



The conscious capitalist

How to chase assistance and investors for social-impact businesses

Woman on a mission: Rachel Maxwell of Community Sourced Capital.

For Rachel Maxwell, communing with like-minded 'treps while getting her mission-driven startup off the ground was critical. That's why she applied to Seattle organization Fledge, which bills itself as a "conscious-company accelerator."

"It was tremendously helpful to be in a cohort of other people working on social-impact businesses," says Maxwell, co-founder and CEO of Community Sourced Capital, a crowdfunding platform that provides zero-interest small-business loans financed by local communities.

But you don't need to move to Seattle to find such kinship. Across the country, a growing number of investors, accelerators, incubators and other resources for social-impact 'treps have taken root. Here's what you need to know before seeking them out.

CHOOSE FUNDS WISELY. Why? To protect your company's mission, according to Anna Palmer, CEO of Boston's Fashion Project, an online marketplace for new and gently used designer clothes that gives a portion of proceeds to the donor's favorite charity. "We made sure that we aligned ourselves with people who aren't just straight bottom-line driven," she says.

PICK ACCELERATORS THAT FIT. "You're better off raising money from friends and family and proving your concept than trying to shoehorn yourself into a program that's not closely aligned with your mission," says Sachi Shenoy, executive director of Upaya

Social Ventures, a Seattle-based nonprofit that creates jobs in India's poorest communities by supporting small and medium-size enterprises.

Study accelerators carefully, looking at their mentors, investors and the types of companies that have spun out of them. It takes a lot of work and energy to apply to these programs, and the last thing you want is to waste your time with one that's a poor fit.

CONSIDER ALL CAPITAL. None of this is to say you should limit yourself to only social-impact funds and resources. Keep an open mind, since the right investor could come from anywhere. Take Palmer: She graduated from the TechStars accelerator and went on to raise \$4 million in seed funding from VC firms and angel investors in the tech sector, all of whom believed in Fashion Project's business model—charitable donations included.

REMEMBER: NO PROFIT = NO IMPACT. Wanting to do good in the world doesn't relieve you from having to develop a solid business model. "Without the profit, there is no impact," Maxwell says. "Investors will need to see both sides of your story."

To prove that your idea is commercially viable, start out thinking small. That's what Shenoy did with her nonprofit. "Just think of the next six months and what it'll take to demonstrate that your idea works," she says. "That means proving it works on a very, very small scale."

—Michelle Goodman

THE DO-GOODERS A starter list of resources for social-minded businesses

- Accelerators and incubators: Impact Engine, Fledge, MAC6, Unreasonable Institute, VillageCapital
- Investment groups: Better Ventures, Investors' Circle, Tonic, City Light Capital, GrayGhost Ventures
- Other investment help: Global Impact Investing Network, Social Capital Markets, Cutting Edge Capital
- Competitions: Hult Prize, Morgan Stanley Sustainable Investing Challenge, SVP Fast Pitch