

IP Impact Investing Show 2

Primary Trends and What Makes for a Successful Company

This is Investor Perspectives. I'm the host of Investor Connect, Hall T. Martin, where we connect startups and investors for funding.

In our new Investor Perspectives series entitled "Impact Investing in a post-COVID World", you'll hear about the primary trends and what makes for a successful company.

As the COVID pandemic passes, we emerge into a new era. The impact space is now undergoing tremendous change as we shift to a post-COVID world. Impact investing in the areas of sustainability and the environment takes precedence in the financial industry. We have investors and startup founders describe the changes coming up.

Our guests are:

1. [Brad Gurrie, CEO, Socialsuite \[01:13\]](#)
2. [Luni Libes, Founder and Managing Director, Fledge \[02:58\]](#)
3. [Vishal Arora, Managing Partner, VDOSH \[08:35\]](#)
4. [Chelsea Burns, Principal, Escaladora Ventures \[11:39\]](#)
5. [Richard Samuelson, Chief Investment Officer, SWAN Venture Group \[13:49\]](#)

We hope you enjoy the show.

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Music courtesy of [Bensound](#).

[01:13] Our first guest is Brad Gurrie, CEO of Socialsuite. Socialsuite is a SaaS platform that enables the collection, visualisation and communication of impact data. Their team is global and their customers span the globe and are leading impact-minded organisations. Brad, thank you for joining us.

Hall Martin: And so, what do you see as the primary trend in impact investing today?

Brad Gurrie: Well, certainly one of the trends is how can organizations evidence the impact that they're actually having; and we know that it's easy for organizations to be able to tell their anecdotal story of what's happening, but now, it's really about being able to evidence exactly what they're doing. And I think that from a trend perspective is that we're seeing that some of the larger organizations are able to do this quite easily. But trying to make that accessible for the small to midsize organizations is certainly something that organizations are really looking to be able to do, and being able to get a lot more data to be able to support the underlying evidence that they've got.

Hall Martin: Cool. So what makes for a successful company in the impact

Brad Gurrie: So what makes for a good company is an organization that is actually able to demonstrate the impact. And what that requires is a commitment for that organization to be able to go on a journey, which is typically a three to four year journey to be able to really have the board of an organization be focused and have that _____ through the organization that it's impact focused. And it typically starts with the purpose of an organization. And then what happens is that it starts to become a lot more deeper in the organization around being able to collect and evidence the data that really supports the impact that that organization is actually having.

[02:58] Our next guest is Luni Libes, Founder and Managing Director at Fledge. Fledge is a global network of conscious company accelerators and seed funds that help entrepreneurs create impactful companies and co-ops at scale through short, intense programs filled with education, guidance, and a massive amount of mentorship. Luni, thank you for joining us.

Hall Martin: So what is the primary trend in impact investing these days, what do you see dominates the discussion?

Luni Libes: What you find is that the impact investors have very different definitions of impact or different areas of impact that excite them. And so, one thing that's really good that came across in the last 10 years was the UN came out with what they call the sustainable development goals. And there are 17 goals, they use them, UN uses them, governments use them to describe how they're going to solve the big problems of the world, and they got adopted by the impact investors as well as an ontology to describe what our interests are. And I've done this exercise, at least a dozen times. I've had a crowd of impact investors in the room, whether they're individuals or funds or whatever, doesn't matter, and we simply say, name your

three most popular SDGs. If you could only pick three, if you could only invest in three, pick three; and if you've never seen these before, they start with poverty and hunger and health, and they include inequalities and climate change and everything else you would think of as the realm of philanthropists. But these are just the big problems of the world. Anyway, so when you do this exercise in a room full of impact investors, I've yet to ever have two people in the room pick the same three. And so, there's no big trend, there isn't one issue that everybody agrees upon, despite the fact that this week is all about climate change with COP26, that is not the one issue that excites every single impact investor. It excites them a bit this week; but next week, a whole bunch of them will only be focused on health, others will only be focused on poverty or hunger or financial services for the poor or lots of different issues.

Hall Martin: I see many examples of efforts trying to normalize standardize these _____ and others that are trying to put some standards on it. Do you see those efforts making progress going forward, or do you think that's an exercise in futility?

Luni Libes: Most of those efforts are futile. Before we had the UN SDGs, and I don't remember what year they came out, but I was in this industry for a few years before that, it was really hard to describe what your interests were, because no two groups would have the same words to describe the same thing. Now at least, we can point to those, and, in many cases, that's good enough, like, it's not perfect. I do some work, I have a partner that does work in restorative landscapes, let's say, which overlaps restorative agriculture and restorative forestry, afforestation as they would say. That's not one of the SDGs. There's no one number that you can point to and say, restoring land is that SDG. So we still have that issue with that particular partner, and there are a lot, again, there are many, many, many impact investors and philanthropists who will name something that's specific, and there's no SDG that matches.

Hall Martin: Great. So what makes for a successful company in the impact space, how do you know they're winning or not?

Luni Libes: Investing in mission driven for profits, where the mission is embedded in the product or service. So kind of split up all the mission driven companies into three buckets, one bucket looks like Ben & Jerry's. So they sell a product that's bad for us, but they do it in a way that people consider them the poster child of social debt. They give to charity, they treat their workers well, they buy locally for them, and that's considered social good, but their product is actually harmful for us, right, ice cream. There's a second group of companies that are the biggest names in that style is Toms shoes or Warby Parker, which is, sell something for way more than it's worth, part of that money then goes and is used as charity. The product itself isn't good for the world again, but the structure of the business plan makes it, so that in total it's a social good. I don't invest in either of those. I only invest in companies where the goodness is embedded in the product or service, which seems to be the majority of companies out there, but it's still hard to tell. In that style then, the successes are easy to see, because those are the successes of the companies that are growing and profitable. And so, the easiest one to think of is Whole Foods, and so, Whole Foods' mission, we may forget this, but Whole Foods' mission was to make organic and local and healthy food more accessible to the general public. And they

succeeded in that mission wildly, because not only did they become a giant company that went public and then got purchased after that, but my local Safeway has a section of organic food because of Whole Foods. And my other local supermarket is just like Whole Foods because of Whole Foods. And so, they set a trend in the whole industry that other people copied, and therefore they succeeded. So there's two ways to succeed – what's different about impact investing, and impact companies is there's two ways to succeed, not just one. One is, you become a big, established, profitable company, and your mission is therefore being done because it's embedded in the product or service; but the second way is that other companies start copying what you do, and then you win. It doesn't matter whether you're huge and the big monopoly power or not; if others are copying what you're doing, then you've set a trend and you're having more impact than you would have by yourself, and that's a win.

[08:35] Our next guest is Vishal Arora, Managing Partner at VDOSH. VDOSH is a venture capital firm that closely works with a network of accredited investors and vetted entrepreneurs. VDOSH provides investors the opportunity to invest in promising new startup companies alongside major players in the industry. Vishal, thank you for joining us.

Hall Martin: And what's the primary trend in impact investing you see going on today?

Vishal Arora: There are so many different areas with different _____ different investors have a different thesis. They focus on climate change, they focus on basically some of the social causes, some are focused on communities; some are focused on basically technology integration in day to day lifecycle, or technology integrations into the healthcare system. So we see all these areas getting impacted by many different things, and what I have seen is that investor, depending on their fund, depending on their thesis, has aligned with some of those causes, or some of those impact areas. And based on the thesis, they've been going in, but each and every area that I mentioned, whether it's a social cause or whether it's an environment focus, or whether it's basically a business focus, all of those are growing.

Hall Martin: Great. So what makes for a successful company in the impact space, what do you look for to invest?

Vishal Arora: A successful company in an impact space, basically, every different investor looks for a different parameter, but the core is the same. Right? Essentially, to start with, the main focus needs to be that what exactly the purpose they have, or, what exactly the focus they have, what area that they are trying to impact. So that's the primary focus. But along with that, most of the time investor look at how good the team is, what experience they have, what type of basically ecosystem they have in terms of advisory, so they can guide them through in that area. So theme is very important aspect of it, whether it's an impact side or any startup. Parallel to that, you can look into the technology, if they are leveraging the technology. Traction is another aspect of it, that you can look at that that where exactly they are going, what they have done, what type of traction they have, what their strategy is going around it. And then you look at, basically, overall impact, basically, what level of impact that whatever the work they are doing,

either building the technology or building basically approach or whatever the solution they are providing, what level of impact that that will have in that specific impact area. Like, when you talk about an environment, you look at that, yes, you can do X, Y, Z, or you can do 100 different things to have a positive impact on an environment – but what you are doing, how easy it is to scale, at what level you can scale to add a meaningful contribution to that impact area – so that's generally what we look at.

[11:39] Our next guest is Chelsea Burns, Principal at Escaladora Ventures. Escaladora Ventures provides water and energy technology consultant services. Throughout Chelsea's career she has bounced back and forth between consulting and operating startups. She currently focuses her work as a climatetech angel investor and startup advisor. Chelsea, thank you for joining us again.

Hall Martin: And so, what do you see is the primary trend in the impact investing space today?

Chelsea Burns: I think there's a couple, I think the first one is sort of catching up, especially in the climate tech space. There's a lot of investors that were not traditionally in this space that are now really eager to get in. So every week I see kind of meetings and webinars and discussions going on about how can investors get into this space, and what should they be looking for. And we're just seeing a lot of money going into the climate space, we're seeing every week or so another 100 million to a billion dollar fund being closed, which is really exciting, because we definitely need that in the world.

Hall Martin: So what makes for a successful company in the impact space today?

Chelsea Burns: I think it depends on your definition of impact in the first place, what kind of vertical within the impact space you are focused on. For me, who's focused kind of on either the environmental, the social impact side, I think it's really important in moving forward that we are measuring the KPIs of impact from beginning to end, I think, if you're a climate tech company, and you're focused on carbon reduction, then an important KPI is how many metric tons of carbon are you saving, for example. If you're in maybe a social impact or fintech space, and you're serving the unbanked communities around the world, then how many more people have access to credit, would be an important KPI we would want to see.

[13:49] Our final guest is Richard Samuelson, Chief Investment Officer at SWAN Venture Group. SWAN Venture Group is forming a family of funds for investing in early stage Seed and Series A rounds. They are a regional fund targeting their investments in the Pacific Northwest to include the US states of Washington, Idaho, Montana, Alaska, Utah, and the province of British Columbia, Canada. Richard, thank you for joining us.

Hall Martin: So what's the primary trend in impact investing today that you notice?

Richard Samuelson: I think addressing climate change is probably the biggest issue right now, it's getting the most media attention. The other elements of impact investing aren't getting the kind of media coverage that climate change is getting. This is partly because the Biden administration is focusing on it, partly because of the recent Glasgow summit that got a lot of attention. And I don't see that changing, so I think, over time, as the perception of the climate change problem is more widely communicated within the media, that plank of impact investing will become by far the dominant plank.

Hall Martin: Great. So what makes for a successful company in the impact space?

Richard Samuelson: Well, in the case of venture capital, I think it's – and that's the space I'm in strictly – it's identifying technologies. I'm a strong believer and SWAN Venture Group is a strong believer that without breakthrough technologies that address specific elements of climate change and sustainability, it's going to be very, very difficult to achieve the kinds of improvements, shall we say, globally, that governments want to achieve and broad segments of the population want to achieve as well. So our focus is very strongly on looking for those technologies in early stage companies.

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