Career Opportunities in
IMPACT INVESTING

Description of the field
Impact investing can be defined as investments in social enterprises that create social and/or environmental impact while being financially sustainable. The investors expect anything from highly concessionary to above market rate returns on these investments. These impact investors believe in “doing well by doing good.” Historically, governments and philanthropic organizations have played a key role in improving the lives of the poorest populations and although both institutions play a critical role in providing basic human services (feeding the homeless, helping earthquake victims, etc.), these efforts are not sustainable. Alternatively, impact investors help sustainable enterprises scale with seed/growth capital and managerial assistance. Furthermore, impact investing has a conscious focus on social and/or environmental impact unlike private corporations that might create hundreds of thousands of jobs and thus create a significant social impact. For such enterprises, financial returns to their shareholders are the key driver.

Increasingly, more and more banks are setting up their “social finance” division and are actively doing impact investing. Examples of such banks include Deutsche Bank, JP Morgan, and Goldman Sachs.

The Impact Investing Ecosystem
This includes venture funds (e.g. Acumen 101, Root Capital, Omidyar Network), philanthropic organizations with program-related investments (e.g. Michael and Susan Dell Foundation, F.B. Heron Foundation), organizations providing platform for investors and social entrepreneurs (e.g. Tonic, Intellecap impact investing initiative, Liquidnet for Good) and professional associations (e.g. GIIN, B Lab, Impact Investing Policy Collaborative).

QUALIFICATIONS TO ENTER THE FIELD

+ People often assume that one needs a strong finance background to be recruited in and excel at impact investing. While financial skills are critical, they are one of the many skills needed to secure a job in impact investing.

+ More importantly, there are areas within impact investing such as impact assessment and portfolio management that may not need a prior investment banking or corporate finance background.

+ Some of the skills that employers look for are:
  - Strong analytical and problem solving skills
  - Financial skills
  - Partnership and relationship building skills
  - Experience in international development work
  - Impact evaluation/assessment experience
  - Sector knowledge (healthcare, education, microfinance, etc.)
  - Language skills

+ Relevant courses at SIPA/Columbia Business School:
  - SIPA U6132, Aiming for Social Impact
  - SIPA U6134, Raising Capital for Social Venture
  - SIPA U6891, Impact Evaluations in Practice
  - CBS B9455, Social Ventures & Impact Investing: Risk Capital for Expanding Innovation
Career Paths

In discussing various career paths within impact investing, it is important to be clear about the entire cycle of an investment, as outlined below:

Sourcing – Typically, the analysts and associates do primary and secondary research to identify potential investees for their organization. The goal is to identify organizations that broadly are working in the focus area and geography of the investor's interest.

Due diligence – After screening some of the organizations from the initial sourcing list, team members do a deeper due diligence that includes analyzing financial statements, evaluating the business model, scheduling calls with the entrepreneur and his/her team, conducting field visits, and preparing an investment memo for the investment committee.

Investment Terms – Once the senior management in principle approves the investment, the team develops a term sheet and negotiates with the entrepreneur. The investment is made once the investor and investee sign-off on the term sheet.

Managerial assistance – Apart from the investment, investors add value to entrepreneurs through capacity building. This is even more important in social enterprises that are trying to balance between financial returns and social impact. Depending on the size of the investee, the assistance can range from help in developing baseline metrics to identifying and recruiting board members.

Impact/outcome evaluation – Increasingly, investors are demanding impact evaluation or outcome measurement from investees. This is to objectively track and measure an organization’s social impact on the beneficiaries it serves.

Sample Employers
Impact Investors
- Abundant Venture Partners – abundantventurepartners.com/
- Accion Venture Lab – accion.org/venturelab
- Acumen Fun – acumen.org/
- Agora Partnerships – agorapartnerships.org/
- AlphaMundi – alphamundi.ch/index.php/en/
- ALTERFIN – alterfin.be/en
- Alterra Impact Finance – alterraimpactfinance.com/
- Bamboo Finance – bamboofinance.com/
- Beartooth Capital – beartoothcap.com
- BlueOrchard Finance S.A. – blueorchard.com/
- Bridges Ventures – bridgesventures.com/

QUALIFICATIONS TO ENTER THE FIELD
(Cont’d.)

- CBS B8355, Impact Investing Seminar
- CBS B562, Social Ventures & Impact Investing: Risk Capital for Expanding Innovation
- CBS B562, Social Ventures & Impact Investing: Risk Capital for Expanding Innovation

+ Other courses that are more focused on Venture Capital/Private Equity:

- SIPA U8454, Investment Strategies in Developing Countries
- CBS B9301, Venture Capital: Risk/Opportunity
- CBS B9301, Private Equity: the asset class, its investments & its markets
- CBS B9301, Investment Banking: Finance and Management
- CBS B9301, Fixed Income Portfolio Management
- SIPA U6301, Corporate Finance
- CBS B8301, Advance Corporate Finance
- CBS B8399, Advanced International Corporate Finance
- SIPA U6045, International Capital Markets
- SIPA U6032, Investing in Emerging Markets
o City Light Capital – citylightcap.com/
o Cooperative Fund of New England – cooperative.org
o Community Reinvestment Fund – crfusa.com/
o Core Innovation Capital http://corevc.com/
o Craft3 – craft3.org
o DBL Investors – dblpartners.vc/
o Developing World Markets (DWM) – dwmarkets.com/
o EcoEnterprises Fund – ecoenterprisesfund.com/
o Ecotrust Forest Management (EFM) – ecotrustforests.com/
o EKO Asset Management– rockefellerfoundation.org/our-work/grants/eko-asset-management-partners/
o Global Partnerships – globalpartnerships.org/
o Grassroots Business Fund – gbfund.org/
o Grassroots Capital Management (GCM) – grassrootscap.com
o HarbourVest – harbourvest.com
o Incofin Investment Management (Incofin IM) – incofin.com
o Iroquois Valley Farms, LLC (IVF) – iroquoisvalleyfarms.com/
o LeapFrog Investments – leapfroginvest.com/
o The Living Cities Catalyst Fund – livingcities.org/work/catalyst-fund
o Meidlinger Partners, LLC – meidlingerpartners.net/
o MicroCredit Enterprises (MCE) – mcesocap.org/
o MicroVest Capital Management LLC – microvestfund.com/
o Murex Investments – murex.com/solutions/business-functions/investment-management
o Nonprofit Finance Fund – nonprofitfinancefund.org/
o Pacific Community Ventures – pacificcommunityventures.org/
o Oikocredit USA – oikocreditusa.org/
o PhiTrust Partenaires – phitrustpartenaires.com/?askconditions=ok&lq=FR
o ResponsAbility – responsability.com/investing/
o RSF Social Finance – rsfsocialfinance.org/
o Sarona Asset Management Company – saronafund.com/
o Small Enterprises Assistance Fund – seaf.com
o Symbiotics SA – symbioticsgroup.com/
o SJF Ventures – sjfventures.com/
o TBL Capital – tblcapital.co.za/
o Youth Social Innovation Capital Fund – youthsocialinnovation.org/
o Root Capital – rootcapital.org/
o Vox Capital – voxcapital.com.br/?lang=en/

Venture Philanthropy
Program-related investments (PRIs) are investments made by foundations to support charitable activities that involve the potential return of capital within an established time frame. PRIs include financing methods commonly associated with banks or other private investors, such as loans, loan guarantees, linked deposits, and even equity investments in charitable organizations or in commercial ventures for charitable purposes.

o Alsam Foundation – fdo.foundacioncenter.org/grantmaker-profile?collection=grantmakers&key=ALSA001

DEMAND
+ Impact investing is still at a growth stage and there are tremendous opportunities in the field.
+ One can work with foundations, impact investment funds, investment banks with social finance divisions, and incubators, among others.
+ Additionally, certain governments (e.g. the social impact bonds started by the Office of Social Innovation at the White House) are actively looking to hire.
AVI CHAI Foundation – avichai.org
Bill & Melinda Gates Foundation – gatesfoundation.org
Bodner Family Foundation – bodnerfamilyfoundation.org/
Building Hope – buildinghopeinc.org/
Cafesjian Family Foundation – cafesjianfoundation.com/
Calvert Foundation – calvertfoundation.org/
Daniel Veloric Foundation – fdo.foundationcenter.org/grantmaker-profile?collection=grantmakers&key=VELO002&state=%22Pennsylvania%22&sort_by=total_assets&sort_order=1&from_search=1&page=7
David and Lucile Packard Foundation – packard.org
Eric and Hannah Sachs Foundation – sachsfamilyfoundation.org/
Tony Blair Faith Foundation – tonyblairfaithfoundation.org/
F.B. Heron Foundation – heron.org
Ford Foundation – fordfoundation.org
Gordon and Betty Moore Foundation – moore.org
Grand Rapids Community Foundation – grfoundation.org/
Heinz Endowments – heinz.org
Helen Bader Foundation – hbf.org
Jacobs Center for Neighbourhood Innovation – jacobscenter.org/
Joe W. and Dorothy Dorsett Brown Foundation – thebrownfoundation.org
John D and Catherine T Macarthur Foundation – macfound.org
Kalamazoo Family Foundation – kalfound.org
Kresge Foundation – kresge.org
Libra Foundation – thelibrafoundation.org
Marisla Foundation – online.foundationsource.com/public/home/marisla
Mary Reynolds Babcock Foundation – mrbf.org
Meyer Memorial Trust – mmt.org
Michael and Susan Dell Foundation – msdf.org
National Housing Trust Community Development Fund – nhtinc.org
Northwest Area Foundation – nwaf.org
Otto Bremer Foundation – ottobremer.org
Prudential Foundation – corporate.prudential.com/view/page/corp/31797
Rasmuson Foundation – rasmuson.org
Rockefeller Foundation – rockefellerfoundation.org
Soros Economic Development Fund – opensocietyfoundations.org/about/programs/soros-economic-development-fund
Surdna Foundation – surdna.org
Thompson Educational Foundation – thompsontef.org
University Financing Foundation – tuff.org
Walton Family Foundation – waltonfamilyfoundation.org/

Resources for Additional Information
Monitor Institute – monitorinstitute.com/what-we-think/#
Next Billion – nextbillion.net
Global Impact Investing Network (GIIN) – thegiin.org
Impact Space – impactspace.com
ImpactAssets 50 Investment Fund Manager Database – impactassets.org/ia50_new/
MaRS Centre for Impact Investing – impactinvesting.marsdd.com
Echoing Green Impact Investing Blog – echoinggreen.org/impact-investing
o GIIRS, Ratings and Analytics for Impact Investing – b-analytics.net/giirs-ratings/
o Credit Suisse/Schwab Foundation on Social Entrepreneurship Impact Investing Thought Leadership Publication – www.schwabfound.org/content/publications
o Social Finance – socialfinance.ca
o Root Cause – rootcause.org/home

Publications
o “Impact Investing: Transforming How We Make Money While Making a Difference” by Antony Bugg-Levine & Jed Emerson
o “The Question of Mainstreaming Impact Investing” by Ben Thornley
o “Impact Investing”: Theory, Meet Practice by Mark Pinksy