



# ENABLING THE ENTREPRENEUR WORKING SESSION NOTES

**October 5, 2017**

The Good Capital Project (GCP) Design Lab hosted the working group of the Enabling the Entrepreneur Grand Challenge on October 5 at our offices in New York City. We were pleased to welcome a cross-section of partners from organizations including foundations, investment and intelligence platforms and entrepreneur advisors.

## Discussion Topics

- Optimal ways to collaborate with ODAs, Community Firms, Social Venture Capital to create examples of catalytic impact.
- How can the members of "Enabling the Entrepreneur" partner to develop a resource center with comprehensive mapping of incubators, accelerators, and online training programs for entrepreneurs and investors.
- How to promote best practices for standardizing due diligence efforts for social ventures.

## DISCUSSION NOTES

The working group was updated on the status of the Good Capital Project (GCP). The discussion began with a recap of the GCP including the themes and outputs from the launch in June and the importance of using a design thinking process. The discussion continued with a conversation about different impact initiatives moving the social capital markets forward and some of the issues facing entrepreneurs.

**Katya Levitan-Reiner (Propel Capital)** is currently working on social impact portfolios and believes we should consider who are the key ecosystem builders who support and foster healthy ecosystems for entrepreneurs. She also pointed out the importance of supporting opportunities with the right combination of both financial returns and social impact.

**Ellen Fish (Tilonia)** is an investor but also works with a number of artisan enterprises. Through her role as mentor and market representative, she is exposed to many of the difficulties facing small entrepreneurs in the impact space. Access to markets is crucial for these small businesses. In addition, finding working capital is difficult especially given the size of these micro businesses.

## Participants

**Ellen Fish**  
Tilonia

**Katya Levitan-Reiner**  
Propel Capital

**Franklin Mora**

**Benjamin Overton**  
Thomson Reuters  
Foundation

**Christina Rico**  
Speed Dial

## GCP Design Lab

Chris Danner

Sharadiya Dasgupta

Robert Haynie

John Morris

Holly Schade



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They are seeking alternative funding strategies to get small amounts of money to these organizations and improve their ability to thrive.

**Ben Overton (Thomson Reuters)** works with social entrepreneurs by providing transactional and legal support. Thomson Reuters finds, vets and presents social enterprises to potential clients and works with incubators, accelerators and grant makers. The legal needs of social entrepreneurs are very important work of the Foundation. They are also at the forefront of deciding if the legal needs of a for profit organization qualify for pro bono support. Training programs and support focused on the legal trends in the impact sector are available for social enterprises.

**Christine Rico (Speed Dial)** performs financial management and analysis for social impact ventures primarily in the food and agriculture sector. She believes in the balance of profit and impact. Like the others in the group, she is working towards connecting entrepreneurs to capital.

**Katya** would like to see greater transparency in terms of structures for investors across the spectrum of impact investing especially for investors looking for more hybrid forms of investing that are more entrepreneur friendly. It would also be helpful to look at different ways of aggregation. In addition, the impact space needs to create greater communication and transparency between entrepreneurs and investors and provide efficient resources such as templates and technical assistance for entrepreneurs.

**Ben Overton** pointed out that sometimes there are too many choices for entrepreneurs. Therefore, it would be helpful to cull the field of sources and decide on which templates and resources would be helpful to standardize.

**Katya** also emphasized the importance of creating a clearer way to measure impact where entrepreneurs can report their impact more efficiently.

**Ellen Fish** said we need to think in terms of both macro and micro when looking at structures. On the macro level, we have a vested interest in the way things are delivered with a lot of money invested in these structures. There is huge difference between the accredited investors and the small, individual investors. The product available for the masses is not the same as what is available to the accredited investors. There is a whole sector of businesses that need different investment vehicles, especially since there are some enterprises that do not have traditional exits. Therefore, there needs to be alternative investing strategies such as percentage of revenue or percentage of positive cash flow. There should be more opportunities for investors at all levels to invest in the impact space, not just the larger, accredited investors.

**Katya** pointed out that there are some alternative structures out there but we need to articulate them to the broader audience.

**Ellen** asked, how do we take the cash flows from some of these initiatives and bundle them into an investment instrument? There is an emerging market of investors who want to be involved in the impact space. What are the structural pain points that need to be resolved to provide greater opportunities in this space so that impact investing becomes more mainstream?



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**Ben** would like to see greater diversification and inclusion in the space. He noted the underrepresentation of impact opportunities for different groups of people based on factors such as race, gender, age, sexual orientation and geography. We need to look at providing resources outside of the coast, in underrepresented areas. We need to highlight and channel support to the incubators, accelerators and entrepreneur hubs not only in these areas, but globally as well. We need to provide the on ramp to these educational resources - how to speak to investors, how to find legal and accounting support.

The discussion continued with questions around whose role it is to create this system of support and who will be the beneficiary. **Franklin** suggested we look at local philanthropy such as community foundations to support this rather than the larger, traditional foundation sources. **Ellen** mentioned a funders network that will be attending SOCAP and will be discussing the issue of funding local initiatives. There needs to be a place based effort for local entrepreneurs to access funds. **Christine** added that there are existing incubators and accelerators that are looking at infiltrating these networks. She also pointed out the importance of creating opportunities where investors can meet outside of the investment to aid in training entrepreneurs on how to speak to investors. One organization that does this already is Pipeline Angels, a robust organization focused primarily on women in the impact space.

**Franklin** reiterated the importance of examining the impact metrics portion of this space especially given the private sector is beginning to think about SDG goals. In addition, from the capital market perspective, we need to think about what are the ESG metrics we want to track and should they be connected to SDG. There seems to be more of a convening around SDG now and we should consider these goals from both a domestic and emerging markets perspective. The impact metrics are tricky, though, because we are often not comparing apples to apples. For example, creating 1000 jobs in one community does not have the same impact as creating 1000 jobs in another community.

**Franklin** also commented on the increased interest in investing in the emerging markets. Yet, no one really wants to commit to investing because there is not enough data available that they are accustomed to and they do not understand the economic and political environment. **Ellen** agreed that there are difficulties creating impact investing opportunities in some of these emerging markets.

The discussion continued with looking at how social entrepreneurs can access a democratic set of central resources. **Christine** suggested again that the accelerators and incubators help provide materials and training for investors and help entrepreneurs access capital networks.

**Katya** continued the discussion on access to funding and the problems many entrepreneurs face. An organization called Bridge to Billions is trying to democratize access to capital on a platform that helps connect and mentor entrepreneurs with the right people.

**Ellen** agreed these platforms are important but some don't go far enough because they have an urban bias and need some level of distance learning. Many entrepreneurs they track are from a privileged set of networks but there are many who are not plugged into these urban network in their own country. They need a bridge to the learning platforms and sources of capital.



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It is very hard to reach the marginalized in rural communities. Poverty is a structural issue so how do you tackle the system that created the poverty and how do you identify the overlapping issues that enable us to impact capital markets structurally?

We need a platform to share initiatives and educational materials and make it available for everyone. We should create “user kits” for impact investors and perhaps a common app for entrepreneurs. It may be helpful if all incubators had an initial common app as an entry point, then add supplemental information depending on the needs of the organization.

The issue of creating a common language in the impact space was discussed. This is an issue all of the Grand Challenges have mentioned. We need to have a core group of terms that are defined across the board then individual organizations or banks can define their version of what they call things such as investing with value or impact investing. The goal is for everyone to collaborate on how they would like to define the term. The lawyer language is clearly important in this community. The conversation is important on the entrepreneur side, not just the investor side.

One of the suggestions in **Ellen’s** advisory group was to create a peer learning environment perhaps through platform sharing. One of the issues they think about is how do we address local economies and connect them in a way that doesn’t have imperialistic expectations? She also suggested we look at the non-profit networks and see how they can be leveraged.

### KEY RECOMMENDATIONS

- Map investors by interests and create databases to help bring capital to entrepreneurs including an angel list of investors.
- Use SOCAP and other networks to propel initiatives including the Good Capital Project which is curated by interested parties to be decision making and take action.
- Expand the number of people participating in the impact space.
- Increase outreach to institutional investors with people involved in impact investing on private side. Foundations can help start these conversations.
- Create accessible learning platforms that provide user kit and methodologies to get more engagement.
- Create a bridge between the entrepreneurs desperate for funds and the investors looking for impact opportunities.
- Consolidate and standardize resources and kits especially for those having a hard time getting on the pipeline.



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- Provide innovative financial models to allow small entrepreneurs to survive. One option could be to produce an umbrella structure that covers multiple funds.
- Create a publicly traded vehicle similar to a social impact fund but not tied to individual performance which will help with risk mitigation.
- Organize the information that exists and figure out where the gaps are and how we can work together towards competitive collaboration.

### NEXT STEPS

Many interesting ideas and likely solutions emerged from the working session's robust conversation. The GCP Design Lab will continue gathering input from the community to narrow down priorities that the GCP Design Lab will then, in partnership with other stakeholders, advance to the prototype and testing stages. Once we identify key outcomes of each Grand Challenge, we will explore the shared synergies and whenever needed, we will leverage cross-functional expertise to develop, and promote initiatives.

Please send your thoughts and suggestions on how we can create partnerships around ongoing initiatives. In addition, if you have research papers, discussion papers, reports, or initiatives that you would like highlighted on our website, please write to the Good Capital Project team [GCP@socap.group](mailto:GCP@socap.group). If you believe there are other stakeholders who should be involved in the Good Capital Project conversations, please let us know.

### ABOUT THE GOOD CAPITAL PROJECT

The Good Capital Project is a reflection of the community of SOCAP and the people in this sector working to accelerate change in the capital markets for social positive outcomes. Our goal is to leverage the convening capabilities of SOCAP to connect people to partners and accelerate capital for the human needs of tomorrow. By being aggressively inclusive, we can partner with thought leaders, associations and communities and use GCP's design thinking process to develop goals and prototypes over the next two years to scale and test in this new shared economy.

### THANK YOU

Thank you to our attendees and project participants for your knowledge, insight, and time. These meetings are a testament to this community's shared goals and ideals. Thank you also, as always, to our sponsors who enable us to continue this work. **If your organization is interested in discussing sponsorship or partnership opportunities**, please contact Sharadiya Dasgupta at [sdasgupta@socap.group](mailto:sdasgupta@socap.group).



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