

**Northwest Community Ventures Fund case study**

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## Questions and Answers

### **Does the for-profit avenue chosen by Eileen O'Brien make sense for Grassroots Business Initiatives, Inc.?**

The profit avenue chosen by Eileen O'Brien does make sense because in the text it stated, "that although they could use conditional loans to advance modest social initiatives, their roles as lenders did not afford them greater influence. They also noted an absence of equity capital to support growth in rural markets. Using grant money from foundations, this loose coalition of creative lenders developed a structure for a socially progressive equity fund." Since there was no equity capital in the rural markets, if they produce venture capital they can both make way more money and help entrepreneurs in the rural market.

### **When is it OK to forgo economic profit in order to increase social returns? How can social returns be measured? Can social and environmental benefits be given a monetary value?**

It is not OK to forgo economic profit in order to increase social return. B Corp is doing well because they actually generate profit and use that profit to accomplish their missions, because they are sustainable. On the other hand, for a company to go through this without profit is unsustainable. If an organization isn't able to survive, how can they increase the social returns? Social returns can easily be measured by seeing how close they are to achieving their goals. Social and environmental benefits could be measured but it's definitely not easy to be given monetary value.

**What is the upside for Michelle Foster if NCV succeeds? What are the professional risks she faces?**

The upside for Michelle Foster if NCV succeeds, is to show that if venture capital investments were to be put in biased hands, it could actually make a real difference and obtain a return on investment. The professional risks Michelle Foster could face is the immense pressure of setting the pace of the race as an expert and having to be disposed to explaining her actions a great number of times.

**How should Foster position herself and her team prior to raising a follow-on fund?**

Foster should position herself and her team prior to raising a follow-on fund by honestly straying away from GBI which she said in the text would produce great results. This would truly give her the workability to match the model. She can put herself in a position to win to address her economic vision. She would just have to figure out how to get rural business to be more successful. If she can somehow prove that investing in these communities is worth it, then investors will come through for sure.

### **References**

Spinelli, S., & Adams, R. J. (2016). *New Venture Creation: Entrepreneurship for the 21st Century*.