

## Access to Impact Investment for Social Enterprises

# Worksheets for MOOC participants

Name:

Organization:



Supported by:





# ORIENTATION

## How to use

Before entering the course, participants without knowledge of social entrepreneurship and/or impact investment may use this orientation to define their individual starting position and get acquainted with two basic concepts.

### Define your individual starting position

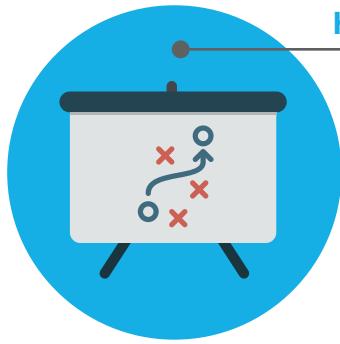


### Who am I / organizational types

#### What type of organization are you and how do you plan to develop?

Indicate where you are today by highlighting one of the four sections:





How do you plan to develop in the future?

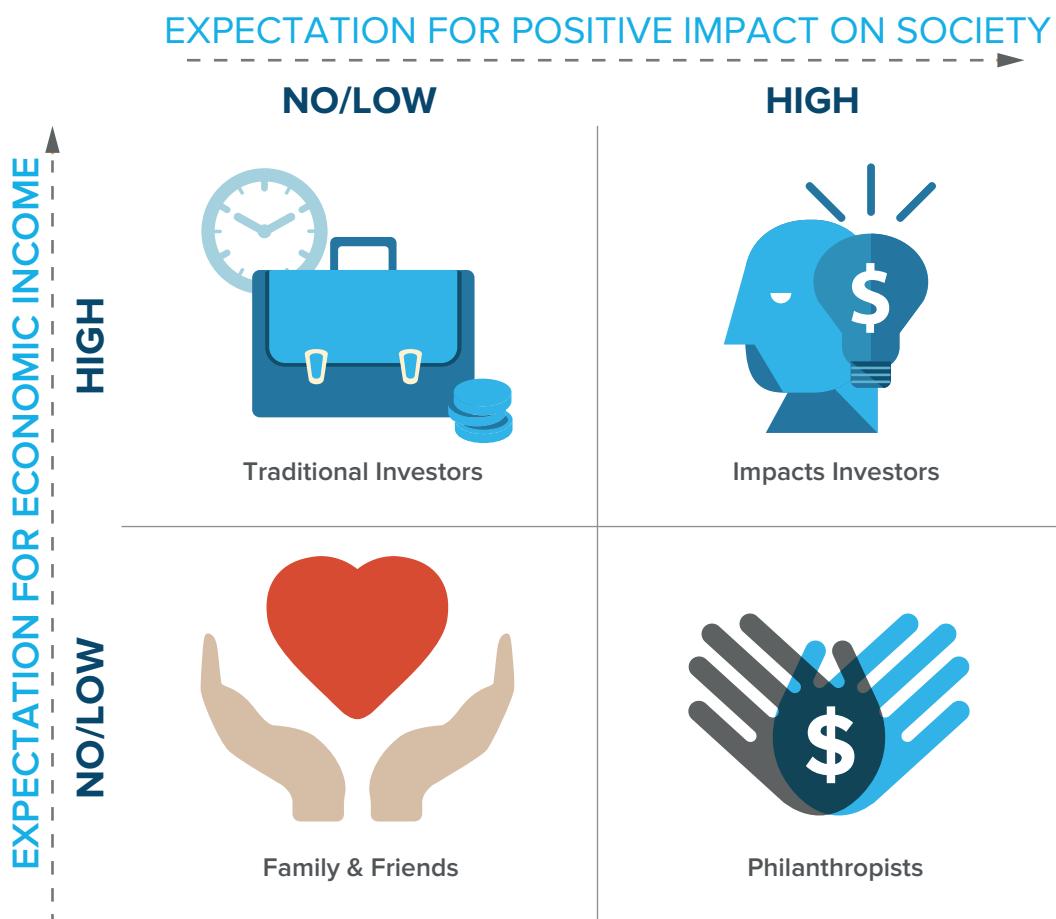
- Converting into a pure non-profit
- Building up income streams and becoming a social enterprise
- Fully develop the commercial potential and become a company with CSR Program



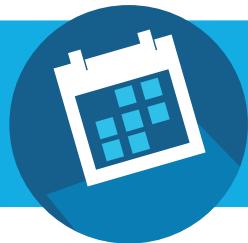
## Types of investors

What kind of investors are you looking for?

Indicate your favorite type of investors by highlighting one of the four sections:



Which features of the investor(s) are most important to you?



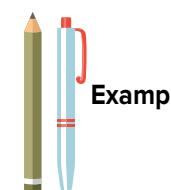
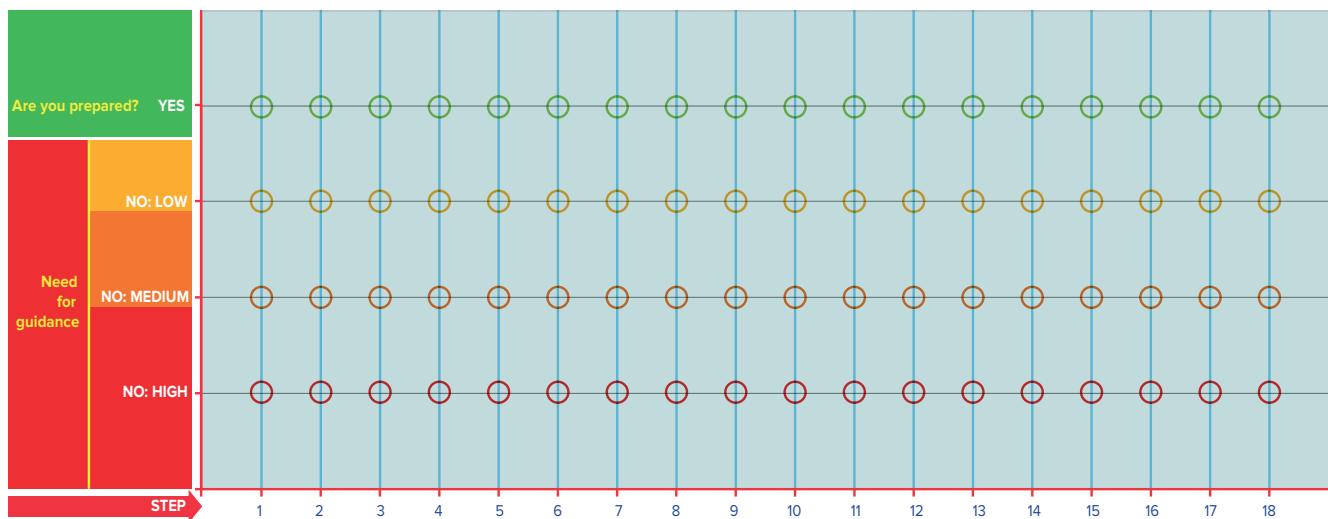
# WEEK 1

## THE 18-STEP READINESS FRAMEWORK (INSIMA):

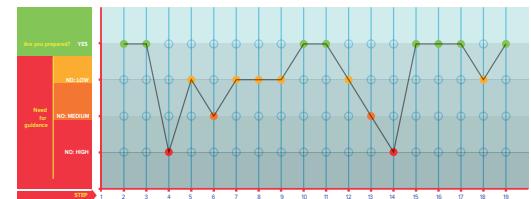
**Get ready to raise impact investment**

Where are you on the 18 steps and where do you need guidance?

Define for each of the 18 steps whether you think you are prepared for them and how much guidance you need.



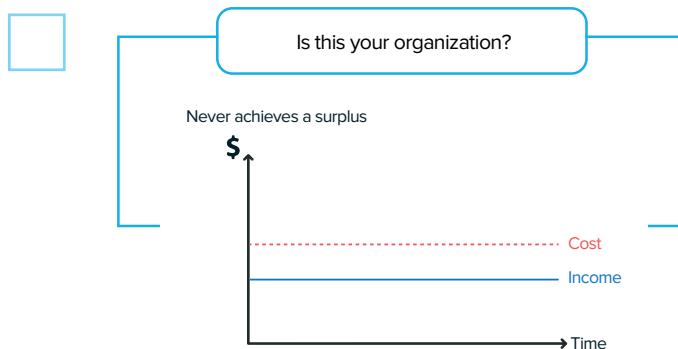
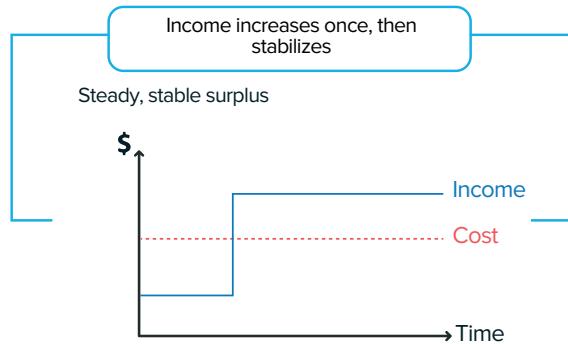
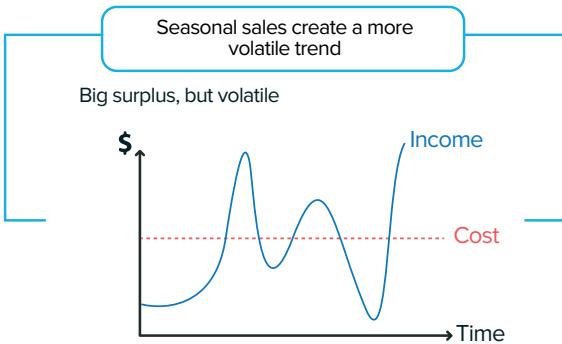
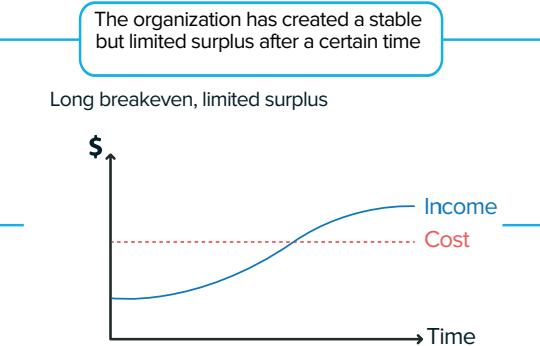
Example



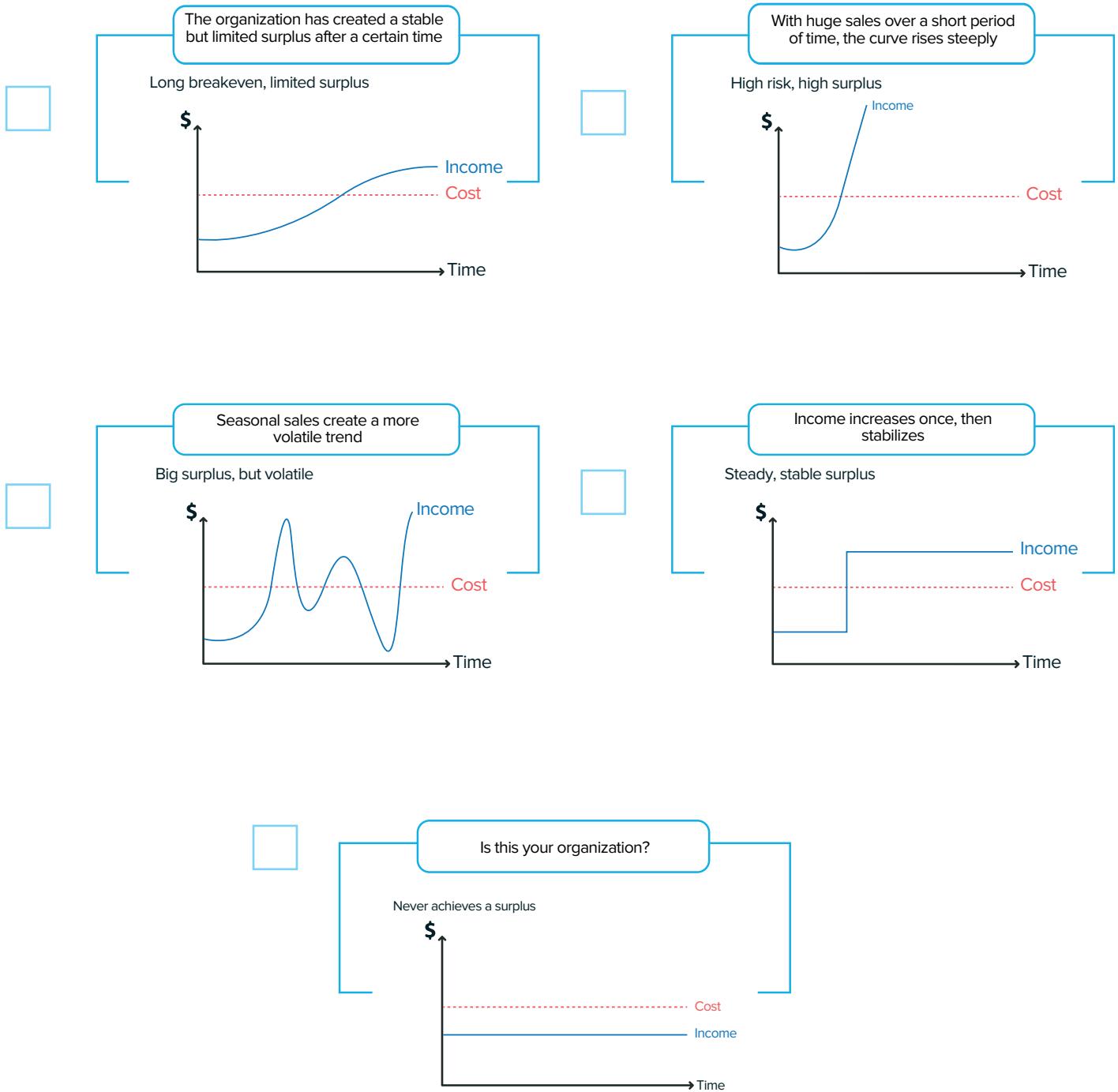
# (\\$) Financing Model

How does your financing model and cost-income profile look like now/ in the future?

Indicate the cost-income profile that is closest to the one your organization currently has:



Indicate a cost-income profile that your organization is heading for in the future:



**If you plan/expect to change your profile - which basic growth options do you see and what will be their effects on the cost-income-profile?**

Growth options	Effects on the cost-income profile



# WEEK 2



## Social Capital Markets - your individual eco- system

Research the most relevant actors in the social finance market in your specific region and sector alongside the framework presented.

Then put their names into the boxes below:

Impact Investors	Exchange Intermediaries
Product Providers	Professional Service and Information Providers

Investigate their potential roles in your individual project; define the top 5 topics that you would like to discuss with them.

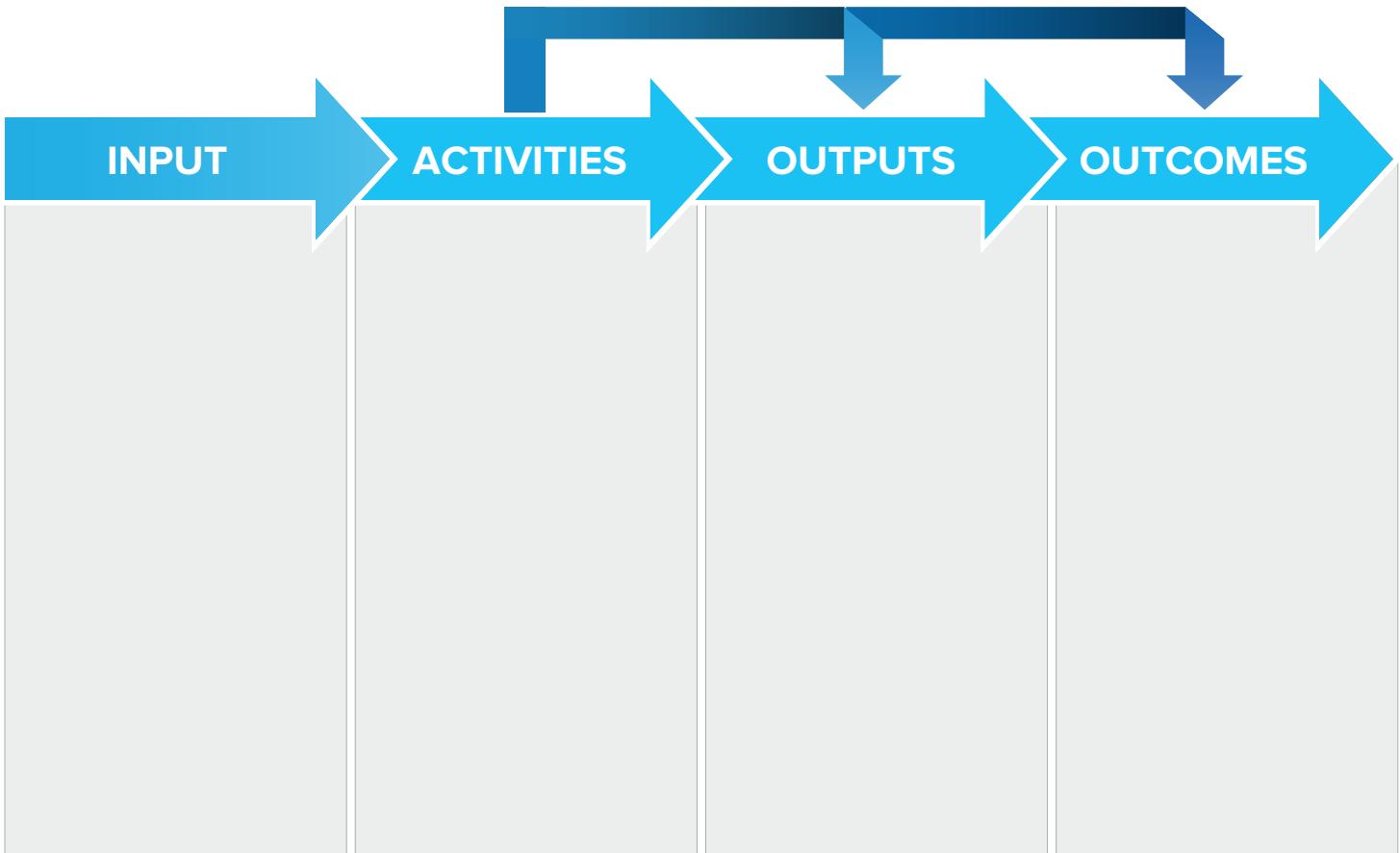
### TOPICS TO DISCUSS (WITH WHOM):

- 1.
- 2.
- 3.
- 4.
- 5.



# Impact Measurement your Theory of Change and impact metrics

Describe the Theory of Change of your organization alongside the following value chain:



Describe the method and metrics you use to check whether you achieve the intended objectives (Goal Alignment)



Method



Metrics



# WEEK 3

## Are you ready for investment?

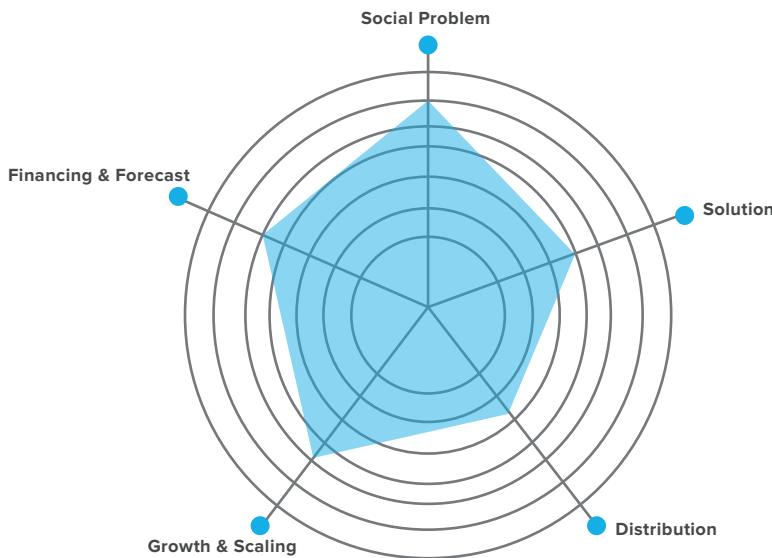
### How to evaluate your investment readiness

Perform the investment readiness check for your own organization and create your individual investment readiness score on the demo version of the website of the Social Finance Academy.

Please register for free on the Social Finance Academy to access the check tools:

[www.beta.social-finance-academy.org](http://www.beta.social-finance-academy.org). The Investment Readiness Check can be found here:  
<https://beta.social-finance-academy.org/package/investment-readiness>

### INVESTMENT READINESS CHECK



For example, a result like the one below shouldn't necessarily be a no-go for approaching investors. Rather, it could be an invitation to partner up and improve what you've already achieved.

Social Problem	70%
Solution	50%
Distribution	40%
Growth & Scaling	60%
Financing & Forecast	60%

You can repeat this evaluation whenever you like.





# How to close the investment readiness gaps

Identify major gaps in your organization that prevent you from being investment-ready and develop ideas how to address and close these gaps.

SOCIAL PROBLEM	SOLUTION	DISTRIBUTION	GROWTH & SCALING	FINANCING & FORECAST
MAJOR GAPS	MAJOR GAPS	MAJOR GAPS	MAJOR GAPS	MAJOR GAPS
HOW TO CLOSE	HOW TO CLOSE	HOW TO CLOSE	HOW TO CLOSE	HOW TO CLOSE



# WEEK 4

## Identify your needs and options for financing

### (a) Check the assumptions for your future cost-income profile

Take the future cost-income profile that you already selected in week 1.

Write down which are your 5 main assumptions for the next 5 years.

*Assumptions could be, for example, that you will reach X% new customers/beneficiaries by the year Y, and/or that you will introduce a new service/product Y in year Z, or that you will expand into a new region Z in year X.*

Evaluate for each of your assumptions how likely it is that they will become reality (low, medium or high) and briefly explain why in the relevant box below.

#### 1. Assumption

Low

Medium

High

#### 2. Assumption

Low

Medium

High

### 3. Assumption

Low	<input type="text"/>
Medium	<input type="text"/>
High	<input type="text"/>

### 4. Assumption

Low	<input type="text"/>
Medium	<input type="text"/>
High	<input type="text"/>

### 5. Assumption

Low	<input type="text"/>
Medium	<input type="text"/>
High	<input type="text"/>

Then identify the medium case scenario for your plan - this is the scenario that seems most likely and realistic to you. Draw/refine your cost-income profile accordingly.

---

#### (b) Identify your future financing needs

Take your medium-case cost-income profile from above. Roughly identify how much, often and long you will need financing based on this profile. You can either develop your own estimates or analyze your situation and plans by using our "**Basic Cost-Income Planning Outline**" tool.

# Example

## Cost-Income Planning: Basic Outline\*

You can fill out this graph with your own results or calculate them with the help of our excel tool



Click and download the Excel  
"Basic Outline Cash Flow Planning - Tool"  
Use the formulas to the exercises

### Simplified Cash Flow Statement

		Actual			Projected				
		Year-2	Year-1	Current Year	Year+1	Year+2	Year+3	Year+4	Year+5
<b>CASH INFLOW</b>									
<b>(1) Earned Income</b>	Product A								
Total Cash received from sale of products and services	Product B								
	Service C								
	Service D								
	Other Products / Services								
<b>Subtotal Earned Income</b>									
<b>(2) Cash From Financing</b>	Loan								
Total Cash received from financing transactions	Credit Balance (e.g. Credit Line from Bank)								
	Other								
<b>Subtotal Cash From Financing</b>									
<b>(3) Cash From Mission Income</b>	Grants								
Income that supports the mission objectives	Sponsorships								
	Donations								
	Other								
<b>Subtotal Mission Income</b>									
<b>TOTAL CASH INFLOW (1) to (3)</b>									

### Simplified Cash Flow Statement

		Year-2			Year-1	Current Year	Year+1	Year+2	Year+3	Year+4	Year+5
		Year-2	Year-1	Current Year	Year+1	Year+2	Year+3	Year+4	Year+5	Year+4	Year+5
<b>CASH OUTFLOW</b>											
<b>(4) Direct Cost</b>	Team Salaries										
Cost that can be directly linked to business activities	Material For Products/Services										
	Other										
<b>Subtotal Direct Cost</b>											
<b>(5) Indirect Cost</b>	Rents										
Overhead cost not directly tied to business activities	Software & Internet										
	Bookkeeping & Accounting										
	Other										
<b>Subtotal Indirect Cost</b>											
<b>(6) Financing Costs</b>	Repayment of loan										
All cash paid for any loans	Interest payments										
<b>Subtotal Financing Cost</b>											
<b>(7) Mission Cost</b>	Social & Cultural										
Expenses that are very mission-specific	Environmental										
	Waste Management										
	Other										
<b>Subtotal Mission Cost</b>											
<b>TOTAL CASH OUTFLOW (4) to (7)</b>											
<b>NET CASH FLOW**</b>											

#### \*Explanations

Very simplified calculation: typical major cash flows only (e.g. no depreciations, taxes, dividends or asset acquisitions/sales considered)

#### \*\* Source and Recommendations

Source: Roots of Impact & VIVA Idea based on more extensive cash flow projection tool from Social Enterprise Canada  
For more details: <http://www.socialenterprisecanada.ca/en/learn/nav/resourcelibrary.html?page=resourceDetail.tpt@iddoc=320944>



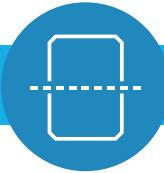
Fill-out list

FINANCING NEEDED	FREQUENCY OF FINANCING NEED	EXPECTED TIME WHEN REPAYMENT CAN START (=STARTING POINT OF SURPLUS)
IN THE NEXT FIVE YEARS	(CONSTANTLY, TEMPORARILY, SEASONALLY)	



Please check which financing options are suitable to meet your financing needs:

-  Loan
-  Line of credit
-  Equity
-  Hybrid
-  Donations/grants



Please narrow down your chosen financing options, in case some may be excluded for the current legal form that you organization has (as far as you know about such restrictions)

-  Loan
-  Line of credit
-  Equity
-  Hybrid
-  Donations/grants



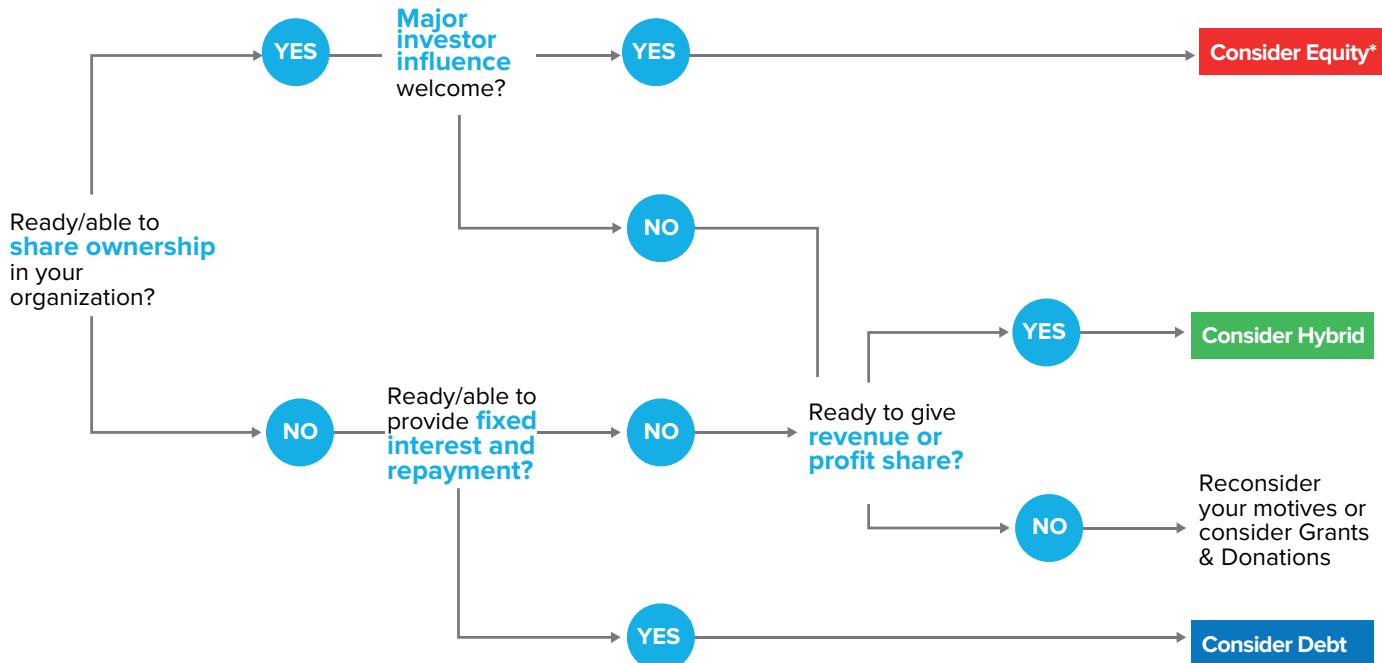
# WEEK 5

## Understand the different financing instruments and their main features

Revisit your selection of financing options from **week 4**. Refine your financing instruments according to their "side effects": investigate which side-effects you are able and willing to welcome. Then either confirm or adjust your previous choices and briefly explain why.

You can use the "**Orientation Tree**" below to support your decision-making.

**Financing Instruments and Side Effects - An Orientation Tree**



\*Or convertible instruments (e.g. convertible note).

**VIVA** IDEA

**SOCIAL** FINANCE ACADEMY

Briefly explain your choice(s):



# WEEK 6

## Create a plan and material to approach investors

Depending on your learning time and focus, please feel free to choose between assignments (a) and (b).

### (a) Investigate how to best collect a longlist of potential investors

Think about the best sources for researching and finding investors in your region and select the 5 most important sources (e.g. conference attendant lists, directories, networks etc.)

Insert the names of the sources and where/how you found them.

1.	
2.	
3.	
4.	
5.	

Identify 10 specific investor names and define your selection criteria that will help you to narrow down the list - also taking into account the insights about your ideal financing instruments that you gained in **week 5**. Then prioritize the investors by 1 to 10 (1 being the most important name for you).

	Investor Name:	What are your selection criteria?	Priority
1.	-----		1 2 3 4 5 6 7 8 9 10 ○○○○○○○○○○
2.	-----		○○○○○○○○○○
3.	-----		○○○○○○○○○○
4.	-----		○○○○○○○○○○
5.	-----		○○○○○○○○○○
6.	-----		○○○○○○○○○○
7.	-----		○○○○○○○○○○
8.	-----		○○○○○○○○○○
9.	-----		○○○○○○○○○○
10.	-----		○○○○○○○○○○

If you started today, when do you think that you'd have the entire investor longlist ready?

week(s)

### (b) Make a rough draft of a compelling pitch deck

If you have never done this before, consider using our "**Social Enterprise Pitch Deck Guideline**" as an orientation (not mandatory). Prepare a short deck - free style - that tells your story and keeps your statements focused, simple and clear. Make sure that potential investors will remember your main messages.



Click and download the PDF "**Social Enterprise Pitch Deck Guideline**"

#### How a pitch deck structure could look like

Feel free to fill in your ideas for a first sketch that you will then implement into a pitch deck draft

The Headline	The Why:	The What:	The How:	The Where:
Basic Information	Problem and Opportunity	Solution and Value Proposition	Theory of Change	Market and Framework

The Exactly How:	The When:	The Who:	The With What:	The What For:
Business Model	Milestones Achieved	Team and Partners	Financial Plan and Metrics	Goals and Use of Financing



# WEEK 7

## Prepare for investor due diligence and negotiation

### Make the Signing Readiness Check

To check your signing readiness, log into the Social Finance Academy website and go to <https://beta.social-finance-academy.org/package/signing-readiness>. Again, this is an orientation, you don't need to achieve 100% in every category to successfully attract impact investment.

**Then put yourself in the shoes of an investor:** what would he or she need to know from you? Make an outline of the main issues (~25) that your due diligence questionnaire should contain, either by yourself or based on our "**DDQ List of Topics**".



Click and download the PDF "**DDQ List of Topics**"

(a) Business due diligence

(b) Legal due diligence

(c) Impact due diligence

1.

2.

3.

4.

5.

6.

7.

8.

9.

10.

1.

2.

3.

4.

5.

6.

7.

8.

9.

10.

1.

2.

3.

4.

5.

6.

7.

8.

9.

10.

Estimate how much time you would need to prepare the entire DDQ for your organization.

----- week(s)



# WEEK 8

## Establish effective investor relations and avoid mission drift

### Make the Market Readiness Check

Log into the Social Finance Academy website and go to  
<https://beta.social-finance-academy.org/package/market-readiness>

Then imagine you already have your investors aboard with the financing instruments you need.

Design a plan how you would like to report and communicate with them in the future.

What kind of information should you provide, how often, and through which communication channels?  
Think about how you can make sure that you get all the necessary information within your organization every time you need it.



To answer these questions, you may use our Power Point Template "**Pre-structured Investor Relations Template**" or design your own.

Briefly describe how you would generally approach building good relations with your investors.

List 5 things/qualities that you think they will expect from you the most.

- |    |  |
|----|--|
| 1. |  |
| 2. |  |
| 3. |  |
| 4. |  |
| 5. |  |

## Investor Relations – Develop Your Communications Strategy: Template

### Example

Investor Type	Information needs	Information frequency	Preferred communication channel	In-house information source	Other specific needs
Private investor X (no board seat)	Annual financial and impact reports Short semi-annual business updates	Semi-annual information	Personal call or meeting once a year	Management information system	Would love to have a visit on location every two years
Angel investor Y (with board seat)	Annual and semi-annual reports (business, financials, impact)	Semi-annual information Regular board meetings	Personal one-on-one meetings and board interactions	Management information system Board minutes and protocols	Would like to be involved in building strategic partnerships
Institutional investor Z (with board seat)	Annual and semi-annual reports (business, financials, impact)	Semi-annual information Regular board/management meetings (min. 2/year)	Electronic reports and detailed, personal meetings with key staff	Management information system Board minutes and protocols	Would ideally like to get quarterly updates of main impact metrics to report to his shareholders
Conclusions for my Communications Strategy	Semi-annual reports on business, financials and impact are best	Try to get semi-annual financial statements ready within 90 days	Need to develop efficient schedule for having personal meetings	Probably need to upgrade impact tracking to have metrics more frequent updates	Inviting investors once a year to an on-site visit would be good

This is how your Investor Relations strategy could look like



Click and download the PDF "**Investor Relations – Develop Your Communications Strategy: Example**"

**Which information systems have you already installed and what will you need to add or set up?**



# Access to **impact** investment *for social enterprises*

[socialenterprisecourse.org](http://socialenterprisecourse.org)



Supported by:

