

# **Investing for Social Enterprise**

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Managing Partner  
Social Enterprise Associates**

**University of Maryland  
Mar. 1, 2013**

**Social Enterprise  
ASSOCIATES**

# About Social Enterprise Associates

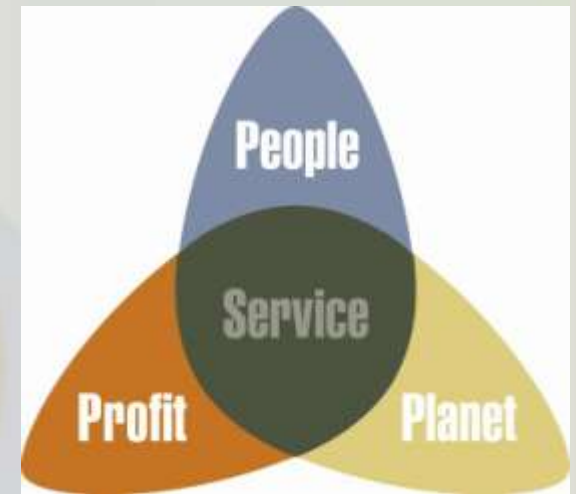
Network of experts offering consulting & capital raising to triple bottom line efforts around the US, and the world.

Registered 'B Corporation', recognized:  
2011 'One of the Best for the World' small businesses  
2012 Honoree Sustainable Business of the Year

(Internships available)

## **Drew Tulchin, Managing Partner, MBA**

- Former Program Officer, Grameen Foundation
- Written >100 business/strategic plans; efforts raised >\$100 mil. in capital
- Biz plan winner, Global Social Venture Comp; raised \$1.2 mil. in social investment
- Judge in international social enterprise & social business competitions



# Consulting Examples



**World Food Program:** Investigated how to engage private sector for \$400 million. Wrote white paper on public-private partnerships



**Future of Fish:** raised \$250 K in bank debt for fish distributor focused on sustainability

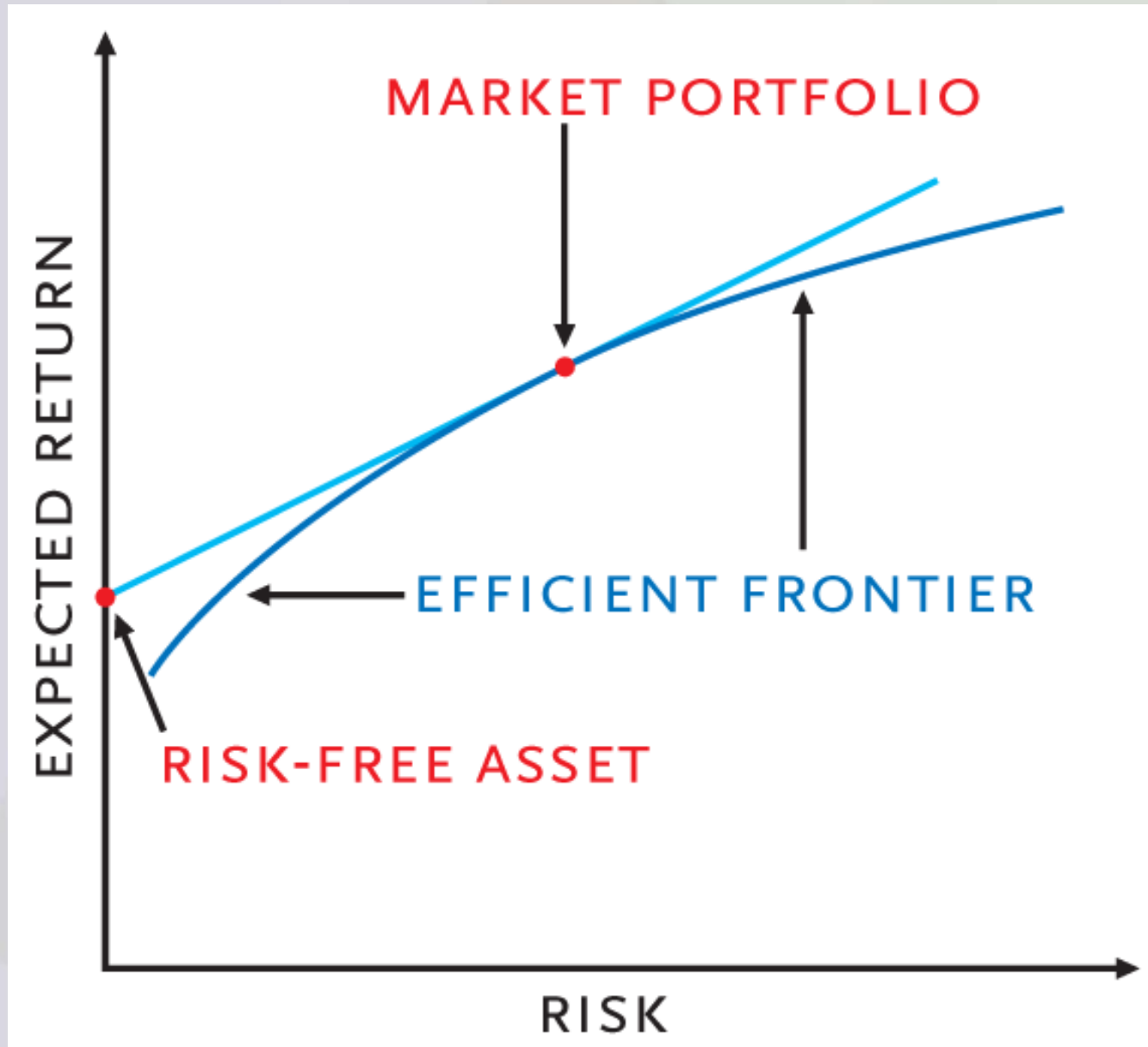


**Solar and Energy Loan Fund (SELF):** Raising \$2 mill for Florida CDFI providing affordable loans for energy efficiency, solar energy



**SW Native Green Loan Fund:** Structured \$10 mil fund for green infrastructure

# Finance 101: Modern Portfolio Theory – still true?



**FORECLOSURE**

sale





# Current State of Market

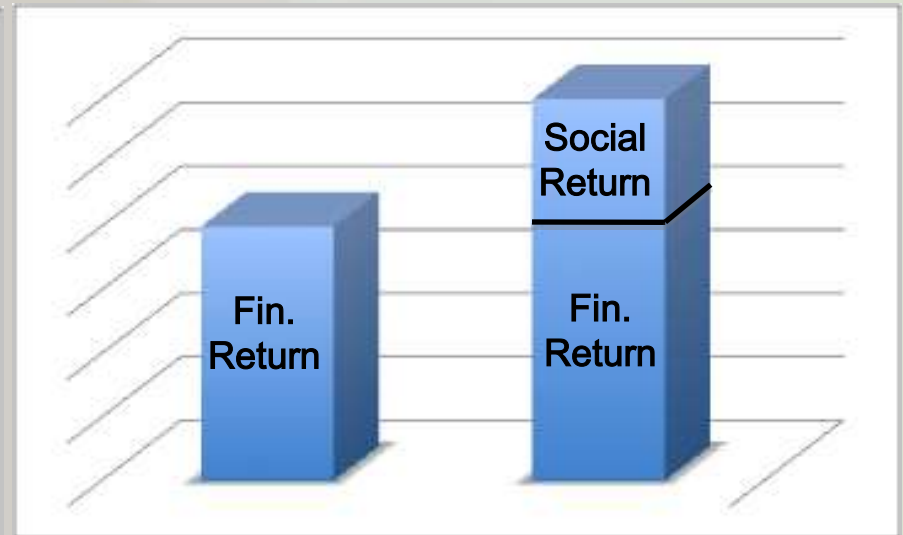
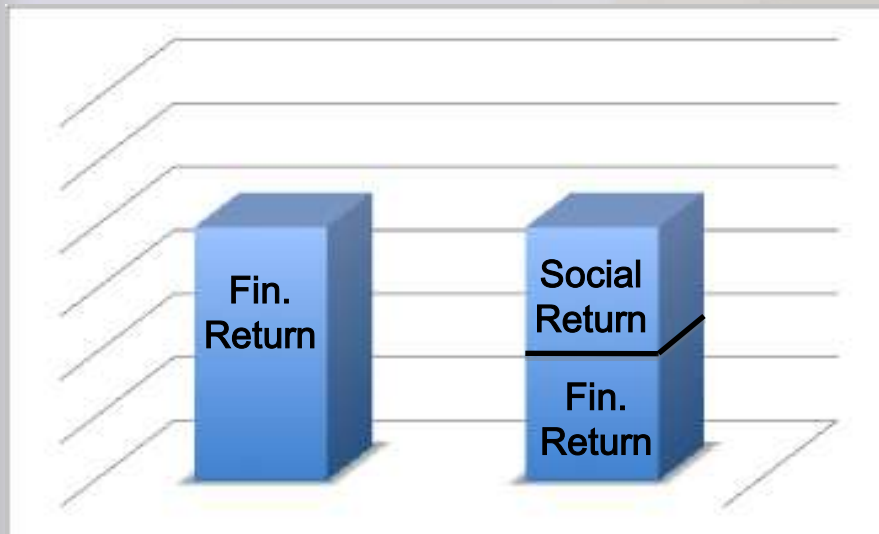
**A good idea is still a  
good idea**

**What type of \$ is  
being sought and  
FROM WHO**

# Thinking About Returns

Social Return as substitute  
for Financial Return with  
respect to ROI

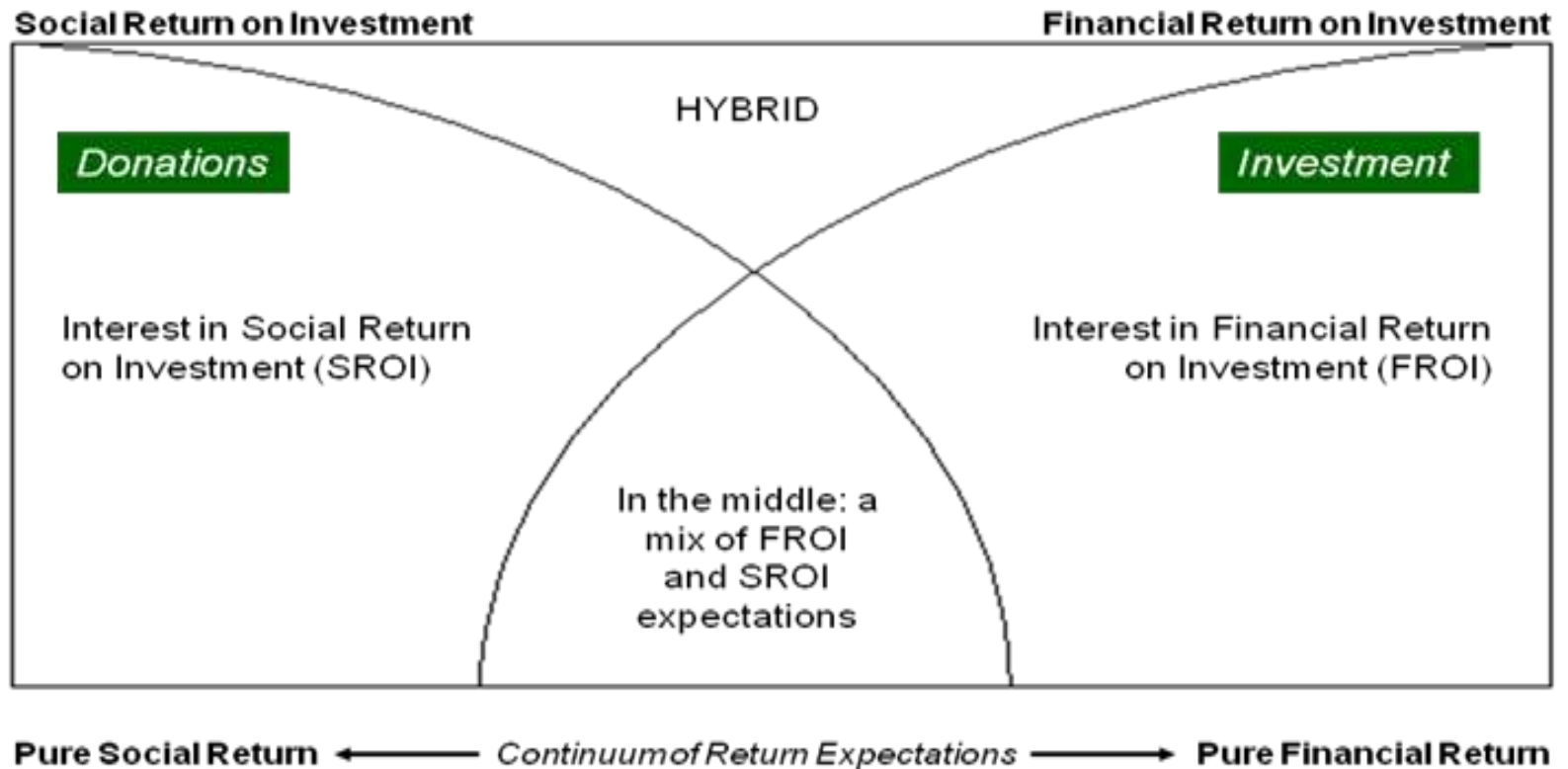
Social Return in addition to  
Financial Return



How do you measure your activities to show this?

# Continuum of Return Expectations

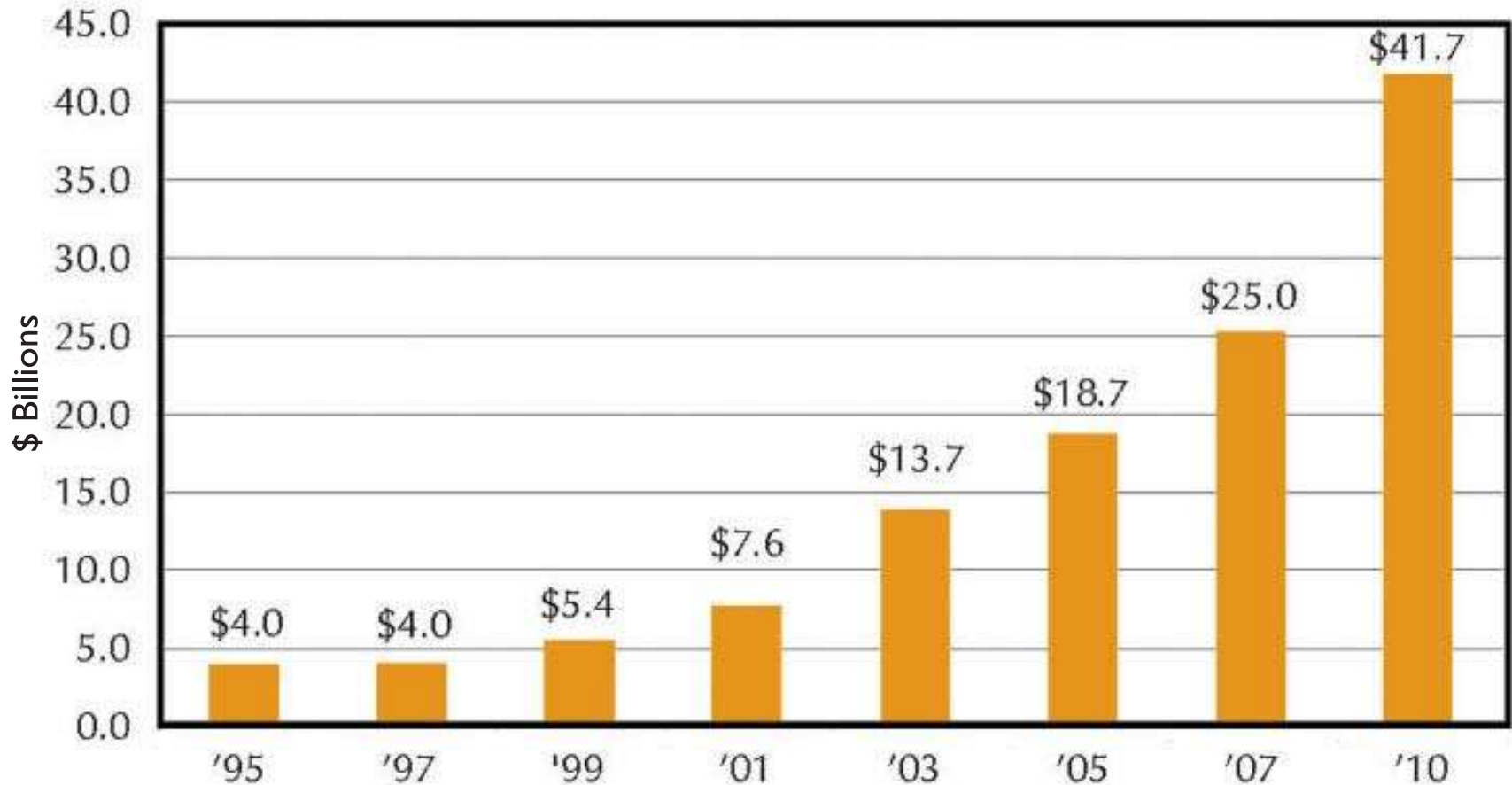
## Blended Value Proposition



*Morino Institute, Blended Value Proposition*



# Community investing in US (\$bns)



# 'Democratization of Investment'



**It's happening, here to stay**

Peer-to-Peer Lending

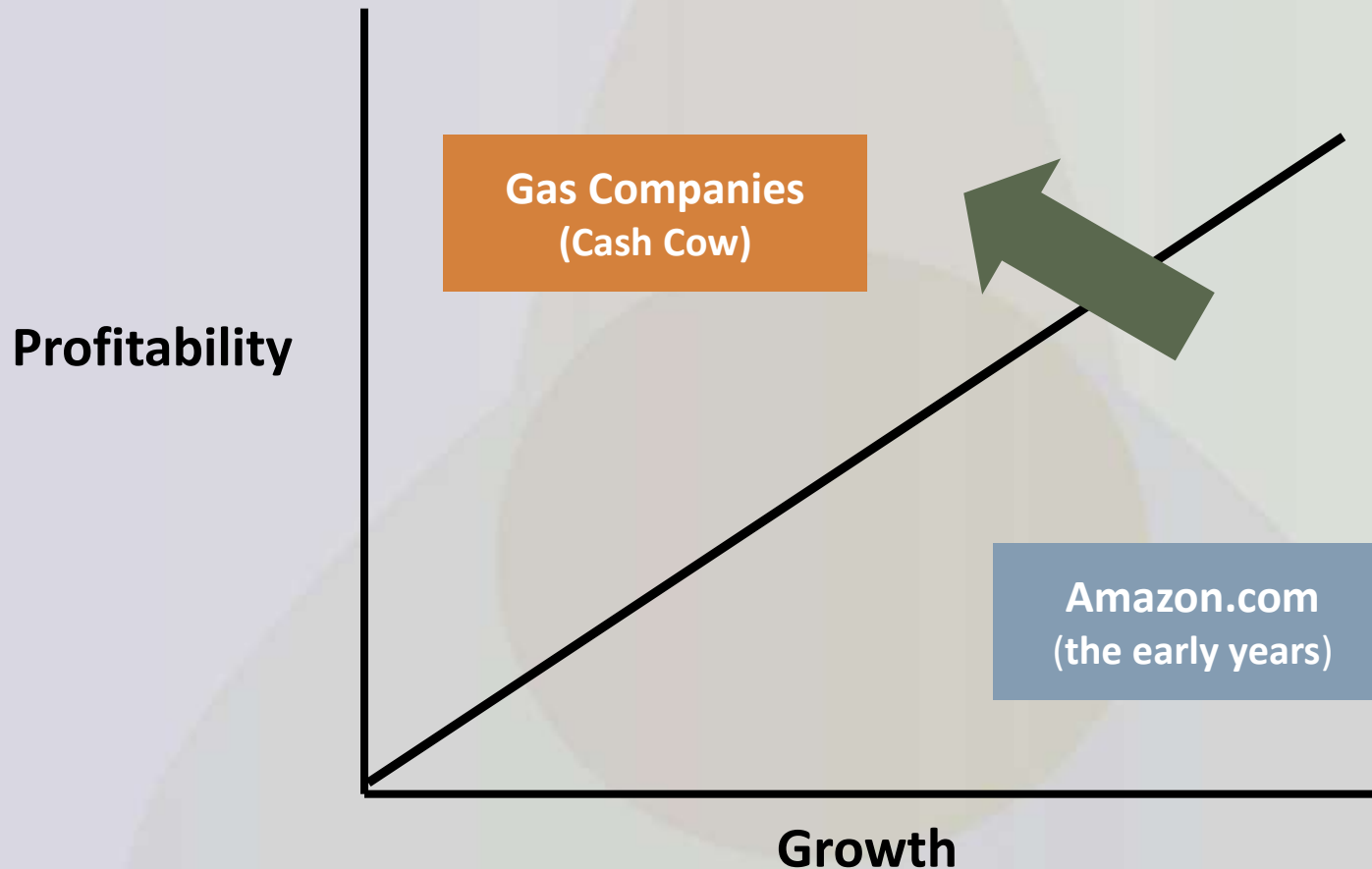
(like eBay, but for loans)

Crowd Funding: donations & investing

Crowd Sourcing: sell via promotion

**Prosper , Kickstarter alone > \$1 bn**

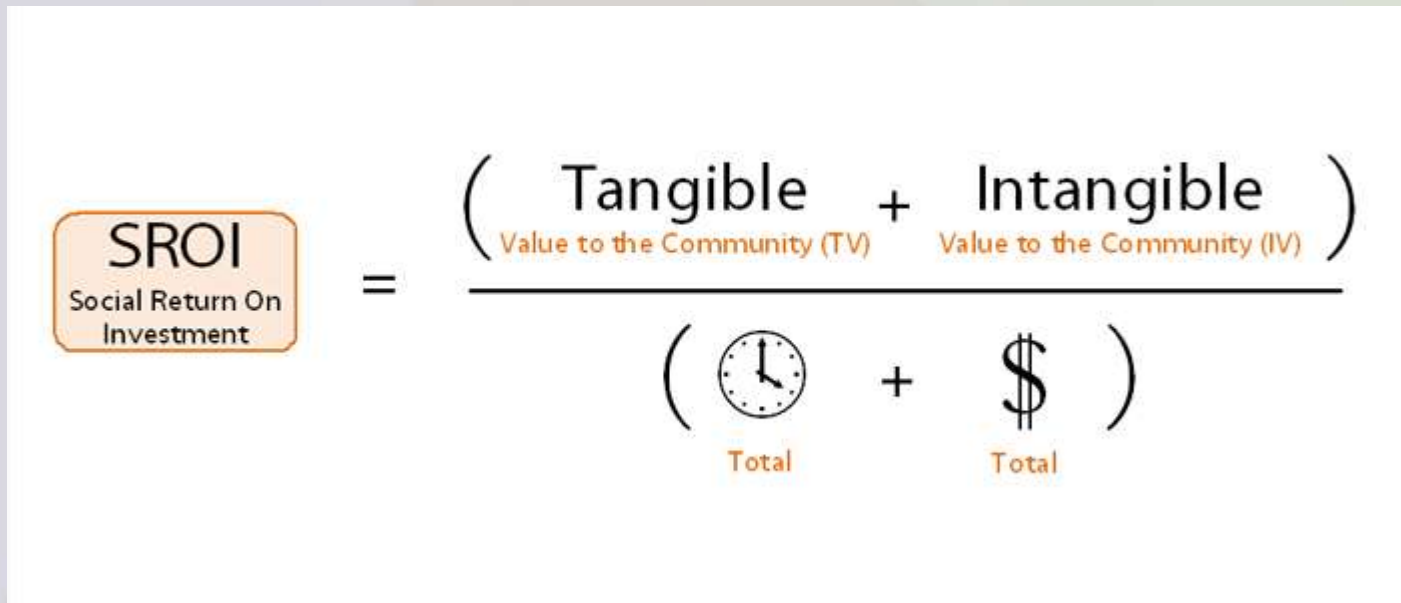
# Growth Trade-offs



Which side of the line returns an investment?

# Measuring & Expressing Returns

**Social Return on Investment (SROI)** non-financial value created to investment— measure impact



The diagram illustrates the SROI formula. On the left, a box contains the text 'SROI Social Return On Investment'. This is followed by an equals sign and a fraction. The numerator is enclosed in large parentheses and contains 'Tangible' above 'Value to the Community (TV)' and 'Intangible' above 'Value to the Community (IV)', with a plus sign between them. The denominator is also enclosed in large parentheses and contains a clock icon above 'Total' and a dollar sign above 'Total', with a plus sign between them.

$$\text{SROI} = \frac{\text{Tangible Value to the Community (TV)} + \text{Intangible Value to the Community (IV)}}{\text{Total Time} + \text{Total Investment}}$$

**Tell story, document value, show why special**

# SROI Example: Robin Hood

- Use metrics to measure every grant to fight NYC poverty
- Performance Measurement & Accountability



**Observe  
program  
outcomes**



**\$ value outcome  
benefits**



**Metrics calculate  
cost-benefit**



## **EX: Job-training NGO**

Trainee Earnings	\$2.6M	Cost –Benefit
Other Income	\$0.3M	RH Benefits / RH Cost
Total Income Boost	\$2.9M	\$1.45M / \$0.2M
Robin Hood Cost	\$0.2M	= 7.25x
Benefits (50% total)	$\$2.9M * 0.5 = \$1.45M$	

**Every Robin Hood \$1, earnings for poor people up \$7**

**Thank you!**

**Questions?  
Answers?**

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