Exploring the Systemic Impact of Investing in Women- and People of Color-owned Businesses:

A Multiple Case Study Approach

NC STATE Poole College of Management
Business Sustainability Collaborative

Authors:

Liz Tracy [a]

Jessica Thomas [b*]

Ryan Honeyman [c]

&

Jeffrey M. Pollack [d]

* Corresponding author

a Department of Psychology, College of Humanities and Social Sciences, North Carolina State University, Raleigh, NC 27695; Tel: (805) 558-2947; Email: lizmtracy@gmail.com

b Director, Business Sustainability Collaborative, Poole College of Management, North Carolina State University, Raleigh, NC 27695; Tel: (919) 515-4441; Email: jothomas@ncsu.edu

c Partner / Worker-Owner at LIFT Economy, 1388 Haight Street #107, San Francisco, CA 94117; Tel: (415) 515-1262; Email: ryan@lifteconomy.com

d Poole College of Management, North Carolina State University, Raleigh, NC 27695 Tel: (804) 397-0818; Email: jmpolla3@ncsu.edu

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1. Executive Summary

The present research reports on interview data and surveys collected from recipients of impact investment from the Force for Good Fund (FFGF) and investors in the FFGF. Our main research question was: ***"How do women and people of color owned ventures that receive impact investing create value?"*** Overall, four themes emerged from our data collection efforts—specifically, we found that there are four primary areas in which impact investment enables recipients to generate systemic impact in their communities: (a) Time, (b) Systems, (c) Impact, and (d) Champion.

Multiple theoretical and practical contributions emerge from this work. First, we find that the "patient capital" invested by the FFGF relieves some of the pressure women- and people of color-owned ventures feel with regards to raising money. Second, we find that impact investment facilitates recipients' greater integration into the ecosystems in which they operate in terms of building relationships and community. Third, we find that impact investment reduces the barriers of exclusion that recipients feel which, in turn, breeds passion and diversity in the domain. Fourth, we find that impact investment provides a value champion that can help the recipient engage in strategic decision-making.

Based on the present work, we recommend the following next steps:

- Take the best practices from the FFGF and communicate these to practitioners and policy-makers with the intention of developing partnerships that can migrate the FFGF model and enable broader longitudinal data collection efforts to provide greater insight into this impact investing framework.
- Present this feedback to groups of investors to lend a new perspective on how to best support impact driven companies. There are many investors that focus on "impact investing", but they may find the insights from this research helpful to consider new ways to approach the structure of their fund and create their 'impact' narrative.
- Develop and implement a follow-up research project that can track relevant metrics (e.g., Time, Systems, Impact, Champion, etc.) over time (longitudinally over 3+ years) in a larger sample of firms. This project would seek to replicate (and test) the present findings and address the specific constraints on generalizability we encountered.

2. Introduction
2.1 The Present Research

Impact investing, defined as financial activity that is intended to create value for society, broadly speaking—as well as return on investment for key stakeholders—continues to emerge on a global scale (Jackson, 2013; Ormiston, Charlton, Donald, & Seymour, 2015). The allure of such investments is that private capital is required to make large-scale societal changes, and impact-first opportunities can address persistent, intractable, social problems in a way that financial-first investments do not (Clarkin & Cangioni, 2016; Jackson, 2013). Despite the allure of this emerging asset class, and despite the rapid growth in the research and investments devoted to impact investing, multiple questions remain unanswered.

In particular, two challenges are raised in the literature with regards to impact investing: (1) how to optimize implementation, and (2) how to optimize assessment. In the present research, we aim to address these two questions from the perspective of providing funding for women- and people-of-color-owned ventures. The intersection of how impact investing can be implemented, and assessed, with regards to women- and people-of-color-owned ventures represents an area of research that is not addressed.

The present work, that explores the systemic impact of investing in women- and people-of-color-owned businesses, examines 13 cases and represents a collaboration between the NC State University's Poole College of Management and LIFT Economy. LIFT Economy's Force For Food Fund (FFGF) provides a unique opportunity to study the systemic impact of investing in for profit ventures lead by women, and people of color. Overall, although the body of literature related to applied research studying the impact of investment portfolios is growing, there remains a lack of work seeking to measure social, environmental, and financial return among historically marginalized communities. Our work addresses this gap.

2.2 Background

Women now make up 40 percent of new entrepreneurs in the United States — the highest percentage since 1996, according to the 2016 Kauffman Index of Startup Activity.[1] Over the last 10 years, minority-owned business enterprises accounted for more than 50 percent of the two million new businesses started in the United States and created 4.7 million jobs, based on recent Census Bureau data.[2] Yet, according to a study by First Round

1 "The Kauffman Index of Startup Activity," Robert W. Fairlie, E.J. Reedy, Arnobio Morelix, and Joshua Russell, The Kauffman Foundation, August 2016. https://www.kauffman.org/~/media/kauffman_org/microsites/kauffman_index/startup_activity_2016/kauffman_index_startup_activity_national_trends_2016.pdf

2 Need citation.

Capital, women-owned businesses receive just 2.7 percent of venture capital investment money[3] and women of color only obtain 0.2 percent of venture capital investment dollars.[4]

“Of 10,000+ venture deals funded from 2012 to 2014, just 24 were with startups led by black women. Statistically speaking, that’s zero.”

- Digital Undivided, Project Diane

Despite the limited access to capital, research shows that startups founded and co-founded by women are significantly better financial investments. Based on a study of 350 startups by BCG and MassChallenge, businesses founded by women deliver twice the returns compared to those founded by men.[5] The Center for Global Policy Solutions recently reported that as a result of discriminatory financing practices and a bias favoring companies primarily operated by white males, “America is losing out on over 1.1 million minority-owned businesses, and as a result, foregoing over 9 million potential jobs and $300 billion in collective national income.”[6]

When it comes to impact investing, the focus of much of the existing research has been on financial returns. A recent GIIN Perspectives report provides a comprehensive review of twelve different research initiatives from Cambridge Associates, GIIN, Wharton, McKinsey, BCG and others on the financial performance of impact investments.[7] These investments represent a range of expected returns from below market rate, to risk-adjusted market rate. For market rate investments and other extractive forms of capital can impede impact business models.

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3 “Venture Capital Is Broken. These Women Are Trying to Fix It,” Kimberly Weisul, Inc. Magazine, November 2016. https://www.inc.com/magazine/201611/kimberly-weisul/new-face-of-funding.html
4 “The Comprehensive Case for Investing more VC Money in Women-Led Startups,” Wendy DuBow and Allison-Scott Pruitt, Harvard Business Review, September 18, 2017. https://hbr.org/2017/09/the-comprehensive-case-for-investing-more-vc-money-in-women-led-startups
5 “Women-Owned Startups Deliver Twice as Much Per Dollar Invested as Those Founded by Men,” John Harthorne, MassChallenge, March 07, 2019. https://masschallenge.org/article/report-women-owned-startups-deliver-twice-much-dollar-invested-those-founded-men
6 “The Color of Entrepreneurship: Why The Racial Gap Among Firms Costs the U.S. Billions,” Algernon Austin, Center for Global Policy Solutions, April 20, 2016. http://globalpolicysolutions.org/report/color-entrepreneurship-racial-gap-among-firms-costs-u-s-billions/ https://www.forbes.com/sites/forbesnonprofitcouncil/2018/02/15/founders-and-venture-capital-racism-is-costing-us-billions/#4cb37f1e2e4a
7 “GIIN Perspectives: Evidence on the Financial Performance of Impact Investments,” Abhilash Mudaliar, Rachel Bass, Global Impact Investing Network, November 14, 2017. https://thegiin.org/research/publication/financial-performance

"Investing in women means investing in the people who invest in everyone else."

- Melinda Gates

Over the course of our 12-month project, our research team conducted a series of interviews with senior leadership and founders of the FFGF portfolio companies in order to identify themes that demonstrate how these companies are having an outsized impact on their employees, the communities, and the broader industries in which they operate. We developed a series of case studies (see Appendix A) to highlight the systemic impact of the portfolio companies. Additionally, we collected survey data from investors in the FFGF and worked with the portfolio companies to complete the B Impact Assessment (see Appendix B for details), a credible, comprehensive, transparent, and independent standard of social and environmental performance that allow businesses to assess their overall impact. Triangulation across these three data sources enabled us to quantify and compare the impact of the portfolio companies.

Our goal in this report is to inform impact investors, policymakers, and those looking to create similar funds and/or accelerator programs. Indeed, we believe that if investing in women- and people of color-owned enterprises creates a demonstrable positive impact on society and the environment (in addition to a return for investors), then this type of fund should be regionally replicated and scaled throughout the United States and beyond. We aim to build an exploratory foundation of evidence-based case study research that can inform policy makers, persuade investors, and engage other key stakeholders in the domain of impact investing.

3. Methods

3.1 Research Context and Participants

This research was initiated as part of a research program on women- and people-of-color owned ventures backed by impact investment. Accordingly, the context for this study was based on The Force for Good Fund (FFGF) which was specifically designed to nurture, grow, and launch women- and person of color-owned ventures that would become "Best for the World" B Corporations (i.e., companies that score in the top 10% of B Corps worldwide). The FFGF was a $1M pilot fund designed to demonstrate that a more diverse and inclusive high impact economy is possible—an economy where enterprises can create needed goods and services while creating outsized beneficial impact for people and the planet.

At a minimum, the FFGF was required to have at least 51% of investees be owned/managed by women. Similarly, at least 51% of all companies were required to be owned/managed by people of color. These were both minimum requirements, not the maximum.

In addition, the FFGF team looked for companies that also met one or more of the following subjective criteria:

- Need-oriented, basic goods and services - Goods/services that meet human needs first (i.e., food and shelter before jewelry and entertainment)
- Diverse and Inclusive ownership - intentionally diverse hiring and participation as repair of systemic white supremacy, structural racism, structural sexism, and other forms of institutional oppression. Intentionally diverse ownership (cooperative, ESOP, etc.)
- Equitable/democratic culture - Distributed decision making; greater autonomy; more self-managed.
- Support of local economy ecosystem - sources from local suppliers, local production and invests in growing a local supply chain and producer web when it does not already exist.
- Education embedded into the good or service - encourage "producer culture" by embedding "reskilling" into the good or service offering.
- Open source - sharing intellectual contribution and knowledge for the benefit of all.
- Transparent - clear about supply chain, practices, finances, benefits, cost (e.g., true cost accounting).
- Zero waste and climate beneficial - Regenerative supply chain and optimal ecosystem performance of all assets.
- Scale by regional replication - achieve scale impact through decentralized growth
- Supports personal growth and development - deliberately developmental to increase the capacity of the individuals.

In total, the FFGF made 13 investments (see Appendix A for mini case studies of all portfolio companies). These 13 investees were invited to participate in this study.

In addition, to understand the motivations of investors, we accessed archival information from the B Analytics Platform, and surveyed the investors who contributed money to the FFGF.

3.2 Procedures

We established our research questions to understand ***how do women- and people-of-color-owned ventures that receive impact investing create value?*** Given that this is an exploratory question with limited prior work to draw from, and a strong focus on "how" things happen over time, we use an inductive research approach with a primary focus on qualitative data and a process orientation to address this question (Eisenhardt & Graebner, 2007; Gioia et al., 2013; Langely 1999). Our sample included the entire population of thirteen ventures who received investment funds from the FFGF. For this study, we focused in on the specific ventures within the fund to examine individual venture processes.

Each portfolio company completed the B Impact Assessment (BIA), a free, confidential, easy-to-use online management tool that assesses a company's social and environmental performance on a 200-point scale, compares the results to thousands of businesses, and gives entrepreneurs access to resources and best practice guides that can help them improve their performance over time. The FFGF chose the B Impact Assessment to help benchmark, compare, and improve each investee's social and environmental performance. We identified 12 key questions in the BIA (see Appendix B) to study in more depth. We used the B Analytics platform which aggregated the BIA data across the portfolio and allowed for comparison with certified B Corporations and other companies that have completed the BIA.

For each venture, we collected rich qualitative data before the venture began the engagement as well as during the time that the venture was participating in the FFGF. This included interviews with the venture founders, investors, directors and other venture stakeholders. Overall, we conducted 13 interviews, and each interview (on average) lasted 21.3 minutes. Once transcribed, these interviews resulted in 87 pages of text and 4.62 hours of interview data. To supplement these interview data, we also sent an online survey to the 13 participants—and, 11 responses from leaders of these companies were received (see Appendix C for questions asked).

In addition, we distributed an online survey to the investors who participated in the FFGF. This survey collected qualitative data to better understand their ideal investments, their success metrics for each company, why they invested in this fund and any hesitations they had before contributing money (see Appendix D). Of the 125 investors who contributed to the fund, 23 completed the survey. We used the information from this survey to broaden our understanding of what "value" means and compare the desired outcomes from the investors to the actions taken by each venture.

Overall, our primary focus for this research is on translating venture practices to create value at the company-level of analysis, and as we went forward, we viewed each venture as a specific case study and conducted both within case analysis and cross-case analysis to get a deeper understanding of the actions taken and each company's interpretation on those actions (Chetty, 1996; Eisenhardt, 1989; Glaser & Strauss, 1967; Miles & Huberman, 1984).

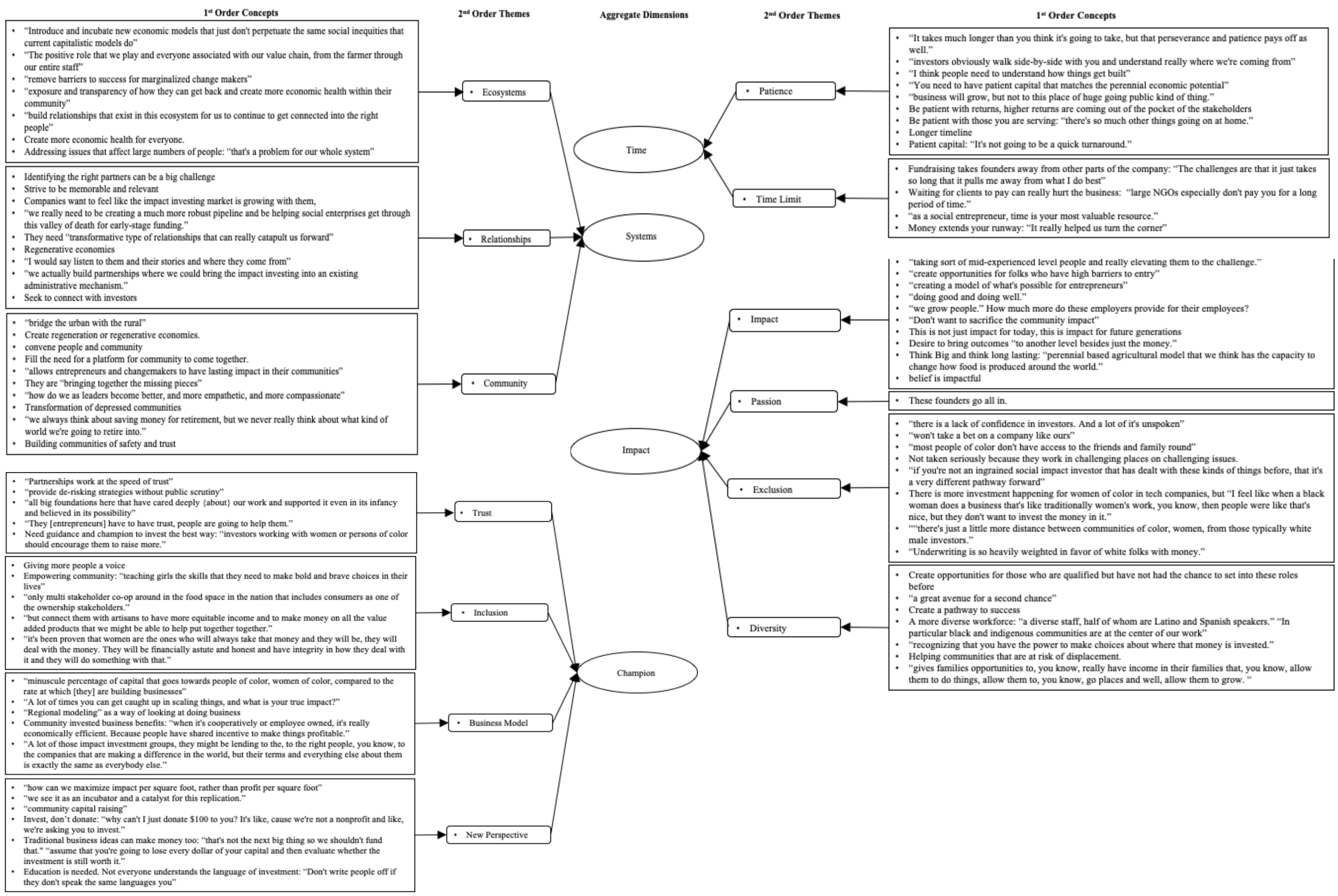
3.3 Data Analysis

We followed inductive approaches for data analysis devised for the development and linking of theoretical concepts (e.g., Strauss & Corbin, 1998; Gioia, Corley, & Hamilton, 2013). We combined this with process perspectives (e.g., Lanley, 1999) in an effort to understand ***how do women- and people-of-color-owned ventures that receive impact investing create value?*** We started our analysis by reading through our interview transcripts. This led to an initial, broad understanding of how actions translate into value-driven outcomes in the venture development process. The information that emerged from this initial analysis was reviewed two different ways to draw the greatest insights from the data. First, two of our authors discussed the venture transcripts and investor survey data, and pulled out words and phrases that were often repeated. This repetition led to the discovery of four main themes. We documented these four themes with data from the transcripts for each of the 13 companies.

We then carried out a more in-depth case-by-case analysis through line-by-line coding of our primary data. In the first step, we used sentences and paragraphs as the primary coding units, and labeled any direct statements related to creating or diminishing value or associated concepts (i.e., first-order, informant-centric codes). Next, we engaged in axial coding (Strauss & Corbin, 1998), through which we developed labels to note first-order concepts and translate those into clearly delineated higher-order themes (i.e., second-order themes, researcher-centric themes) by identifying relationships between and among the codes (Corley & Gioia, 2004; Gioia et al., 2013). We associated themes with specific cases, and began to look for patterns of themes within cases. In an iterative manner, we went back and forth between primary data, emergent themes, and existing research and theory to refine and extend our understanding of the phenomena (Glaser & Strauss, 1967). This iterative process gave us a strong foundation to create a data structure that transformed our raw data into a clear set of themes. Finally, we engaged in an intensive cross-case analysis (Pratt, 2008; Tracy, 2010) that resulted in four aggregate constructs: Time, Systems, Impact, Champion.

Following well-established procedures (Lincoln & Guba, 1985), we employed various techniques to ensure the trustworthiness of our data and findings. First, we engaged in numerous and extensive "member checks" with entrepreneurs, investors, FFGF directors,

Figure 1. Data Structure for Model Development



and broader venture stakeholders (Locke & Velamuri, 2009). Specifically, after our initial analysis, we shared our interpretation of the data with individuals from these groups to assess whether our interpretations fit with their conception of how things happen. Second, we engaged in peer debriefing. Specifically, while one of the authors focused on initial data collection and analysis, a second and third researcher, each provided an objective 'outsider' perspective as they assessed themes and patterns in the data, as noted above. These outsider perspectives led to greater precision in the data analysis. Certainly, given our inductive, interpretive approach, we acknowledge other scholars might draw different insights from our data, yet we believe that these systematic efforts produced a creditable analysis. Figure 1 situates the key concepts we identified and their inter-relationships into an overall model that serves as a roadmap for our findings (see Figure 1).

4.Findings

4.1 Overview of Model

Based on recurring themes that we observed across the interviews with FFGF investment recipients, investors, and other key stakeholders, a model emerged that contained four main constructs: Time, Systems, Impact, and Champion. We organized the following sections around these four themes. In the results provided below we summarize the themes gathered from the interviews, and also provide quotes and comments that represent our findings.

4.1.1 Time

Time is a limited, and precious commodity for all entrepreneurs, but assigning traditional time parameters to these companies can set them up for failure. Impact takes time and these triple bottom line companies often need more of it to prove their success. Two themes emerged (from our coding of second-order themes) that describe the concept of time. These two themes include "patience" and "time limit."

> *"As a real estate company, I think about, how can we maximize impact per square foot, rather than profit per square foot, which is what traditional real estate models look like."*
>
> *– The Guild*

'Patient capital,' a phrase used by Community Service Unlimited, was one of the most powerful descriptors that emerged from these interviews and was accurate for what these types of companies need from their investors. Patient capital means taking the time to understand what a successful timeline looks like, based on a company's business model and the stakeholders involved. For example, Owinza's work with a marginalized community required more time to break down barriers and build up trust. Patient capital also means understanding what healthy growth looks like and that the rate of return may be lower for these triple bottom line businesses. East Bay Permanent Real Estate Cooperative said, ***"You can produce profits, but in the field of impact work, if you want to make a bigger impact, you need to accept a lower return on your investment because if you're asking for those higher returns that's coming out of either the pocket of the, you know, the entrepreneur serving or the pockets of the people who you're serving."*** When referring to one of their funding partners, Spotlight Girls complimented their investors' patience. ***"I feel like those two are examples of, of funds that are recognizing that my business will grow, but not to this place of huge going public kind of thing."***

Time is a precious commodity, and a CEO at one of the firms we studied could lose a lot of it to fundraising. With relatively fewer investors interested in high impact, lower rate of return companies, a fundraising timeline can become even longer. As the founder of Red Bay Coffee said when discussing fundraising, ***"The challenges are that it just takes so long that it pulls me away from what I do best, which is growing this coffee company, growing my company, attending to my team and making the weak parts strong. And just doing all the things that the founder and CEO is supposed to be doing."*** The right investment can release these companies from the barriers of time and extend the runway for them. The Town Kitchen said, ***"…it obviously was capital that allowed us to continue to sort things out and be able to push through that from an inflection point…"***

In sum, something we heard over and over is ***"…as a woman and/or person of color I am constantly out raising money."*** In addition, there were examples of sexual harassment / outright racism from prospective investors. These entrepreneurs spend so much time raising money that they don't have time to focus on growing their businesses. Accordingly, and not surprisingly, we saw an aggregate construct of Time emerge from our data collection efforts.

4.1.2 Systems

Our research revealed the need to re-examine the relationships between investors and companies and look more closely at the value these companies create for their communities. Building a relationship and understanding companies at a systemic level are important steps in understanding impacts beyond the financials. As 10 Power said, ***"I feel like those one-size-fits-all approaches don't really work as well."*** In our research, three themes emerged during the identification of second order themes that tell a more holistic story of what makes up the systemic level. These themes include "ecosystems," "relationships," and "community."

From an ecosystem perspective, there was the money and time that these companies invest into every person in the supply chain, and how that time and attention trickles down to create larger impact was important to highlight. As Red Bay Coffee Company said, "***I think about the positive role that we play and everyone associated with our value chain, from the farmer through our entire staff and company to our customers."*** These new economic models that provide capital invest not just in the bottom line, but in everyone who is contributing to the product or service to help create the whole ecosystem. These types of companies provide more economic health for everyone and as the Guild stated, they ***"…introduce and incubate new economic models that just don't perpetuate the same social inequities that current capitalistic models do."*** The value of thinking at a larger scale and tackling pressing issues that affect larger numbers of people should not go unnoticed. As Preserve Farm Kitchen expressed when addressing the issues of the disappearance of farmers, ***"…that's not just a problem for those people trying to make a living, that's a problem for our whole system."***

Relationships take time to cultivate, and as highlighted above time is not always available in the investment world. However, for impact investing to be successful with these type of company demographics, the relationship has to have the time and flexibility go beyond money. These companies want to feel like the impact investor is growing with them. When referencing this partnership, The Town Kitchen said, ***"Those are the kinds of transformative type of relationships that*** *can really catapult us forward, because they love what we stand for, they love what we do."* Since many of these companies are experimenting with new approaches to business or are building out models that grow more slowly, investors will need to spend more time understanding the business model and what these companies are trying to accomplish in the long term.

Finally, the investment these companies make into their communities can lead to much larger system-wide impact. Our research revealed that many of the entrepreneurs interviewed were working within a cooperative model and working with networks of people. By addressing larger issues, companies like those in the FFGF, help to build communities of safety and trust and transform depressed communities. As East Bay Permanent Real Estate Cooperative said when addressing how they see impact, *"I think of community, I think of children actually I think of like black girls and then being in a community where they feel safe, they know their neighbors and they know that they can stay where they have grown up, like they know that they're not, they're not afraid of being kicked out and they don't see their neighbors getting kicked out and they trust that, that they have a safe place to be." I*nvestors should re-examine the types of communities they are supporting through venture funding and consider how their investment is shaping the future of these communities. As Our Table Cooperative said, *"We always think about saving money for retirement, but we never really think about what kind of world we're going to retire into."*

Overall, we see that there is a plausible connection to how these companies are building broader systemic impacts versus narrow, near-term interests. In the business model itself, each company highlighted an opportunity to add long-term value. Here, we see a connection between building networks within structure organization and usage of the concept of community.

4.1.3 Impact

One additional aggregate construct that emerged clarifies how these companies interpret what it means to make an impact. To Red Bay Coffee company, impact is to *"…create opportunities for folks who have high barriers to entry."* Their founder said, *"I know we have an impact because we grow people."* For others, they see impact as something more long term. Native American Natural Foods is always asking itself, *"…what [is] our impact that we're going to be doing for future generations and for other long-term of the company?"* Second-order themes that emerged included: "passion", "exclusion" and "diversity."

The founders in these FFGF companies feel a strong connection to the mission of their work, which translates into a strong passion for their company. One thing we took away is that these founders go all in because they believe so strongly in the impact they can make. The Founder of Red Bay Coffee Company went as far as to invest his savings. He said, *"I was on the verge of losing my house, and we had already had a foreclosure notice sent."*

This study brought to light some of the investment challenges that these companies face and how certain exclusions can slow down their growth and ultimately limit the financial and social impacts they can achieve. Racial inequalities exist in the investment world and many of these companies have seen this first hand. East Bay Permanent Real Estate Cooperative said, ***“There’s just a little more distance between communities of color, women, from those typically white male investors.”*** Community Service Unlimited saw a financial world where, ***“Underwriting is so heavily weighted in favor of white folks with money.”*** And in the experience of Spotlight Girls, the founder suggested that there are investments for women of color, but that is focused on technology companies. She said, ***“I feel like when a black woman does a business that’s like traditionally women’s work, you know, then people were like that’s nice, but they don’t want to invest the money in it.”***

An additional take away from these data was how this diverse group of companies could create access and open doors for more individuals who were qualified, but they to work to create these opportunities. Creating pathways to success for communities at risk of displacement or underrepresented is at the center of how many of these companies offer impact. As Owinza said, ***“… it’s creating, you know, income for families who really haven’t had that before, and it gives families opportunities to, you know, really have income in their families that, you know, allow them to do things, allow them to, you know, go places and well, allow them to grow.”*** Spotlight Girls said, investors “ ***…have the power to make choices about where that money is invested.*** ” And we need to show them how we have a much more impact than simple financials.

We heard over and over: ***“we are here to create a better life”, “strengthen ecosystem”, “build community wealth”, “working in a broken system, working to fix this system.”*** These are businesses that are having direct impacts by addressing broader social and environmental issues.

Related to this point, 11 of the 13 portfolio companies responded to the B Impact Assessment (see Appendix B) survey data. All 11 have 50%+ of their board of Director positions filled with women or individuals from chronically underemployed communities. That is 25%+ higher than the 3830 ordinary based companies based in the United States and 17%+ higher than the 1793 B Corps based in the United States. Of the 11 companies that responded, 10 out of 11 have 50%+ of their workforce filled with women or individuals from chronically underemployed communities. That is 22%+ higher than the 3830 ordinary based companies based in the United States. The data to compare to B Corps were not available.

“I think about impact, I think about people who even have-- on this side of the chain, folks who have very professional experience, like our director of coffee, but didn’t really have a place to take it even higher. So completely qualified to become a director of coffee, but as a woman, as a black woman who hasn’t had that job title before.”

– Red Bay Coffee

There are two additional points that we heard from these participants. Regarding a living wage, we heard that impact is placing value on all people in the workplace. Based on the BIA survey data: Of the 11 companies that responded 10 out of 11 pay 100% of their full time employees the equivalent of a living wage. That is 78%+ higher than the 3830 ordinary based companies based in the United States and 59%+ higher than the 1793 B Corps based in the United States.

Regarding collaborative business models—more collaborative business models may lead to higher margins. As Northern California Fibershed cooperative pointed out, when a company is employee owned ***"…people have shared incentive to make things profitable."***

4.1.4 Champion

Ventures led by women and people-of-color need investors who recognize that these ventures have historically been marginalized and had very limited access to capital. According to the Guild's experience of raising capital, ***"…most people of color don't have access to the friends and family round."*** They need champions who recognize that traditional investment models may not work for them. As Preserve Farm Kitchen said, ***"A lot of those impact investment groups, they might be lending to the, to the right people, you know, to the companies that are making a difference in the world, but their terms and everything else about them is exactly the same as everybody else."*** From our coding of second-order themes, four themes emerged to best describe what it means to be a champion. These include "***trust", "inclusion", "business models"*** and ***"new perspectives."***

Trust is at the core of a good champion. As Native American Natural Foods said, ***"Partnerships work at the speed of trust."*** Most of these founders come from communities that don't have regular engagement with investors, and many investors are not familiar with communities of color. Companies need to know that the investor has their best interest in mind so they can feel better about taking certain strategic advice, such as raising larger rounds of funding. To echo the words of Main Street Project, these companies need "***de-risking strategies without public scrutiny."***

Impact happens when all people are given a chance to share their voice. These types of ventures provide opportunities to be inclusive and bring more people to the table. They need champions who recognize that this inclusion is a value add. Native American Natural Foods was clear about this need to share more voices when they said, ***"The needs that we see would be to actually put Native American or First Nations producers back at the table."*** Inclusion also means providing people with the right skills to lift them up and give them a chance to succeed. Spotlight Girls sees the work they do as empowering their community and ***"…teaching girls the skills that they need to make bold and brave choices in their lives."***

These businesses need champions who will be open to new ways of approaching business either through the support from new business models or by using a traditional model with a new perspective or expanded values. Most investors are looking for proven solutions, even in impact investing space. For many of these companies, their models are not proven. They are creating completely new ways of thinking and organizing their impact businesses. Some of these companies are taking a risk and testing something new with a specific impact 'return' in mind. Table Cooperative notes that they are the ***"only multi stakeholder co-op around in the food space in the nation that includes consumers as one of the ownership stakeholders."*** Others see a new approach to traditional business practices. As the Guild stated, ***"As a real estate company, I think about, how can we maximize impact per square foot, rather than profit per square foot, which is what traditional real*** *estate models look like."* New perspectives is a two way street, and these entrepreneurs need champions that will not only be open to new business models and new perspectives on traditional business, but they also need someone who will critique them and give them insights to strengthen their approach. Many of these entrepreneurs don't know investment language because of limited exposure. Diverse and inclusive ownership will only be successful if it comes with opportunities to learn. As East Bay Permanent Real Estate Cooperative said *"Don't write people off if they don't speak the same languages [as] you."*

5. Discussion

Our main research question was: *"How do women- and people-of-color owned ventures that receive impact investing create value?"* Overall, four themes emerged from our data collection efforts—specially, we found that there are four primary areas in which impact investment enables recipients to generate systemic impact in their communities: (a) Time, (b) Systems, (c) Impact, and (d) Champion.

5.1 Implications

5.1.1 Implementation and Administration of Impact Investment Opportunities

Regarding the implementation and administration of impact investing opportunities, we draw the following conclusions from our observations from the FFGF. One critical assumption that FFGF wanted to challenge was the requirement of growth within its portfolio companies. For example, most venture capital firms are setup to invest in high-growth companies. Even if a company is "mission-driven" in the beginning, the expectations that come with common venture capital investments means that companies are expected to rapidly scale for roughly 5-7 years, then "exit" (in order to pay back investors) by either 1) getting bought by a bigger company, or 2) going public. It is difficult to maintain a company's original social and environmental mission with either of these exit strategies.

To try to bridge the gap between typical Angel and VC investments in the area of impact investing, over the past 10-15 years, impact investors have tried to focus on rapidly scaling ventures that have a dual benefit for shareholders and other stakeholders (e.g., DBL Partners, Bridges Ventures, Bain Capital's "Dual Impact" fund, etc.). However, in contrast to this sentiment, the team behind the FFGF believes that rapidly scaling impact investment ventures to create outsized returns for investors is not the preferred business model for the next economy. The vast majority of impact investors overlook many amazing companies that don't want to grow with an exclusive focus on financial returns. Here, we observed within our data themes related to this approach. For example, under the aggregate construct of time, participants noted that higher returns at a rapid pace often means money is coming out of the pockets of the stakeholders they are trying to serve. A more inclusive economic system needs to provide funding where both the financial and impact goals of the investor and the venture are matched, and the business plan and timeline is set up accomplish both these goals.

5.1.2 Setting Return Expectations with Investors

The FFGF was designed to target a "living return" of 2.5% for investors. This living return target enables the terms of the loans to investees to be very flexible. In other words, this fund was explicit in asking investors to share a larger proportion of the risk without the potential for an outsized financial return on investment. This is the exact opposite of most other investment funds. Notably, the FFGF was still able to raise $1.1M from 125 investors. There is clearly an appetite for this type of investment vehicle.

Investments from the fund were completed with an "integrated capital approach." This is sometimes referred to as a "cobbler" approach (i.e., a customized model) rather than a "cinderella" approach (i.e., a stricter, one size fits all approach to investees). The integrated capital approach calls for designing investment terms with each investee that match their stage, cash flow, market, anticipated future capital needs and sources. Additionally, a loan loss reserve was created to provide investors with confidence that their investment would be protected even if the FFGF does not perform as expected.

Perhaps not surprisingly, we observed within our data themes related to this approach. For example, we saw in our data that the road a social impact company took to achieve their value proposition was not always straightforward because they were working with new business models or integrating groups of stakeholders who are traditionally left out. The next economy needs to more clearly communicate the expectations between investors and the venture and integrate more "patient capital" so higher ROI expectations do not get in the way of achieving a company's value proposition.

5.2 Future Research and Next Steps

The limited nature of the study meant that the research was conducted with a small sample of companies, limited to the 13 companies in the FFGF. There is not yet an opportunity to conduct a longitudinal study (ideally 3-5 years). As a result, there are some constraints on the generalizability of the results, particularly whether the BIA data can be generalized to the broader population in BIA (international comparison: 10 Power vs. U.S.-based).

There are several opportunities for extension and expansions of the current research:

1. Examine how/why investing in women- and people-of-color owned enterprises creates an "outsized benefit," explore what types of business models will work for other 'non-extractive' community-style investments.

2. Collect data from similar funds such as,
    - Southern Reparations Loan Fund - a member of Seed Commons that makes loans to community-based businesses in marginalized southern communities.
    - Boston Ujima Project – organizes neighbors, workers, business owners and investors to create a community-controlled economy in Greater Boston.
    - BackStage Capital – the fund has invested $5M in 100 companies led by underrepresented founders.
    - SheEO – engages a network of more than 1 million, including 10,000 women-led Ventures and a $1B perpetual fund to support women for generations to come.
3. Further explore the connection between how these companies are building networks and broader systemic impacts. Document how these companies define their role and how they are shaping the ecosystem, economies. See how these systematic changes match the goals of the investment community. Finally, explore how holistic measures of impact might create additional interest from investors.
4. Look more closely at the language used by investors on their websites and in their print marketing. Compare the phrases and technical terms they use to the level of understanding by "impact" driven companies. This type of analysis could be used to provide investors with more inclusive verbiage.

"I think of like black girls and then being in a community where they feel safe, they know their neighbors and they know that they can stay where they have grown up, like they know that they're not, they're not afraid of being kicked out and they don't see their neighbors getting kicked out and they trust that, that they have a safe place to be."

– East Bay Permanent Real Estate Cooperative

5.3 Constraints on Generalizability

There are six reasons, that we detail below, why these particular data we collected may differ systematically from future data collection efforts. Specifically, the mission and structure of the FFGF is unique. And, while this opportunity presented us with the means to collect data, future research should take note of the nuanced approach and implementation process of the FFGF with regards to replication efforts.

5.3.1 Investing in Women and People of Color

Research conducted over the last few years has shown that women and people of color receive a fraction of the investment that men (particularly white men) receive. For example, one study found that only 8% of founders who received venture capital funding were female. The same study found less than 1% of startup founders receiving funding were Black or Latinx.[8] The FFGF was explicitly designed to address this imbalance by primarily investing in women and/or people of color (with a particular focus on women of color). After investing $1.1M in 13 enterprises, 77% of the FFGF portfolio companies are majority woman-owned and 85% of portfolio companies are majority person-of-color-owned.

5.3.2 Avoiding the Need for an Exit

One of the problems with venture capital, even "mission-driven" or "impact-oriented" venture capital, is that investors often put an enormous amount of pressure on entrepreneurs to rapidly scale and then "exit" the company (i.e., have a liquidity event that allows investors to make an outsized return on their original investment) within a timeframe of roughly five to eight years. "Exiting" is usually accomplished in one of two ways: taking the company public (through an initial public offering (or IPO)) or getting acquired by a larger company. The pressure that entrepreneurs feel to scale their businesses in hopes of a successful exit means that entrepreneurs can, and do, make decisions that dilute the company's original social and environmental mission. While exiting is often good for investors, it can dramatically decrease the positive impact the company is able to create for its workers, the community, and the environment.

5.3.3 Creating a "Non-Extractive" Fund

The FFGF focused on making "non-extractive" investments that attempted to balance the power dynamics between investors and entrepreneurs. For example, at the beginning, the team behind the FFGF set expectations for the return on investment that would be targeted. Most investors in the U. S. are used to "market rate" returns from the stock market of 7-10% per year, and even higher for private equity. However, these same investors often fail to question the assumptions behind this return on investment. For instance, money does not start accruing 7-10% interest by itself. That value is being extracted from somewhere, and in many cases the value is being extracted from a distant location that is often unseen, misunderstood, or ignored. The founders of the FFGF argued that market rate returns have been generated by various forms of oppression, such as the enslavement of Africans, the theft of land from Native Americans, the exploitation of workers, and the unsustainable extraction of resources from the environment. Based on this analysis, the team behind the FFGF argued that impact investments that seek market rate returns should not be emulated. As an alternative, the FFGF targeted a "living" return of 2-3% for investors.

5.3.4 Democratizing Capital

8 Retrieved July 3, 2019 from https://www.cbinsights.com/research/team-blog/venture-capital-diversity-data/

Another aspect of the FFGF was an intentional design to rebalance the power dynamics between entrepreneurs and investors. This was accomplished through the inclusion of crowdfunding as a means to raise a portion of the total investment. Traditionally, if a fund wants to raise money, it has to pitch high net worth investors, wealth advisors, and other "accredited" institutions. This can be problematic for entrepreneurs and fund managers because it can be harder to raise money from a small population that is predominately conservative (from a risk standpoint), white, and male. However, in May 2016, the The Jumpstart Our Business Startups Act (JOBS Act) was signed into law by President Obama, allowing companies to raise up to $1M from "unaccredited" (i.e., non-wealthy) individuals. The founders of the FFGF decided to take advantage of this new regulation and launched an investment crowdfunding campaign in September 2016. This campaign was very successful. It raised $400,000 from over 100 investors in the Fall of 2016. Raising this initial $400,000 was critical to the fund's success. Once over 100 people had put money down to invest in the company, it was much easier to raise the remaining money from accredited investors. In fact, the FFGF's target was $1M total, but due to the interest from the accredited investors the final raise was $1.1M with 125 investors total.

5.3.5 Entrepreneur Friendly Investments

Investments from the FFGF were designed to be entrepreneur friendly. For example, investments were made in the form of low-interest unsecured debt (rather than equity) that could be customized to the needs of each particular entrepreneur. Based on their cashflow needs, investees were given one, two, three, or even four year grace periods before they were expected to begin repaying the fund. In addition, by focusing on debt and not equity, the founders of the FFGF were not placed in the awkward position of needing to pressure investees to scale and exit in order to pay back the fund. These types of unsecured, low-interest loans are rare for early stage entrepreneurs. These types of loans are almost non-existent for early stage entrepreneurs who are women and people of color.

5.3.6 Providing Capital and Services

Very few funds provide meaningful technical assistance in addition to capital. The FFGF provides investees with capital and 12-18 months of customized technical assistance to help entrepreneurs work on their vision, culture, strategy, and operations. These support services are needed because, among other things, the decisions that entrepreneurs make very early in the life of the company (e.g., where to seek financing, who to choose as their suppliers, who to hire, how to split equity/ownership, etc.) can affect the company's ability to maximize its positive impact over the long term.

5.4 Conclusion

Impact investing is intuitively appealing. Who wouldn't want to earn a strong financial return while solving social and environmental problems. The popular press characterizes impact investing as an additional asset class, where individuals who are socially motivated may wish to invest. Unfortunately, while possible in some cases, this general view oversimplifies the nature of impact investing. In this work, we focused on how women- and people-of-color ventures that receive impact investments create value. In particular, this work has highlighted how institutional and individual bias, conscious or unconscious, limits access to capital for women-owned, and people-of-color-owned ventures. This bias can also put unrealistic pressure to adopt business models that will not allow the venture to flourish, to grow the business in an unsustainable manner, to 'exit' in a manner that is inconsistent with the impact metrics that drive the venture or to embrace extractive practices that leave the community that supports the venture less well-off.

We hope that our work not only provides a foundation for future research related to impact investing, but also sheds light on the intricacies of the issues involved in providing as well as receiving impact investment.

6. Appendix A - Mini Cases

The Town Kitchen (Oakland, CA)

Overview

The Town Kitchen (TTK) is on a mission to empower underserved youth in the Bay Area. The organization is a community-driven food company that employs and trains youth by delivering chef-crafted meals to corporate clients. TTK addresses a need in the Bay Area area for locally-sourced meals, fair-wage jobs (i.e., at least $15/hr), and job training programs for at-risk youth.

Impact

There are currently 5.5 million youth-at-risk (aged 16-24) in the US who are not employed or in school. These young people are less likely to receive a high school diploma and more likely to be incarcerated. At the current rate, youth unemployment costs the state and federal governments $8.9 billion annually in social services such as food stamps and Medicaid payments.

TTK is designed to address these challenges because of its focus on 1) increasing post-secondary education access, which is shown to reduce unemployment, 2) increasing health outcomes, and 3) decreasing incarceration rates.

The company has shown great results. When the FFGF invested in 2018, TTK had trained 17 young people, 90% of whom enrolled in post-secondary education and 100% of whom used on-the-job case management. 66% percent of this group participated in the foster care system and 100% of the group were people of color.

The goal is to scale this model to thousands of youth while increasing the distribution of healthy, organic, locally-grown food.

Tanka Resilient Agriculture (Pine Ridge Indian Reservation, SD)

Overview

Tanka Resilient Agriculture (TRA) is a Native American-owned producer cooperative whose mission is to return buffalo to one million acres of grasslands in partnership with Native producers. TRA is based on Pine Ridge Indian Reservation in South Dakota, the poorest place in the Western Hemisphere outside of Haiti.

Impact

TRA is a spinoff from Native American Natural Foods, the owner and creator of the Tanka Bar brand of healthy buffalo snacks. Based on a traditional Lakota recipe for preserving buffalo meat with fruit (called Wasna), Tanka products are the first nationally distributed food products from an Indian reservation.

Native American Natural Foods started TRA because they wanted to source 100% of their buffalo meat from Native ranchers. Until now, this goal of 100% Native sourcing has been unattainable because there have not been enough Native-owned buffalo.

TRA addresses three main challenges faced by Native ranchers: capital, land, and training. Most Native buffalo ranchers operate in significant debt and need patient capital, which is absent on the large land-based reservations. In addition, it's common for reservation land to be leased or owned by non-Indian ranchers who send their cows to concentrated animal feeding operations (CAFOs). The revenue from these operations leaves the reservation along with the animals. Last, even though grazing buffalo adds value to the land and grass, there has not been effective education, training, or sustainability protocols in place to capture this value or provide any type of certification, such as humane handling, organic, GMO-free, or grass-fed.

TRA helps address these three interrelated challenges so that Native ranchers can move from a cycle of debt into a place of financial and ecological sustainability.

Spotlight:Girls (Oakland, CA)

Overview

Spotlight:Girls is a woman of color-owned business and a certified B Corp based in Oakland, CA. The company's mission is to educate, inspire, and activate girls and women to take center stage. Spotlight: Girls produces media, events and learning experiences with and for girls and girl advocates that promote leadership, creativity, courage, connection, and radical care.

Impact

Since 2008, Spotlight: Girls's camps and afterschool clubs have taught thousands of elementary and middle school-aged girls key social-emotional skills through the process of making their own plays, art, music, and media. Attendees have learned to become more confident, take more creative risks, set healthy boundaries with their peers and others, and express their feelings in productive ways.

In recent years, Spotlight: Girls partnered with Camp Reel Stories, a popular media camp for teens, to offer a more advanced, behind-the-scenes program aimed at tween and teen girls. This program gives rising fifth and sixth grade girls a chance to produce, direct, edit, and star in their own short films. They also offer a Go Girl! Leadership Team, giving rising seventh, eighth and ninth graders an opportunity to mentor younger camp participants, fostering their leadership skills and becoming effective role models for younger girls.

Community Services Unlimited (South Central Los Angeles, CA)

Overview

Community Services Unlimited (CSU), a 501c3 nonprofit based in South Central Los Angeles, was established in 1977 by the Black Panther's "Feed South LA" program. CSU recently launched the Village Market Place, a for-profit, social enterprise that is South LA's first organic produce market and local food hub.

Impact

While organic, locally-sourced, healthy food trends rapidly spread across the country, South Los Angeles and its residents are being left behind. Like other urban, lower-income and majority people of color communities across the country, South Los Angeles is grossly underserved by healthy food retail of any kind, from grocery stores to healthy restaurants. Many residents in South L.A. spend a great deal of money on groceries outside of the community, known as "leakage." By bringing locally produced, healthy grocery to residents, the Village Market Place offers a unique and desperately needed lifeline to healthy food in South Los Angeles.

Alongside this need and demand for healthy food is the dramatic need for living wage jobs and job training opportunities, especially among youth, in the local community. CSU addresses these needs by providing training and jobs in the community.

Owinza (Pine Ridge Indian Reservation, SD)

Overview

The Owinza Quilters Cooperative is a cooperative business that sells hand-crafted star quilts and other products made by local Lakota quilters from the Pine Ridge Reservation in South Dakota. Owinza's mission is to support self-determination, self-sufficiency, and cultural identity through social enterprise.

Impact

Owinza aims to create a pipeline for training and jobs. The company hopes to funnel potential employee-owners into the business and create community wealth. The primary objectives of the Owinza Quilters Cooperative are to serve the following social aims through the operation of a business:

- Create local, sustainable employment opportunities for Lakota men and women on the Pine Ridge Reservation through employee-ownership;
- Develop and strengthen the skills, abilities, processes, and resources the Quilters Cooperative will need to survive, adapt, and thrive;
- Expand social and economic development through the arts;
- Provide a quality handmade art form created by inspired Native artists as a positive alternative to cultural appropriation and misrepresentation of native-inspired products dominating the current market

Preserve Farm Kitchens (Sonoma, CA)

Overview

Preserve Farm Kitchens makes gourmet foods from local farm produces that might otherwise go unsold or wasted. The company's vision is to strengthen regional food systems by supporting local family farms. The company aims to deliver amazing food in jars produced in a kitchen rather than a factory, containing only naturally ripened, simple ingredients.

Impact

Preserve Farm Kitchens fills the infrastructure void with right-size processing kitchens, then they partner with small family farms to directly source local ingredients. The result is local, fair-trade, sustainable products. Other positive impacts include:

- 100% woman-owned
- Creates outsized, beneficial environmental impact via food waste upcycling
- Increasing farmer income for sustainable and regenerative producers
- More healthy, nutritious food available to consumers
- Hiring from marginalized populations and communities

Red Bay Coffee (Oakland, CA)

Overview

Red Bay Coffee envisions a world in which coffee is a vehicle for inclusion, social and economic empowerment, entrepreneurship, innovation, and environmental responsibility.

Impact

Red Bay Coffee is at the forefront of the "fourth wave" of coffee—a firm commitment to ensure coffee production is not only high quality and sustainable, but a vehicle for diversity, inclusion, and sustainability. The company focuses on single origin, fair trade, direct trade, and organic coffees.

Red Bay seeks to create unity by hiring and serving people of all backgrounds, striving to be diverse and inclusive of those who have traditionally been left out of the specialty coffee industry, especially people of color, the formerly incarcerated, women and people with disabilities.

In addition, Red Bay works with local sellers and acts as a platform for their promotion and distribution. The space is used for cultural events including live music, poetry, and art viewings.

Main Street Project (Northfield, MN)

Overview

Main Street Project has developed a regenerative model for free-range poultry production. They have pioneered a multilingual, field-based training program, that has trained over 70 aspiring Latino agripreneurs in their poultry-centered model. The emphasis of their work is on greater equity and access for those who labor in the system.

Impact

By building a new model for regenerative agriculture, Main Street Project is creating pathways for immigrant farmers to control their own economic destiny in the American midwest while modeling better practices for carbon sequestration, reducing amendments and pollution, and benefitting soil health.

The current model includes farmer profit share to ensure that farmers collect the profits from their farms. Through methodical testing, there is potential for replication in other areas to create, model, and share what works.

The Guild (Atlanta, GA)

Overview

The Guild builds spaces for social change. They bring together diverse changemakers in a coliving environment that is thoughtfully designed to encourage collaboration. In addition to living space, The Guild provides holistic programming and workshops that give members more tools to maximize their impact on the world.

Impact

Members of The Guild are entrepreneurs and changemakers from marginalized backgrounds, with a focus on supporting people of color. This woman owned business chooses entrepreneurs who align their work around the themes of just transition, broad climate change mitigation and social equity.

10 Power (Haiti)

Overview

10 Power, a certified B Corp, works together with local partners to develop and finance commercial-scale solar projects in Haiti, making renewable energy affordable and accessible for tangible improvements in livelihood and prosperity. The company views renewable energy as the key to provide access to clean water, gender empowerment, livelihood improvement, education and technology. 10 Power is a for-profit, social impact enterprise.

Impact

10 Power reinvests revenue to grow positive impact in the communities they serve. They measure impact following the UN Sustainable Development Goals. As a Certified B Corps, they address both employment equality and climate change issues. With a focus on gender equality, 10 Power is partnering with local educational institutions to provide technical training for maintaining solar installations and creating local enterprise. Solar photovoltaics provide clean water and power to some of the poorest communities in the world, building distribution hubs for sustainable development.

Our Table Coop (Sherwood, OR)

Overview

Our Table is a cooperative where everyone has a seat at the table, everyone gets a vote, and everyone shares in the profits. The cooperative includes a certified organic farm that practices biodynamic agriculture and a logistics operation that invites farmers from the surrounding area to store and sell their goods. The facility includes cold storage, warehousing, delivery logistics, a commercial kitchen and retail store.

Impact

Our Table cooperative is a new paradigm that brings together all stakeholders in a food value network, from farm to table, as members of a single vertically integrated cooperative:

- Worker members raise crops on the Certified Organic 58-acre farm and perform aggregation, value-added processing, distribution, and retail services.
- Independent producer members allow the cooperative to scale in both product diversity and volume.
- Consumer members complete the loop by fostering a deep integration with the Community.
- Ownership is comprised of 60% women and people of color.

Fibershed (San Geronimo, CA)

Overview

The Northern California Fibershed Cooperative is focused on helping fibershed communities create economic independence. The fibershed products include soil based fibers, natural dyes and value-added goods that are farmed and ranched through practices known to re-balance the carbon cycle. They do this by marketing and promoting fibershed products and by working with these communities to develop sustainable plans to sell the goods that are farmed and ranched on their land.

Impact

The Northern California Fibershed Cooperative is working to provide disadvantaged communities with long term, stable economic development that is non-extractive and biologically driven. This work also provides resources to maintain environmental ecosystems that sequester carbon. Other positive impacts include:

- 100% Woman-owned
- 100% Worker-owned

Appendix B - BIA Survey Questions

1. Separate from a mission statement, has your company done any of the following to legally ensure that its social or environmental mission will be maintained over time, regardless of company ownership?

- Signed a contract or board resolution to amend or adopt a legal form that requires consideration of employees, community, and the environment (i.e. Signed B Corp Term sheet but have not yet adopted stakeholder consideration)
- Amended corporate governing documents to require the consideration of employees, community and the environment (e.g. Amended Articles of Incorporation)
- Has a specific legal entity/governance structure that preserves mission (i.e. cooperative)
- Legal entity/governance structure preserves mission and requires stakeholder consideration (i.e. Benefit Corp or cooperative that has amended governing documents to include stakeholder consideration)
- None of the above
- Other - Please describe

2. What % of your Significant Suppliers are majority owned by women or individuals from underrepresented populations?

- 0%
- 1-9%
- 10-19%
- 20-29%
- 30%+
- Don't know

3. What % of the members of your Board of Directors (or equivalent) are women or individuals from chronically underemployed communities?

- 0%
- 1-9%
- 10-24%
- 25-39%
- 40-49%

- 50%
- N/A no board of Directors
- Don't know

4. What % of your workforce (both full-time and part-time) are women or from chronically underemployed communities?

- 0%
- 1-9%
- 10-24%
- 25-39%
- 40-49%
- 50%
- Don't know

5. How many of your company managers identify as women?

- 0%
- 1-9%
- 10-24%
- 25-39%
- 40-49%
- 50%
- Don't know

6. How many of your company managers identify as from another underrepresented social group? If collecting this type of demographic data is not legal in your jurisdiction, select N/A.

- 0%
- 1-9%
- 10-19%
- 20-29%
- 30%+
- Don't know

7. What % of the company is owned by non-executive, non-founder, full-time workers?

Select 0% if none of the workers own the business. Select N/A if your company is a consumer/shared services cooperative, a producer cooperative or a nonprofit.

- 0%
- 1-24%
- 25-49%
- 50%+
- N/A

8. What multiple is the highest compensated individual paid (inclusive of bonus) as compared to the lowest paid full-time worker?

- >20x
- 16-20x
- 11-15x
- 6-10x
- 1-5x

9. What percentage of employees on an FTE (Full Time Equivalent) basis are paid at least the equivalent of a living wage for an individual?

- <75%
- 75-89%
- 90-99%
- 100%
- N/A

10. When do part-time workers become eligible to participate in healthcare plans offered by your company?

- Part-time workers are not eligible at time of hire, but become eligible to participate within their first 6 months of employment
- Part-time workers are eligible to participate at time of hire
- Part-time workers are only eligible if they work more than 20 hours a week
- Part-time workers are eligible even if they work less than 20 hours a week
- Part-time workers are not eligible to participate in company-sponsored insurance plans
- N/A - We don’t have part-time employees

Appendix C- Interview Questions for Ventures

1. Tell us a little bit about your background.
2. In 2-3 sentences, how would you describe your company to a friend who has not heard of it before?
3. What need(s) do you see your company filling?
4. When you think of the word "impact," what comes to mind?
5. What kinds of experiences have you had (positive or negative) trying to raise capital?
6. Tell me about the connections you would draw between being a women an/or person of color and raising capital.
7. Reflect back on your experience raising capital. If you were brought in to give advice to investors, what should they know about investing in women- and person of color-owned businesses?
8. Tell me about your company's financial situation before you received investment from the Force for Good Fund.
9. How has the Force for Good Fund affected how your company operates and provides value/impact, if any?
10. Going forward, what improvements could the Force for Good Fund / LIFT Economy team make to better support you and your company?

Appendix D - Investor Survey Questions

1. Why did you invest in the Force For Good Fund?
2. What are a few key things you look for in your ideal investment opportunity?
3. Did you have any concerns or hesitations about making this investment? If yes, what convinced you to move forward?
4. Imagine it's seven years from now and the Force for Good Fund is wrapping up. What would "success" for the Force for Good Fund look like to you?
5. Would you be open to a 10 minute conversation with our team to talk more about your investment in the Force For Good Fund? If yes, please leave us your name and email.
6. Amount Invested?

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