

## MIINT 2015-2016 Syllabus

### Overview

Although a nascent field, impact investing is growing at a rapid pace. Impact investments generate both financial returns and a positive, social or environmental impact - aka “the double or triple bottom line”. Impact investors provide capital and expertise to support solutions to the world’s most pressing challenges - in sectors such as affordable housing, education, healthcare, clean technology, sustainable agriculture, and financial services. Driven by student interest in this growing field, the MBA Impact Investing Network & Training (MIINT) program is an impact investing venture lab and global competition designed to give business and graduate students a practical, hands-on experience in being an early stage impact investor.

Throughout the program, you will create an investment thesis, source and conduct diligence on early stage impact investing opportunities, prepare an investment memo, and present on a selected early stage company. The program includes 8 online training modules and 7 student deliverables to guide you through the process, with all materials available through the MIINT NovoEd platform. The program is team-based, and each school may form one or multiple teams; each school will send *one* team to present at the final MIINT Investment Committee.

The program culminates in the final in-person MIINT Investment Committee where each school sends one team to present on its selected company. A judging panel, comprising leaders in the impact investing and venture capital sectors, will select the most promising impact investing opportunities – and students will have the chance to win an up to \$50,000 angel investment in their selected company.

The MIINT program is designed to be a self-directed program – led by student, staff, and faculty leaders at each school. Schools are encouraged to seek mentorship from faculty and external advisors. In past years, schools have set up their own internal processes that work in conjunction with MIINT. For example, schools have created processes around sourcing and company selection, and many have a school competition to select the investment to be presented at the final MIINT Investment Committee.

In addition to your campus leaders, the MIINT has a team of faculty and advisors to support students throughout the program. Each new participating school will be assigned a MIINT advisor with whom you can schedule regular check-ins. In addition, there is a designated Teaching Assistant, who will serve as the program manager and point person for additional support and guidance.

## Training Modules and Deliverables

Below is the curriculum for the MIINT in 2015-2016, subject to change throughout the program. ***Up-to-date details on training and deliverables will be shared through the MIINT NovoEd platform.***

### **Topic 1: Introduction to Impact Investing**

#### *Online Training*

Video: Intro to Impact Investing lecture.

#### Required Readings:

- 1) Social Impact Investing will be the New Venture Capital, Sir Ronald Cohen and William A. Sahlman, HBR Blog, January 2013
- 2) The Trouble with Impact Investing, Parts I-III, Kevin Starr and Laura Hattendorf, Stanford Social Innovation Review, 2012
- 3) Impact Investing 2.0, What \$3 Billion tells us about the next \$30 Billion, Cathy Clark and Ben Thornley, Huffington Post, September 2013
- 4) Introducing the Impact Investing Benchmark, GIIN and Cambridge Associates, June 2015

#### Additional Resources:

- 5) Great Expectations: Mission Preservation and Financial Performance in Impact Investing, Wharton Social Impact Initiative, October 2015
- 6) Bridges Ventures speech at BVCA Summit, February 2014
- 7) Learning From Our Multi-Fund Approach, Bridges Ventures, December 2014
- 8) Impact Investments, An Emerging Asset Class, JP Morgan Chase & Rockefeller Report, November 2009

### **Topic 2: Formulating an Investment Thesis**

#### *Online Training*

Video: Formulating an Investment Thesis lecture.

#### ***Deliverable 1: Investment Thesis – Due by Friday, November 6***

All funds have a strategy that drives the types of investments they make. As you prepare to start sourcing potential investments, what will guide you? In this deliverable, we ask each student team to submit a one page investment thesis. Further details to be provided.

### **Topic 3: Sourcing Early Stage Impact Investments**

#### *Online Training*

Video: Sourcing Early Stage Impact Investments lecture.

#### ***Deliverable 2: Sourcing Strategy + Initial Company List – Due by Friday, November 20***

As you research and network, you will start to generate potential investment leads. In this deliverable, you will share a short summary of your sourcing strategy (1-2 paragraphs) and a list of potential target companies. Further details to be provided.

### ***Deliverable 3: Final Sourcing List – Due by Friday, December 11***

In this deliverable, each student team will submit their final shortlist of companies for diligence. We expect each list to have 5-15 companies total.

### **Topic 4: Thinking about Impact**

#### *Online Training*

Video: Thinking about Impact Lecture.

#### Required Readings:

- 1) Simple Measures for Social Enterprise, Brian Trelstad, Innovations, Summer 2008
- 2) Bridges Impact Report: A Spotlight on our Methodology, 2013
- 3) Unpacking the Impact in Impact Investing, Paul Brest and Kelly Born, Stanford Social Innovation Review, August 2013
- 4) A GPS for Social Impact, Michael McCreless and Brian Trelstad, Stanford Social Innovation Review, Fall 2012

#### Additional Resources:

- 5) The Good Investor, Investing For Good, 2013
- 6) Outcomes Matrix, Big Society Capital, 2013
- 7) In Search of Gamma, an Unconventional Perspective on Impact Investing, IESE Report, November 2011
- 8) Managing vs. Measuring Impact Investment, Stanford Social Innovation Review, March 2015
- 9) Measuring the “Impact” in Impact Investing, Harvard Business School, August 2015
- 10) Acumen Fund BACO Concept Paper, Acumen Fund 2007
- 11) IRIS Metrics

### **Topic 5: Conducting Due Diligence**

#### *Online Training*

Video: Conducting Due Diligence lecture.

#### Resources include:

- 1) Developing a thesis driven due diligence checklist
- 2) Internal due diligence considerations

### ***Deliverable 4: Company Form + Confidentiality Policies – Due by Friday, February 12***

This is a MIINT administrative deliverable in which each school must submit 1) signed confidentiality policies for all students participating in MIINT, and 2) a signed company diligence form from the company which each student team has chosen to diligence. The company diligence form is available on NovoEd and should be signed by management of the chosen company acknowledging their participation in MIINT.

### ***Deliverable 5: Due diligence checklist – Due by Friday, February 12***

As you begin diligence on your selected company, this deliverable requires each student team to prepare a due diligence checklist on that company. Further details to be provided.

## **Topic 6: Valuing Early Stage Social Enterprises**

### *Online Training*

Video: Valuing Early Stage Ventures lecture.

Resources include:

- 1) How do Angel Investors differ from Venture Capitalists? Rockies Venture Club Blog, January 2014
- 2) The “Lead Investor, Fred Wilson’s AVC Blog, October 2007
- 3) Valuing Pre-Revenue Companies, Kauffman Foundation, July 2007
- 4) Methods for Valuation of Seed Stage Startup Companies, Angel Capital Association Insights Blog, May 2013
- 5) Valuations 101: The Venture Capital Method, Bill Payne’s Blog on Gust.com, November 2011
- 6) Scorecard Valuation Methodology, Bill Payne, January 2011
- 7) Valuations 101: The Risk Factor Summation Method, Bill Payne’s Blog on Gust.com, November 2011
- 8) Valuations 101: The Dave Berkus Method, Bill Payne’s Blog on Gust.com, November 2011
- 9) The Pre-Money Valuation of Angel Deals in 2012, Angel Capital Association Insights Blog, May 2013
- 10) AngelList Lets You Browse Seed-Stage Startup Valuations By Incubators, Location And More, TechCrunch, January 2013

## **Topic 7: Structuring Investments**

### *Online Training*

Video: Structuring Investments lecture, Convertible Debt and Preferred Equity presentations.

Resources include:

#### *Convertible Debt*

- 1) Everything You Ever Wanted to Know About Convertible Note Seed Financings (But Were Afraid To Ask) – Part 1, Part 2, and Part 3, Walker Corporate Law

#### *Preferred Equity*

- 2) What’s in a Term Sheet? The World’s Most Irritating Not-Quite-Contract, Bruce Gibney of Founders Fund and Paypal Investor
- 3) Series Seed: Version 3.1 standard seed term sheet and deal documents, June 2013
- 4) Term Sheets & Valuations: A Line by Line Look at the Intricacies of Term Sheets & Valuations, Alex Wilmerding, June 2009

#### *Convertible Debt vs. Equity*

- 5) The Convertible Debt vs. Equity Financing Omnibus, Dave Heal, June 2012.
- 6) Raising Angel Money, Mark Suster, July 2009
- 7) Is Convertible Debt Preferable to Equity? Mark Suster, August 2010
- 8) The Truth About Convertible Debt at Startups and The Hidden Terms You Didn’t Understand, Mark Suster, September 2012

#### *Revenue Based Financing*

- 9) Angel Investors Sacrifice Ownership Stake for Profits, Financial Advisor Magazine, April 2013
- 10) Revenue-Based Financing: A Non-Dilutive Risk Capital Alternative, Paul Jones, October 2012

#### *Demand Dividends*

- 11) Demand Dividends, Social Financing Blog Post by Katie Gibson, December 2013
- 12) Demand Dividends: Creating Reliable Returns in Impact Investing, Santa Clara U., June 2013

## **Topic 8: Presenting to the Investment Committee**

### *Online Training*

Powerpoint presentation on guidelines for presenting to the IC.

### ***Deliverable 6: Investment Memo and Investment Committee Presentation – Due by Wed, March 30***

As part of your final deliverable, each student team will prepare an investment memo (10-15 pages) explaining your team's recommendation on your selected company. Each school will choose one team to present at the Final MIINT Investment Committee. Further details to be provided.

Each school team will also prepare a final presentation deck (7-12 slides) explaining your team's recommendation on your selected company for the final Investment Committee. Further details to be provided.

### ***Deliverable 7: Investment Committee Final Presentation – Due by Wed, April 6***

School teams will have the opportunity to refine Investment Committee presentations between March 30th and April 6th.

<b>Team</b>
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### ***Faculty***

The MIINT faculty is currently made up of three leaders in the impact investing space: Brian Trelstad, Jacob Gray, and Tasha Seitz.

Brian Trelstad is a Partner at Bridges Ventures. He has over 10 years of impact investing experience, having served until 2012 as the Chief Investment Officer of Acumen Fund, where he oversaw \$55M of investments into companies that were delivering health, water, energy, and agriculture services to economic base of the pyramid in South Asia and Sub-Saharan Africa. Brian was also a co-founding board member of the Aspen Network of Development Entrepreneurs (ANDE) and was one of the principal architects of impact management software tool, Pulse, and the Impact Reporting and Investment Standards (IRIS).

Jacob Gray is the Senior Director for the Wharton Social Impact Initiative, and leads the impact investing initiatives at WSII, drawing from more than 12 years of experience in impact investing and social enterprise. Gray is no stranger to social enterprise in Philadelphia: he is a co-founder and General Partner of Murex Investments, an impact VC fund managing funds for financial institutions and high net-worth individuals. He is also a co-founder of GoodCompany Group, an incubator for high-growth social enterprises, and IC Philly, the first regional chapter of Investor's Circle, one of the largest and oldest national networks of angel investors and professional venture capitalists.

Tasha Seitz is Chief Investment Officer for Impact Engine, an early stage investment fund that empowers entrepreneurs, mentors, and investors to make a positive impact on society. Tasha has 18 years of venture capital investment experience as a partner with JK&B Capital, a technology venture capital firm based in Chicago with over a billion dollars under management. As a partner, she has been responsible for identifying, evaluating and making investments in early stage start-up software companies, serving on the board of directors, managing growth, coaching and hiring management teams and exiting investments through sale or initial public offering. In addition, Tasha serves as the board chair for Spark Ventures, a non-profit venture philanthropy organization investing in NGOs serving vulnerable children in developing

countries. She is also founder and executive committee chair for the Chicago chapter of Social Venture Partners.

### ***Teaching Assistant***

The Teaching Assistant will be the primary program manager and point person for school teams and available to answer questions and to provide guidance throughout the program.

Jennifer Signori is a Director at Bridges Ventures. She has more than eight years of experience in financial services and strategic advisory, including five years in impact investing. Prior to joining Bridges, Jennifer has worked at J.P. Morgan, Next Street, and Imprint Capital. She is also a former executive director of the Wharton Social Venture Fund.

### ***Advisors***

In addition, each school will be assigned a MIINT Advisor. The role of the MIINT Advisor will vary by school and the level of resources available on campus and familiarity with MIINT. The MIINT Advisor is a resource for the campus leadership to leverage (e.g. arranging calls with the Advisor to answer questions submitted by students, soliciting feedback for sourcing, diligence, and internal investment committee processes, providing feedback and guidance on the final Investment Committee preparation, etc.)