

URL: <https://ecorner.stanford.edu/clips/how-impact-investors-add-value/>

Morgan Simon, founding partner of Candide Group, describes how she views the role of impact investors. She advises entrepreneurs to find investors who create a network of experts, pay attention to financial outcomes, help identify opportunities, and think holistically about how a startup is supporting its customers, clients, and community.



Transcript

- They say sometimes that the job of an impact investor 00:00:06,420 is twice as hard because I pay just as much attention to financial outcomes to be clear.. I am held just as accountable for the financial outcomes of my work as any other registered investment advisor.. That's what I am.. I have the same compliance program.. I have the same stuff that you have to do.. But on top top of that, I care deeply about the impact and spend a lot of time working on frameworks around that on making sure I have a community understanding of what impact can be and what's important to people.. And I think sometimes for entrepreneurs who can get kind of pulled in different directions or sometimes a feeling of, I gotta present the financial side that's what's most important.. Having someone who just consistently is asking the questions of, "Oh, well, what are the outcomes that we're seeing and where are you seeing the opportunity to deepen and are there spaces where maybe some grant money would be able to compliment what you're doing?" Can be really helpful and hopefully kind of relaxing to know that investors are on your side that way.. So to give another example of that, there's a company called Maven that we've supported where they basically sell hair through black hair stylists.. And that typically when women go to a hair stylist, they would need to buy the hair separately for braids or other hair styles, bring it act to the stylist..

And that stylists tend to be very low income.. So the average black hair stylist in the south is making \$17,000 a year.. So if you want an intervention to be able to support those women, targeting stylists is a great way to go.. And essentially by selling the hair directly to clients, then they're able to capture a lot more of than income can be an additional \$300 or whatnot a week.. So when COVID started, all these hairstylists were outta work (flips fingers) overnight and already breaking on the edge of poverty.. And the entrepreneur called me and said, "What do I do to help these women?" We have all of their bank information, they're buying from us, we can deposit in their accounts immediately, but is there some way that I could do some sort of emergency fund for them? We were able through one of our clients to contribute the first 100k towards a stylist emergency fund and we challenged kindly, all the other investors plus did some crowd funding as well.. That turned into over a million dollars in direct payments to stylists during COVID.. And that's the sort of initiative where having an impact investor on your cap table can be really helpful.. (laughs) To be able to really think holistically about how you're supporting your broader community, whether that's your customers, or clients, or however that's defined and know that you're gonna have partnership in that.. So I think that's some of the value that we try to provide is not only kind of the philosophical and intellectual support on impact, but then when the rubber hits the road, how to really make that happen...

