



Force for Good Fund

Executive Summary:

B Corps™ are a growing community of more than 2,000 companies—including Patagonia, Ben & Jerry's, Etsy, Seventh Generation, and Eileen Fisher—that aspire to use the power of business to solve social and environmental problems.

The Force for Good Fund is designed to help nurture, support, and grow women and people of color-owned, high-impact, “Best for the World” B Corporations (i.e., companies that score in the top 10% of B Corps worldwide).

This fund is needed because it is incredibly difficult for early-stage, socially and environmentally responsible businesses run by women and people of color to access non-extractive capital.

The support services provided to investees are also needed because the decisions that entrepreneurs make 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 severely restrict the company's ability to maximize its positive impact over the long term.

The Force for Good Accelerator / Fund is an innovative opportunity to support these early-stage entrepreneurs with the guidance, access to capital, and connections they need in order to be successful.

Objectives

The objectives of the Fund include, but are not limited to

- Becoming the world's first accelerator / fund that is specifically designed to nurture, grow, and launch “Best for the World” B Corporations (i.e., companies that score ~130 points or above on the B Impact Assessment and have earned B Corp Certification)
- Increasing the number of women- and people of color-owned/managed B Corps

- Increasing the number of B Corps who are seeking to address climate change through their business model
- Helping start-up and early stage companies earn Pending B Corp status by:
 - incorporating stakeholder interests into their foundational legal documents to give them the freedom to pursue more than just profits
 - guiding them through the B Impact Assessment to help them implement best practices from the start, with a goal of achieving B Corp certification as soon as they are eligible
- Connecting prospective B Corps to a thriving network of over 2,000 B Corp mentors, potential suppliers, and referral partners

Benefits to Investees / Accelerated Companies

- All the benefits of becoming a Pending B Corp and eventually Certified B Corp, including increased trust, brand value, retention, discounts, and more
- Seed capital that will allow leadership to work “on” the business (rather than “in” the business) for at least one year
- High quality coaching, consulting, and legal services
- Access to a thriving B Corp community, including membership in the regional B2B Networking groups in regions where they exist
- Introductions to other B Corps who could become mentors, suppliers, distributors, and/or partners
- A well structured container for developing key business systems that will enable growth
- A curated peer group of like-minded social entrepreneurs

Frequently Asked Questions

Q: Why is this an “accelerator”? Won’t companies need long-term support to have a chance to be “Best for the World”?

The word “accelerator” usually refers to a short-term (e.g., ~3 month) program where entrepreneurs all share the same physical location. The Force for Good Accelerator, in contrast, is a non-place based, longer term (at least one year) program of funding and service support. We feel that the longer term model of support is important because it allows the entrepreneur to continue to run his or her business while providing maximum educational value over an extended amount of time. Being non-place based will also be less expensive to run and make services accessible to a more diverse range of entrepreneurs.

Q: Who will run the Force for Good Accelerator?

[Ryan Honeyman](#), [Kevin Bayuk](#), [Shawn Berry](#), [Erin Axelrod](#), [Phoenix Soleil](#), and [Andrew Baskin](#) from LIFT Economy and [Jenny Kassan](#) from LIFT Economy Law, with support from volunteer advisors and mentors.

Q: Who is providing oversight? Is there an advisory board?

Current advisory board members include:

- [Kate Danaher](#) (**Fund Manager**), Integrated Capital at RSF Social Finance
- [Rose Marcario](#), President and CEO of Patagonia
- [Alison May](#), Former CEO of Patagonia; Director at King Arthur Flour
- [Kat Taylor](#), CEO of Beneficial State Bank
- [Konda Mason](#), CEO of Impact Hub Oakland
- [Esther Park](#), CEO of Cienega Capital
- [Gigi Lee Chang](#), Managing Partner at FoodFutureCo; Founder of Plum Organics
- [Justina Lai](#), Director of Impact Investing at Wetherby Asset Management
- [Bryan Welch](#), CEO at B The Change Media
- [Jeff Rosen](#), CFO at the Solidago Foundation
- [Hazel Henderson](#), President of Ethical Markets Media
- [Reed Mayfield](#), Social Enterprise Lending at RSF Social Finance

Q: Is there an investment committee?

Yes. [Kate Danaher](#) (RSF Social Finance) is our Fund Manager. She is joined by [Alison May](#) (Patagonia/KAF), [Jeff Rosen](#) (Solidago Foundation), [Gigi Lee Chang](#) (FoodFutureCo), and [Reed Mayfield](#) (RSF Social Finance). In addition, Ryan Honeyman, Kevin Bayuk, and Jenny Kassan from LIFT Economy also sit on the investment committee.

Q: Will you give preference to certain industries / business models / diverse teams?

- Yes. At a minimum, at least 51% of all companies funded must be owned/managed by women.
- Similarly, at least 51% of all companies funded must be owned/managed by people of color.
- These are both minimum requirements, not the maximum.

Preference will be given to companies that meet the following characteristics:

- Companies whose business model is specifically designed to mitigate and reduce the effects of climate change (e.g., regenerative agriculture, carbon sequestration, alternative energy, eco-literacy, etc.).
- Companies that can become models for the development of local living economies supporting regional local self reliance. Models, in this context, means companies that provide needed goods and/or services whose practices and methods could be regionally replicated and adapted.
- Companies that prioritize worker ownership or worker inclusion in decision making.
- Companies that empower and support under-served communities.

Q: Have you made any investments yet?

Yes! We made our first \$100k investment in [Spotlight:Girls](#) in December 2016.

[Spotlight:Girls](#) uses theater, visual art, music, and media as a training ground for self-love, empathy, peaceful interactions, boundaries, and courage. Lynn Johnson, co-founder and CEO, and her team are focused on igniting a Compassion Revolution by putting girls center stage.

To learn more about Lynn, check out her incredibly powerful article "[As a Black Woman, Yes is My Superpower.](#)" We are absolutely thrilled to be able to say YES to Lynn and Spotlight:Girls.

Q: What other prospective investees have you found so far?

We have an incredible pipeline of ~60 diverse, ultra high impact businesses that we will be evaluating in the coming weeks. Some of those businesses include:

- [Cero Coop](#) (Boston, Massachusetts)
- [Cooperation Jackson](#) (Jackson, Mississippi)
- [Tanka Bar](#) (Pine Ridge Indian Reservation, North Dakota)
- [Mandela Foods](#) (Oakland, California)
- [10 Power](#) (Haiti)
- [Our Table Coop](#) (Sherwood, Oregon)
- [Opportunity Threads](#) (Morganton, North Carolina)
- [Town Kitchen](#) (Oakland, California)
- [Community Services Unlimited](#) (South Central Los Angeles, CA)

Additionally, we anticipate that creating the world's first accelerator / fund for B Corps will generate an incredible amount of interest and prospective applicants (particularly from referrals from existing B Corps).

If anything, we anticipate that the large amount of interest in this project will allow us to hold a very high ethical bar for acceptance into the accelerator. This is a good problem to have.

Q: How will companies be screened for acceptance?

Prospective participants will be evaluated based on:

- Recommendations from the Force for Good Accelerator / Fund advisory board
- Recommendations from B Lab and the B Corp community
- Commitment to earning Pending B Corp status on path to full certification
- Their preliminary score on the B Impact Assessment (or prospective score if a start-up)
- Their potential benefit to the B Corp community (e.g., a key supplier for other existing B Corps)
- An analysis of their financial projections and historical performance
- Values alignment of the team
- Scalability and/or replicability
- Potential value for the B Corp brand
- Willingness to invest in support services

Q: What will the content of the accelerator look like?

- 12 months of service support provided by LIFT Economy and LIFT Economy Law
- Services are customized to the needs of each company and may include the following:
 - Impact vision support / business model optimization
 - Support in preparing for a higher B Impact Assessment score
 - Recruiting, hiring, orientation, onboarding, and retention support
 - Core value proposition refinement and marketing strategy
 - Thought leadership development and support with associated marketing tactics
 - Operational systems development
 - Sales and business development strategy and tactics
 - Customer service support strategy and project development
 - Raising additional capital from values-aligned investors
 - Legal structure and stakeholder ownership/governance strategies
- Participants will also have access to dozens of seasoned B Corp executives who will play a mentorship role. Participants will also be part of a cohort of companies facing similar challenges to share tips, ideas, and best practices

Q: Will ~\$100k in investment capital be enough to move the needle for these companies?

Yes. In our conversations with founders of several of the aforementioned companies, \$50k-\$100k would help move them to the next important business milestone. For example, it

might be hiring a critical staff member, buying a key piece of equipment, or developing a new product. The amount of money is small yet significant. In some cases, the investment amount may be greater or less than \$100,000, depending on the company's particular needs.

Q: What annual return can investors expect to earn?

The fund will pay out 95% of the proceeds from our investees to our investors on a pro rata basis. The return will depend on our investees' ability to meet their obligations under our investment agreements with them. Our agreement with our investors includes a provision that commits to a minimum 2.5% annual return. If the fund does not return this minimum, the loss reserve will be used to pay this return to the extent that there are sufficient funds in the reserve. The current reserve is over \$65,000 and we are actively seeking additional donations. Our goal is to have a reserve of at least one-fifth of the the fund corpus.

We are actively speaking to individuals, foundations, family offices, and B Corps to solicit charitable donations to fully fund the loss reserve. We cannot guarantee that we will be successful in raising the full amount.

Q: How can you promise a 2.5% annual return regardless of the performance of the fund?

First, we have run scenarios in our financial model and we believe 2.5% is a relatively conservative projection of the returns from the fund.

Second, our loss reserve, a pool of capital funded by charitable donations and grants, will help pay back investors if the fund does not perform as well as expected.

Q: Will you be taking equity in the accelerated companies? How will you pay back investors?

We are designing the investments from the fund to the investees with an "integrated capital approach." This is sometimes referred to as a "cobbler" approach rather than a "cinderella" approach in which the type of investment that a fund will make is predetermined and the same for all investees.

The integrated approach calls for designing investment terms with each investee that match their stage, cash flow, market, anticipated future capital needs and sources (it might be appropriate for some investees to have a fixed interest rate and monthly payments after a grace period, it might make sense to structure the investment as a loan repaid on a royalty on gross revenues paid monthly, etc.).

We have modeled dozens of scenarios of hypothetical portfolios benchmarked off real-world performance (companies we've worked with over the last 6 years) of likely similar stage investees/enterprises mostly orienting towards a royalty on gross revenue model with a cap on repayment.

When running these scenarios, it shows that a royalty on gross revenues of 1-2% with a royalty pay back cap of 1.55x the investment results in an effective interest rate of 6-9% for the investee.

Q: What does it mean that you'll distribute 95% of all proceeds (pro-rata) to investors for 8 years?

It means that Community Ventures, the nonprofit that is hosting the fund, will keep 5% of the proceeds from the fund to cover ongoing administrative costs and the remainder will be paid to investors pro rata (amount invested by each investor divided by total invested).

Q: Will investors be paid back annually or a lump sum at the end of 8 years?

Annually. Investors will receive annual payments within 90 days of the close of the fiscal year.

Q: What am I actually investing in? Do I own a percentage of the companies, the fund itself, the accelerator, or something else?

Investors are essentially making a loan to Community Ventures. This loan comes with a 2.5% annual return on investment over 8 years (and more if the fund performs better).

Q: How much are you trying to raise?

Our goal is to raise \$1M by Summer 2017.

Q: How many companies do you want to work with? How much investment capital will each company get?

Our goal is to work with 7-10 companies. Each company will get ~\$100k in investment capital and a year of consulting services from LIFT Economy.

Q: What happens if you raise less than \$1M, say \$500k?

If we raise less than \$1M, we will work with fewer companies. For example, if we raise \$500k, we would work with 4-5 companies. This will not affect our goal of a 2.5% annual return for investors.

Q: How does LIFT Economy get paid? Will any of the money you raise be used to compensate LIFT directly?

We are basing our model off of 500 Startups. In that model, the investees pay a below-market rate for the services they receive. For example, we would make a \$100,000 investment in a company. The company would then pay LIFT ~\$18k for a year of consulting services. This gives the company ~\$82k in discretionary capital.

We thought about making this payment to LIFT optional. However, investors repeatedly said that they preferred that LIFT provide the entrepreneurs with services because it reduces the risk of their investment.

This payment structure also helps LIFT cover basic expenses and *not* be incentivized to force a company to have an exit.

For example, most venture capitalists and angel investors prefer to take equity stakes in the companies they invest in. The only way those investors can get paid back, however, is if the company they invested in is acquired or goes public. This leads to an incentive for the investors to pressure companies to grow as quickly as possible (regardless of whether rapid growth negatively impacts workers, communities, or the environment). This is one of the outcomes we want to avoid.

Q: If you successfully raise a loan-loss reserve and it doesn't get used, what happens to that money?

Any unused portion of the loan loss reserve will roll into a reserve pool for future funds.

Q: Are you going to be doing any reporting to investors?

Yes. We will be doing annual reporting to all investors. This is required under Title III of the federal JOBS Act.

Q: What is the relationship between Community Ventures and LIFT Economy?

Community Ventures is a non-profit 501(c)(3) that was set up almost ten years ago to help support the emergence of local living economies. The Force for Good Accelerator / Fund is

hosted at Community Ventures. The board of directors of Community Ventures has ultimate oversight over the fund.

Community Ventures contracts with LIFT Economy to provide the accelerator coaching and support services.

Q: Can I donate to this project instead of invest? Can I donate and invest?

Yes! We need both investment capital and charitable donations. To make a charitable donation to our loan-loss reserve, please visit: www.razoo.com/story/Force-For-Good-Fund. You can also reach out to Jenny Kassan at jenny@lifteconomy.com with any questions.

Q: What are the top 5 reasons I should support this fund?

This fund is important for several reasons, including

1. Democratizing Capital:

We successfully crowdfunded over \$400k during our initial fundraising campaign from September 7 - November 7, 2016. This allowed anyone to invest as little as \$1k. We also launched an accredited investor campaign and have raised an additional \$7,000 so far.

2. Diversity and Inclusion:

There are not enough female entrepreneurs and entrepreneurs of color in the socially responsible business community and these entrepreneurs continue to face numerous challenges with raising capital. At a minimum, 51% of all companies who participate in the Force for Good Accelerator / Fund must be owned by women. Similarly, at least 51% of all participating companies must be owned by people of color. These are both minimum requirements, not the maximum.

3. Climate Change Solutions:

Global warming has become too powerful of a threat to ignore. Companies that have a business model that is specifically designed to mitigate the negative effects of climate change (e.g., regenerative agriculture, carbon sequestration, alternative energy, eco-literacy, etc.) will be given preference for funding.

4. Capital + Services:

Giving a company money and hoping for the best has had mixed results. The Force for Good Accelerator / Fund combines investment capital with a year of consulting services 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. The Global B Corp Movement:

The B Corp movement provides this accelerator / fund with a few important tools. First, all participating companies will get assistance in becoming a Certified B Corporation (with a goal of becoming "Best for the World" B Corporations) within one year. Second, accelerated companies will receive support in incorporating stakeholder interests into their foundational legal documents (e.g., incorporating as benefit corporations) within one year. Finally, participants will be connected to a thriving network of over 2,000 B Corp mentors, potential suppliers, and referral partners to help them dramatically enhance their chances of long-term success.

Q: What is the backstory / history behind this project?

First Accelerator Concept

In late 2014, Kevin Bayuk told Ryan Honeyman that he was thinking about starting an accelerator. He said that many of LIFT's earlier stage, high-impact clients desperately needed consulting assistance (especially shoring up their business fundamentals), but that they couldn't afford to pay LIFT Economy to help them.

Kevin said that he (and his business partner Shawn Berry) had decided to help many of these high-impact clients on a pro-bono basis. Kevin and Shawn believed that society needed more models of next economy businesses. However, it was not financially sustainable for LIFT's partners to work pro-bono for a large percentage of clients.

Kevin's question to Ryan was "what if we could raise capital, seek out some of the most inspirational businesses on the planet, and bring our own funding to the table to help them improve their social, environmental, and financial performance?"

Shift to a B Corp Accelerator

When Kevin told Ryan this story, his first response was "that sounds great. What if we made it a B Corp accelerator?" Ryan's thought was that LIFT could help investees certify as B Corps, get

investees connected to mentors and/or supply chain partners in the B Corp movement, and help the B Corp movement itself be more inclusive. It would be a win/win/win proposition.

However, the LIFT team decided that they didn't want to accelerate "any B Corp." LIFT wanted to focus on accelerating women and people of color owned, ultra high-impact, "Best for the World" B Corps (e.g., those companies that score in the top 10% of B Corps worldwide). The idea was that these "Best of the Best" companies would help provide a model for the next economy.

When Jenny Kassan joined LIFT Economy in the fall of 2015, she played a critical role in helping the team think about how to raise capital for the fund in the most non-extractive way.

Setting up a Non-Extractive Fund

One assumption the LIFT team wanted to challenge was the requirement of growth. For example, most venture capital firms are set up to invest in high-growth companies. Even if a company is "mission-driven" in the beginning, the expectations that come with venture capital means that investees 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 incredibly hard to maintain a company's original social and environmental mission with these expectations.

Over the past 10-15 years, impact investing has tried to replicate the VC model by investing in rapidly scaling companies that also serve a social purpose (e.g., DBL Partners, Bridges Ventures, Bain Capital's new "Dual Impact" fund, etc.).

The LIFT team believes, however, that even rapidly scaling impact investing funds that create outsized returns for investors are not what is needed for the next economy. The vast majority of these investors overlook many amazing companies that don't want to grow for growth's sake.

Launching Our Crowdfunding Campaign

Another assumption the LIFT team wanted to challenge is that we should only be raising funds from wealthy (or "accredited") investors. Approximately 90% of the population of the United States is not accredited. We wanted to democratize capital by raising money from the average person (in increments of as little as \$1,000). Indeed, Kat Taylor of Beneficial State Bank was particularly excited about our fund because it was focused on democratizing capital. This is why she made such a large commitment to our loan loss reserve.

We launched our crowdfunding campaign on September 15 at the SOCAP conference in San Francisco. We had a modest goal of raising \$100k in two months. We ended up raising over \$400k from ~100 investors by mid-November. We have investors ranging from Jodie Evans of CODE PINK, to Vincent Stanley from Patagonia, to Leslie Christian of NorthStar Asset Management, to a Managing Director at BlackRock.

We are now in the midst of our current 506(c) raise.

Q: How do I learn more and get involved?

To stay up to date about the Force for Good Accelerator / Fund, please [sign up for our monthly newsletter](#). Looking forward, we will be raising capital, identifying prospective investees, and performing due diligence.

Check out the [Force for Good Fund Investor Deck](#).