

# Social Investment

What are social investors looking for and does my organisation fit the bill?

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# Purpose of Workshop

1. What is Social Investment?
2. What form of social investment might be appropriate for my organisation?
3. What do social investors look for?
4. How ready is my organisation for the type of social investment I need?

# What is social investment?

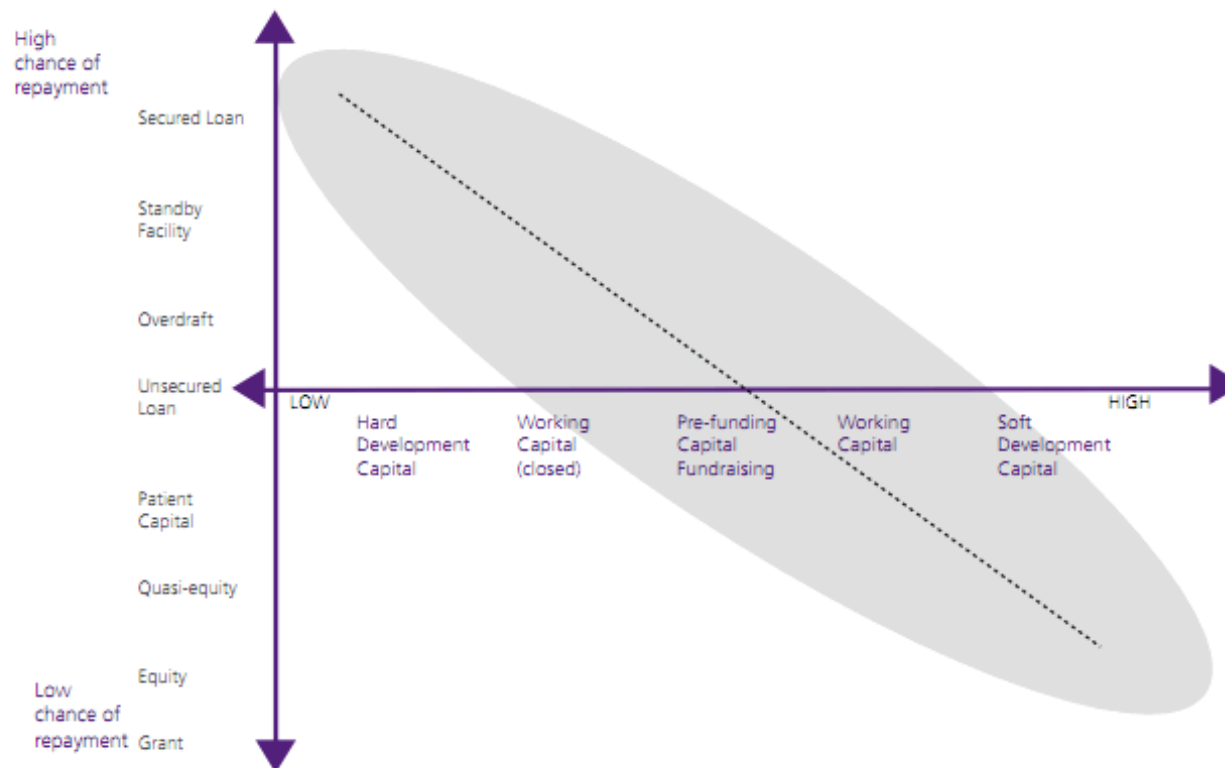


# What is social investment?

It is a **capital** investment where some / all of the below statements are true:

- 1. the financial return is linked to the social return** (e.g. a social impact bond, or funding for a payment by results contract)
- 2. the investment terms are more favourable than a commercial investment**
- 3. the organisation invested in has a social mission or clearly demonstrated social impact**

# What form of social investment might be appropriate for my organisation?



# What form of social investment might be appropriate for my organisation?

**Two** key questions to ask yourself:

- 1. What form of income do I have?** Commissioned projects? Trading income? User-pays? Or grant reliant?
- 2. What do I want to use the money for?** Fund an asset purchase? Cash flow? Expansion? Replication? Investment in organisational capacity?

# What do social investors look for?



# What do social investors look for?

PEOPLE	SOCIAL IMPACT	BUSINESS PLAN
Leadership / CEO	Track record / impact	Operational model
Management team	Community of benefit / need	Strategy / vision
Trustees	Standards / quality assessment	Business plan – how the strategy will be achieved
Skills	Measurement tools	Financial projections – assumptions, viability, cash flow, stress tested for different scenarios
Drive	Evaluation	Track record in implementing business plan
Shared values / mission		Risk assessment
		Value for money

Note: The criteria above was derived by workshop participants during a practical activity and should not be taken as an exhaustive list.

# How ready is my organisation for the type of social investment I need?

Referring back to the key criteria on the previous page:

- 1. How would a social investor assess these criteria?** What sort of key indicators would they look for? How well could my organisation meet these criteria?
- 2. How would a social investor prioritise these criteria depending on the type of investment requested?** Taking this into account, how well would my organisation meet these priorities?
- 3. What gaps are there?** What can my organisation do to progress from where it is now, to where it needs to be to meet criteria relevant for the investment needed?
- 4. SMALL PRINT - REMEMBER** there is no guaranteed check list for securing investment

## Questions to ask?

- What are our funding needs?
- Will it make us more effective?
- Could we use commercial funding?
- What are the potential risks?
- How ‘investment ready’ are our investment proposals?
- Who are the social investors and do I want to build a long-term relationship with them?

# Sources of further information

- ***Best to borrow? A charity guide to social investment***, New Philanthropy Capital , November 2011  
[http://www.philanthropycapital.org/publications/improving\\_the\\_sector/Social%20investment/guide\\_to\\_social\\_investment.aspx](http://www.philanthropycapital.org/publications/improving_the_sector/Social%20investment/guide_to_social_investment.aspx)
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Philanthropy Association (EVPA), June 2011 <http://evpa.eu.com/knowledge-centre/publications/evpa-publications/>

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