

Alliance University
Master of Business Administration

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CERTIFICATE OF AUTHORSHIP:

I certify that I am the author of this paper and that any assistance I receive in its preparation is fully acknowledged and disclosed in this paper. I have also cited any sources from which I used data, ideas, or works, either quoted directly or paraphrased. I also certify that this paper was prepared by me specifically for this course/program.

Student's E-Signature:

X

Professor Comments:

Northwest community ventures fund

In 1979, Eileen O'Brian, an adept at finance, who had no formal business training, decided to found Grassroots Business Initiatives (GBI). GBI is a community development corporation (CDC), that aims to invest in small businesses, foster employment opportunities and develop Oregon's natural resource industries. O'Brian's started facing backlash from Michelle Foster, when Michelle thought that Eileen was funding loss with their department's fees.

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

The knowledge Eileen gained at different companies made her very knowledgeable. She was very skilled in finance, although she was not formally trained in business (Spinelli and Adams, 2016). Because of her experience and knowledge, she was an asset to Grassroots Business Initiatives. With her ability to instigate change and track change, it can be argued that the for-profit avenue chosen by Eileen O'Brien made sense for Grassroots Business Initiatives. It is also a given that funding alternatives by the government are less restrictive with this for-profit avenue.

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?

Economic profits and social returns have been a dilemma that almost all workers face in their lives. It is difficult to have social returns with economic profits. Usually, workers get one over the other. At the end of the day, it comes down to one's values. Just like a business, an individual's values will determine if they chose economic profit over social returns, the opposite, or both. John Coolidge preferred his family over economic profits when he chose his family over Citibank. When he worked with Foster, he gained more social returns by choosing his family.

Time lost cannot be retrieved, especially family time. As a result, it is safe to say that social return is not palpable and that it can be measured based on a person's satisfaction

according to their values. Social return has to be measured according to a person's values because there is no general rule about success measurement. It is not a "one size fits all". What can please someone might not please someone else. Also, what one might consider successful might not be considered successful by someone else.

When someone's basic needs are met, it is "ok" to forgo economic profit to increase social returns. Although social returns are important to a human's well-being, it is also important that an individual generates economic profit because economic profits help with basic needs. People need money to survive and to take care of their basic needs. At the bottom of the hierarchy of needs are the basic needs. The basic needs (physiological needs) include everything that is vital to a human's survival from water, air, and food to other basic needs there are (Abdelsalam et al., 2022).

According to Maslow (1948), to move from one level to another, a person should fulfill the needs from bottom to top. Knowing that physiological needs are at the bottom of the hierarchy of needs, it can be argued that John Coolidge could choose social returns over economic returns because his basic needs were met. Depending on the circumstance, if social returns are not helping with basic needs or leading to monetary value, then economic profit needs to be pursued.

Lastly, real social benefits cannot be given monetary value even though humans try to value social benefits. Money just cannot measure up to social returns. Time spent with human beings either as a big group or small group, cannot have a price on it. Environmental valuation, on the other hand, is when people are willing to pay a certain amount of money equal to the total benefits received from the environmental good. The environmental benefits can go from the air

one breathes, to agriculture benefits and wildlife benefits. The environmental benefits are both broad and difficult to measure (Feather et al., 1999). Some environmental benefits can be given a monetary value; however, it is a difficult task to accomplish.

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

If the NCV succeeds, the upside for Michelle Foster is that she could attract institutional investors to the NVC's brand of socially responsible venture capital- especially if they could get better returns elsewhere at a lower risk. If she can attract investors, the investment could make a difference in various communities, that would, otherwise, not have an opportunity. As a professional, she was facing an ethical issue regarding her company's fiduciary responsibility to other NCV limited partners.

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

As someone with so much talent, Foster should focus on the economic development and vision of the follow-on fund while withdrawing from GBI. As someone who has the flexibility to craft and to even replicate the SDVC model, she would do well just by focusing on the economic development and vision of the follow-on fund. That, in return, would help the rural business be even more profitable and more lucrative for investors who invest in the rural business.

References

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