your church? Be specific.

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