A FELLOWSHIP APPROACH TO ACCELERATING SOCIAL ENTREPRENEURS

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FOREWORD

When Echoing Green, a nonprofit focused on unleashing next-generation talent, was founded in 1987, the term "social entrepreneur" was not widely used. Emerging leaders who wanted to change the world had limited options to access capital and programmatic support aside from its Fellowship program.[1] Forty million dollars in seed-stage funding and strategic assistance to nearly 700 entrepreneurs later, Echoing Green has witnessed social entrepreneurship become a global movement.

In recent years, Echoing Green has recognized two field-level trends within its Fellow community. First, for-profit business models to effect social and environmental change and impact investing (investments made to generate social and environmental impact alongside a financial return) have increased in popularity. At the same time, the business accelerator landscape has grown, and many entrepreneurs are participating in multiple programs. Globally, a plethora of accelerator programs are now employing a variety of services and funding models to launch start-ups.

Echoing Green also began accepting more entrepreneurs using for-profit business models into its Fellowship and deepening its engagement with its Fellow alumni community. In 2014, it piloted an impact investing "inflection cohort" of Fellow alumni running for-profit and hybrid social enterprises. Its goal was to fill gaps in support and funding through the Fellows' common critical inflection moment: transitioning from early-stage funding to raising more sophisticated institutional growth capital.

In this white paper, Echoing Green describes this impact investing inflection cohort pilot and shares the social entrepreneurs' data to shed light on how and if the inflection cohort model succeeded in enabling the early-stage social entrepreneurs to grow, attract investment, and deliver impact.[2]

Cover photo: Echoing Green Fellows at the 2015 All Fellows Conference in Johannesburg, South Africa

TRENDS IN EARLY-STAGE SOCIAL ENTERPRISE SUPPORT AND FUNDING

A review of recent literature surveying the landscape of business and impact accelerators shows that early-stage social entrepreneurs running for-profit companies can choose from a variety of options.[3] A study by Syracuse University counted 950 business accelerators operating from 1990 to 2008, and a 2013 landscaping exercise conducted by The Rockefeller Foundation and Monitor Deloitte found more than 160 impact accelerators in the United States, Sub-Saharan Africa, and Southeast Asia alone.[4] With the average age of the surveyed impact accelerators at less than five years, much discussion in the social innovation field today is focused on accelerator performance and what's working (and not working) to move social enterprises to the next level.

Given the expanding marketplace, impact accelerators have become more specialized in order to capture distinct market segments. Some, like StartUp! India, are focused on a single country, while others, like Village Capital, use a "problem-based approach," forming cohorts tackling specific social issues from various angles in diffe ent locations around the world. Others are following the co-locating model of working together pioneered by Y Combinator, a Silicon Valley business accelerator that recently started accepting social enterprises. Other approaches are curriculum-based, such as those offe ed by the Global Social Business Institute at Santa Clara University and the Center for the Advancement of Social Entrepreneurship at Duke University, as well as more bespoke support, as modeled by Unreasonable Institute's intensive mentoring approach. These are only a few of the iterations within the impact accelerator landscape—online-only platforms provide more variation.

However, there is still little conclusive evidence correlating impact accelerator eff rts with social enterprise success. A growing number of research studies are under way, like the Global Accelerator Learning Initiative supported by the U.S. Agency for International Development, to aggregate and share data around best practices, common challenges, and trends.

Impact Accelerator Research Review

Best Practices

- **Customization:** impact accelerators should provide access to high-quality service offe ings tailored to the needs of individual social enterprises
- **Networks:** when accelerators have a diverse portfolio across sectors and geographies, they need to provide access to regional or sector-specific networks of follow-on funding, support, or mentors
- **Infrastructure:** most social entrepreneurs need help with skills-building like fundraising or pitching; impact accelerator models with the highest rate of enterprise success also work collaboratively with funders, government, and peers to build an ecosystem of support

Challenges

- **Business model:** impact accelerators face a free-rider problem; investors benefit from their support of young enterprises, but they rarely pay for investment-readiness services
- **Standardization vs. customization:** impact accelerators struggle with providing services that meet the needs of different enterprises while controlling costs
- **Data:** there is a shortage of quantitative and qualitative performance data to support insights on best practices, given the relatively nascent sector

Source: Echoing Green, 2016. References: "Accelerating Impact: Exploring Best Practices, Challenges and Innovations in Impact Enterprise Acceleration," Working paper, Monitor Deloitte, with support from The Rockefeller Foundation, February 2015; Peter W. Roberts, Sean Peters, Justin Koushyar, & Saurabh Lall, "The Entrepreneurship Database Program at Emory University Mid-Year Data Summary," September 2015, with support from the Argidius Foundation, Kauffman Foundation, Lemelson Foundation, Omidyar Network, & USAID; Saurabh Lall, Lily Bowles, & Ross Baird, "Bridging the 'Pioneer Gap': The Role of Accelerators in Launching High-Impact Enterprises," *Innovations: Technology, Governance, Globalization* 8, no. 3-4 (2013): 105-37.

ECHOING GREEN'S APPROACH TO EARLY-STAGE SOCIAL ENTERPRISE SUPPORT

Even with this influx of impact accelerators, Echoing Green's approach to emerging social entrepreneur support remains unique due to a few core distinctions:

- It focuses primarily on the individual, rather than the organization, and thus concentrates support on leadership development.[5] The Fellowship selection criteria weigh both the individual and the idea.[6]
- Skills building, network connections, and peer support are not time-bound to the two-year funded Fellowship. Echoing Green's philosophy is "Once a Fellow, always a Fellow."
- Its pioneering status, track record of success, and global name brand have consistently yielded a very low application-to-acceptance rate. Echoing Green typically receives 2,000–3,000 applications from over 100 countries, and selects the top 1–2 percent, making it one of the most selective programs of its kind.
- Echoing Green acts as a platform to elevate the collective voices of its social entrepreneurs by sharing their common challenges, opportunities, and learnings in field-level discourse.

THE IMPACT INVESTING INFLECTION COHORT

Starting in 2010, Echoing Green heard from Fellows and alumni that they faced considerable challenges raising investment through their companies' growth and scale phase. In addition, in 2015 it surveyed for-profit and hybrid Fellowship applicants and found that while 69 percent proposing work in developing and developed countries reported seeking funding from impact investors, only 17 percent reported having secured it.[7] Similarly, 67 percent and 59 percent of those focusing on either developing or developed countries, respectively, sought impact investment, but only 7 percent and 12 percent had received it.[8] Given these data trends, real-time feedback from Fellows, and additional data on the small amount of early-stage financing shared in industry reports,[9] Echoing Green decided to engage alumni—those who had gained traction, raised early investment, and were more experienced than current Fellows—in a pilot support model.

In 2012, in its first survey of alumni, Echoing Green learned that over 75 percent of the then-550 alumni were still connected to the organization, attending events and corresponding with leadership. In comparison, other highly selective cohort programs, such as the McKinsey & Company consultancy, retain communications with approximately 60 percent of their network.[10] Due to this extraordinary engagement, as well as the growing recognition that continued support for emerging entrepreneurs is critical to long-term sustainability for the social innovation sector, Echoing Green decided to extend robust programmatic support to alumni. This included piloting four alumni inflection cohorts, of which impact investing was one topic.[11]

The alumni inflection cohort pilots consisted of 15–20 months of support by a dedicated Echoing Green staff member, a USD 3,000 grant for leadership development funding, an on-call secular chaplain,[12] and three four-day retreats composed of skills-building workshops, guest speakers, and peer learning time. Alumni had to apply, unique for typically inclusive alumni programming, and were selected based on their fit for the inflection moment rather than by their Fellowship year or business indicator thresholds. This selection process increased the selectivity of the cohort. Programming focused on catalyzing alumni organizations' impact by supporting them as individuals through a common inflection point. This focus was based on Echoing Green's core belief that leaders working across diffe ent sectors who are confronted with the same issue at the same stage can provide transformational support to one another.

Echoing Green's impact investing program is focused on selecting, seeding, and supporting emerging leaders to unleash talent critical to the impact investment market's success. It does so by providing tools and access needed for social entrepreneurs to engage with funders. As 15 percent of its Fellowship applicant pool proposing for-profit or hybrid business models in 2006 has steadily grown to 45 percent in 2016, Echoing Green has been enhancing support, particularly around Fellow business model and investment readiness.

The impact investing inflection cohort—a group of 10 for-profit and hybrid Echoing Green alumni[13]—married the expertise of the impact investing program with connections available through its network to deliver programming. The inflection cohort ran from July 2014 through October 2015. By its end, Fellows had spent 15 months raising capital with over 15 days of in-person support from Echoing Green staff, other Fellows, investors, and industry experts through the in-person retreats, and at least 15 additional hours of remote one-on-one support from Echoing Green staff.

Impact Investing Inflection Cohort Snapshot

Ten Social Enterprises Working Around the World

- India
- Kenya
- Mali
- Mexico
- Tanzania
- United States

SIX For-profit companies **FOUR** Hybrid organizations

Average organization age at start of cohort:
3.8 YEARS
with range of 2-7 years

Primary Focus
70% Developing Countries
30% Developed Countries

Participants
60% Male
40% Female

Echoing Green Fellowship years represented:
2009-2012

Program Areas
40% Poverty Alleviation & Economic Development
30% Food & Agriculture
30% Health & Healthcare

Source: Echoing Green, 2016.

IMPACT INVESTING INFLECTION COHORT GOALS

The impact investing inflection cohort aimed to address gaps in support and funding for Fellow alumni through their critical inflection moment from early-stage funding to more sophisticated institutional growth capital. Echoing Green tracked the following goals:

Community building: Fellows increase their access to a community of practice[14] through engagement with other cohort members.

Framing the impact investment landscape: Fellows improve their understanding of the ecosystem so that they can successfully navigate it to target relevant investors and support.

Developing skills: Fellows gain and enhance fundraising skills needed to move through this inflection moment.

Inspiring continued commitment: Fellows increase their passion for, and commitment to, their respective organizations.

These goals are distinct from those found in the accelerator research review, which predominately focused on changes in business indicators rather than individual entrepreneur goals.[15] Given Echoing Green's philosophy of leadership development, this pilot focused on each entrepreneur's understanding of fundraising skills, perceived access to resources, and changes in confidence, rather than measuring inputs and outputs. Staff measured Fellow progress along these goal areas through numerical rankings reported in pre- and post-cohort surveys, qualitative written responses and conversation, as well as staff, chaplain, and guest speaker observation.[16]

Community Building

The inflection cohort experience created a strong community of practice for Fellows. The entrepreneurs listened and learned from one another and more seasoned individuals in their fields. They reported that the inflection cohort was the first closed, safe space they'd experienced as social entrepreneurs to talk about the difficulties they faced in fundraising, rather than pitching or broadcasting successes. Fellows said the "camaraderie was critical—you don't get it anywhere else," and that "it was the only place where I felt like I could let loose and not hide myself, and talk about real issues. Relationships really developed." In the first retreat, "sharing low moments and peer reflection" ranked highly as one of the Fellows' most valuable retreat activities. Staff were surprised at the extent of emotion and frustration expressed by the entrepreneurs at the retreat outset, given how infrequently it is discussed in fundraising and investment readiness conversations—and absent from resources and programming focus on "hard" skills like financial modeling and investor pipeline management.

Fellows ranked retreats on average at 7.6 out of 10, with 10 being highest satisfaction.[17] Satisfaction increased with each retreat; the last retreat ranked 13 percent higher than the first, suggesting that Echoing Green learned how to better develop and deliver programming that met Fellows' goals. While not statistically significant and limited due to the sample size of 10, Fellows did report small increases across most community indicators, such as ability to ask other Fellows for guidance and regular communication with other Fellows pre- and post-cohort. Structured peer learning time ranked highly, in which Fellows shared successes and failures and together brainstormed solutions to individual challenges. Comments about the programming included words such as "guiding," "coaching," and "learning," and one reported that "the main value of the cohort was to hear diffe ent strategies from peers—actual firsthand knowledge from other entrepreneurs [who had successfully fundraised], in a learning and coaching environment, rather than a workshop." Three-fourths of the Fellows said that Echoing Green's key value was offe ing individually focused support that continued throughout their social entrepreneurship journey.

Inflection Cohort Funding Profile

Echoing Green Fellow: Touré McCluskey
For-Profit Company: OkCopay
Year Founded: 2012
Sector: Health & Healthcare
Geography: U.S.

OkCopay helps people who pay out of pocket for medical expenses find the right doctor at a competitive price. The OkCopay website allows customers to see the prices of dental exams, eye exams, and other routine health care services near them so they can comparison shop, save money, and avoid surprise bills.

In addition to seed capital in the form of a USD 80,000 recoverable grant provided by Echoing Green in 2012, OkCopay received USD 100,000 in 2015 in a convertible note from an Echoing Green connection—pioneering impact investor Josh Mailman. With lean operations and only two staff members, in its first two years OkCopay did not require additional outside investment.

After launching an initial version of the website, in 2014 founder and CEO Touré McCluskey was ready to attract additional outside capital to scale up the pricing database and operational infrastructure that could meet nationwide demand. At the start of the inflection cohort, Touré hoped to use the experience to tighten his approach to fundraising and to be held accountable to a 15-month raise timeline. While other cohort members needed more support on financial modeling and business economics, Touré's education at Stanford Business School allowed him to focus on fundraising.

During the cohort, Touré closed a second round with Josh Mailman and generated his first full-paying customer on his way to proving traction with additional investors. He deployed capital to scale up his data collection efforts and increase user acquisition. Today, OkCopay is the largest database of pricing data for the cash-paying marketplace. To date, more than 400,000 people have used the OkCopay platform to find affordable medical services. Touré is looking to build on these milestones to raise additional capital by the end of 2016 to build out his team and invest in sales and marketing.

Touré reported: "The main value of the inflection cohort for me was hearing different fundraising strategies from peers. There is no substitute for getting actual firsthand knowledge from other entrepreneurs who have also recently been through the process of fundraising—sometimes from the same investors and funds. The focus on peer learning and coaching was a welcome change from a typical 'theory-based workshop' agenda. Looking forward, I am excited about the prospects of OkCopay delivering on our mission to help people find affordable health care. Recently, we have seen a rapid rise in both users and revenue. We are wonderfully positioned to help support the larger trend of consumerization in health care. Our business growth, coupled with the preparation provided by the cohort, gives us confidence that our fundraising efforts later this year will be successful."

Source: Echoing Green, 2016.

Framing the Impact Investing Landscape and Inspiring Continued Commitment

Interestingly, despite access to a community of practice, Fellows did not report marked increases in inspiration for their work. Staff observed a range of Fellow optimism throughout the cohort period. Possible drivers for the mixed results could include increasing company age. Anecdotally, many Fellows felt their companies were “aging out” of the “sexy” start-up phase and hitting a difficult moment in their enterprises’ life cycle. Their growing tenure as founders showed signs of “entrepreneurial burnout” as they faced changing personal life stages with familial commitments and expectations.

Fellows’ reported confidence in their ability to raise money provided another possible explanation for their mixed commitment. Pre- and post-cohort they rated their confidence across 10 fundraising skills and reported small increases across the 10. The three that improved most substantially across the cohort were: screening investors based on the kinds of investments they made in the past, communicating with investors after having completed successful fundraising, and identifying mistakes and how they should have responded after a pitch. In written responses, increases in confidence were mentioned multiple times by most Fellows across retreats. However, though they reported increased confidence in fundraising skills, their confidence to actually raise enough money to achieve organizational goals over the next 12–15 months did not change.

Staff hypothesized that could be because Fellows came to a better understanding of the broader impact investment market and were more realistic about market challenges, in addition to their particular company or market issues. Anecdotal feedback received from at least 40 percent of the cohort said that “real talk” about the difficulties of fundraising from other social entrepreneurs, as well as frank discussion of challenges and constraints with leading impact investors, revealed the challenges of the impact investment market. Fellows remarked that they learned about the market’s “complexity” and “the flaws in the social investment space.” Some entrepreneurial lack of clarity on the impact investment market has also been reported by Echoing Green’s 2015 Fellowship applicants, of which 17 percent of for-profit and 21 percent of hybrid start-up social entrepreneurs reported they did not know what impact investing meant for them and their organizations.[18] Similarly, recent reports note that more transparent segmentation in the impact investment landscape is needed to help investors make sense of it, as well.[19] As one leading seed-stage impact investor who had been funding social entrepreneurs for many years shared, he thought it was amazing that the Fellows had secured any money at all.

The positive side to the cohort learning more about the impact investment landscape was that they coalesced as a community. They came to see themselves as a pioneering group of leaders in impact investing and in a position to “pay it forward” to help future social entrepreneurs. A Fellow reported that a roundtable discussion with impact investors, detailed later in this paper, “gave us a glimpse of the wider space beyond our ventures and the roles we could play in it.” Another noted that they really enjoyed the cohort’s “eff rts for community building with investors and getting a voice to fix funding gaps.”

Skills Building and Fundraising

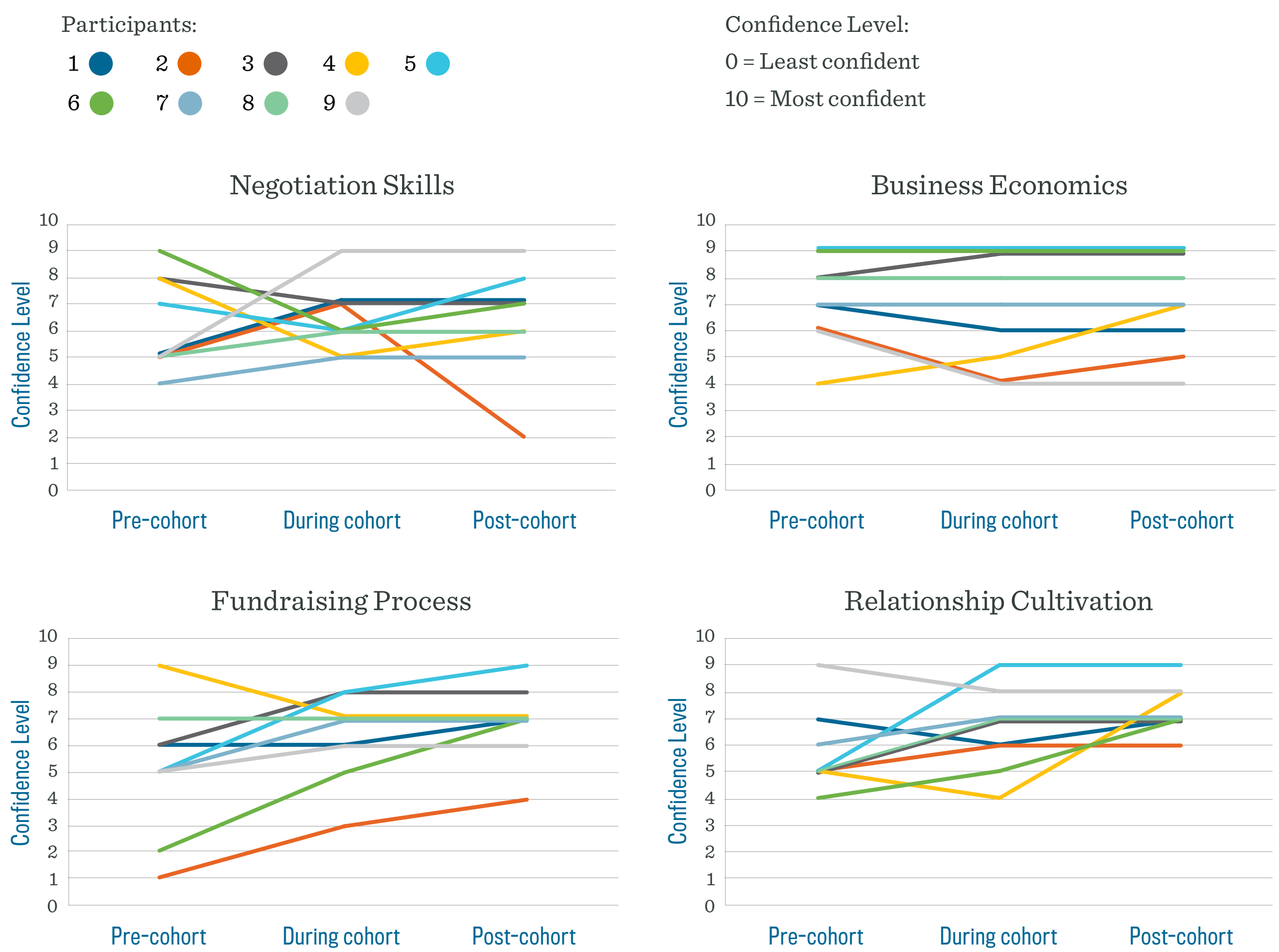
At the first retreat, staff led cohort members in a co-creation process using design-thinking methodology to identify four building blocks of fundraising skills to inform trainings, identify speakers, and develop skill-building agendas. One of Echoing Green’s core hypotheses in the inflection cohorts was that listening to entrepreneurs up front would result in programming that could best meet their needs, instead of proscribing it. The resulting building blocks were: developing and executing a fundraising process plan, financial modeling and fundamentals of business acumen, relationship cultivation, and negotiation skills, particularly around term sheets.

Fellows’ responses varied, as seen in the graphs below. On the whole, they reported increases in confidence across three skill-building blocks—negotiation, relationship cultivation, and fundraising management—while business acumen fundamentals did not change. Fellows consistently gave high rankings to programming featuring seasoned social entrepreneurs like Kristen Groos Richmond, Co-Founder and CEO of Revolution Foods, and Shazi Visram, Founder and CEO of Happy Family Brands, who provided tactical advice on running successful fundraising processes. One Fellow reported, “Prior to coming, we had the goal to raise capital, [and] during the retreat came up with a rough draft of an execution strategy,” while others came away with “tangible” next steps and appreciated peer accountability exercises.

Of the USD 30,000 budgeted across the 10 Fellows to support development toward the four skill-building blocks, Fellows used USD 23,000 by the end of the cohort cycle. They used the funding to take classes, attend impact investing conferences, and hire consultants to create financial models, but the most common usage (50 percent of all funds) was put toward executive coaching around various elements of the fundraising process—such as communication style, negotiations, and pitching. Interestingly, of the five Fellows who used an executive coach, four of them continued to use, and pay for, their coach after the inflection cohort concluded.

Fellows were not interested in focusing on impact measurement and tracking, and did not include them as one of the skill-building blocks. Only one reported that the company had been required to report impact metrics in legal documents. Some expressed frustration around being asked to demonstrate impact via randomized controlled trials without their cost being covered, and described a binary approach to impact—they felt “it is either there or it’s not.” Interestingly, investors who came to speak to the cohort also focused on the importance of conveying strong financials and the entrepreneurs’ individual stories more than impact metrics.

Self-Reported Changes in Confidence Around Fundraising Skills By Cohort Participants

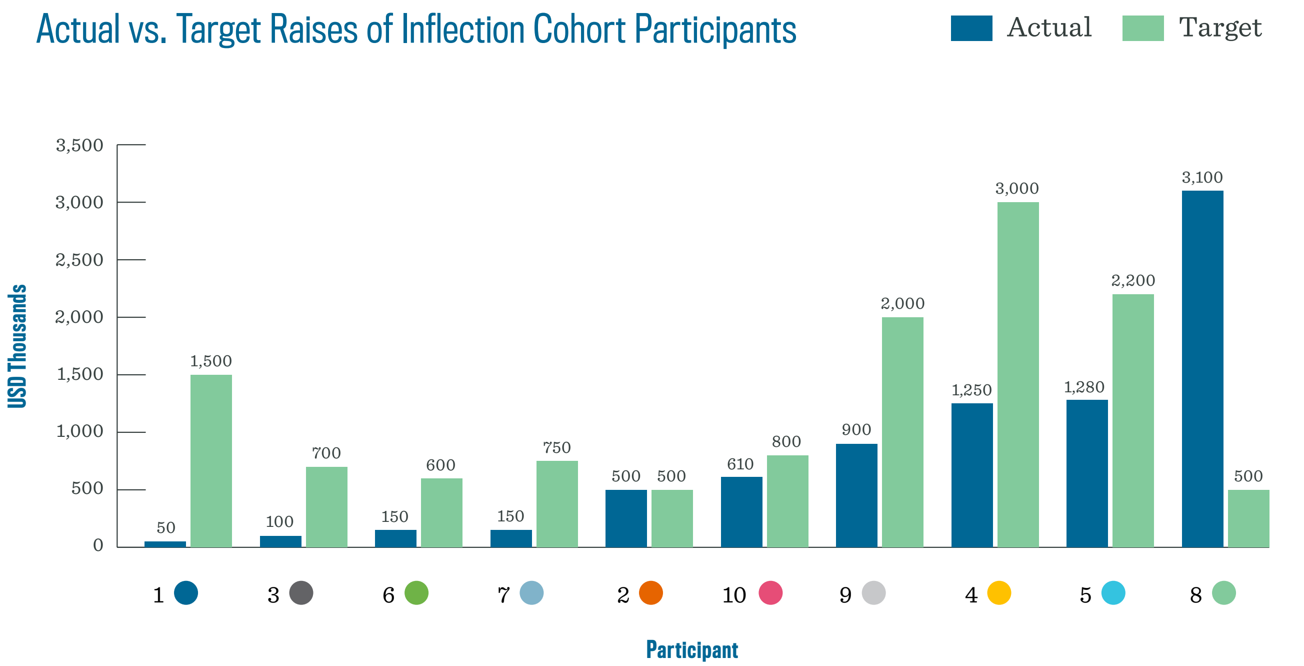


Source: Echoing Green, 2016. These data are not statistically significant and reflect only these inflection cohort participants’ experiences. Data from nine inflection cohort participants are included; one of the participants did not submit pre- and post-cohort data.

FUNDS RAISED

While the inflection cohort goals were focused on individual skill-building, Echoing Green also tracked funds raised over the course of the cohort. Given the diversity of Fellow companies in the cohort, staff focused on tracking their targeted raise at the start of the cohort compared with their actual raise. While the Echoing Green Fellowship and the cohort programming were only one part of each Fellow's universe of resources and support, it is worth noting that the 10 Fellows in this cohort grew their original Echoing Green Fellowship stipends, which totaled USD 790,000, by 24 times to USD 19.4 million.

Actual vs. Target Raises of Inflection Cohort Participants



Source: Echoing Green, 2016.

Impact Investing Inflection Cohort Funds Raised

TOTAL FUNDS RAISED

Inflection cohort total funds raised	Funds raised pre-cohort (USD thousands)	Total funds raised as of five months post-cohort (USD thousands)	Difference (USD thousands)	Number of participants
Total	9,200	19,400	10,200	10
Average, entire cohort	900	1,900	1,000	10
Average – developing country focus only	900	2,200	1,300	7
Average – developed country focus only	1,100	1,300	200	3

Source: Echoing Green, 2016. One enterprise working in a developing country was an outlier, raising USD 3.1 million.

FUNDS RAISED: TARGET, ACTUAL, AND DIFFERENCE

Inflection cohort funds raised	Target fundraise at beginning of cohort (USD thousands)	Actual funds raised during cohort (USD thousands)	Difference (USD thousands)	Number of participants
Total	12,600	8,100	-4,500	10
Average, entire cohort	1,300	800	-400	10
Average – developing country focus only	1,400	1,000	-300	7
Average – developed country focus only	1,000	300	-700	3

Source: Echoing Green, 2016. One enterprise working in a developing country was an outlier, raising USD 3.1 million.

BUSINESS INDICATORS

Average revenues	Pre-cohort (USD thousands)	Post-cohort (USD thousands)	Difference	Number of participants
Entire cohort	362	629	74%	10
Developing country focus only	350	648	85%	7
Developed country focus only	391	583	49%	3
Average expenses	**Pre-cohort (USD thousands)**	**Post-cohort (USD thousands)**	**Difference**	**Number of participants**
Entire cohort	392	677	73%	10
Developing country focus only	449	711	58%	7
Developed country focus only	259	597	131%	3

Source: Echoing Green, 2016. Business Indicators data note: averages include two outliers. Two of the 10 enterprises had USD 0 in pre-cohort revenues and expenses. One company had a developing country focus and the other a developed country focus.

At the start of the inflection cohort, Fellows aimed to raise an average of USD 1.3 million. By the inflection cohort's close, Fellows had raised, on average, about USD 800,000, and were still looking to raise on average another USD 1 million. The seven Fellows working in developing markets raised more capital during that time period; on average, they raised USD 1 million, driven by an outlier fundraise of USD 3 million, while the three United States–based Fellows raised an average of USD 300,000. The smaller raise was in part driven by their business types—one was pre-prototype and the other had a retail business model.

Some Fellows reported funding as a direct result of the inflection cohort. Three received recoverable grants from the Open Road Alliance, and one received an investment from a well-known technology investor after connecting at one of the retreats.

DISCUSSION

How did Echoing Green's impact investing inflection cohort pilot compare with accelerator models of support to enable early-stage entrepreneurs to grow, attract investment, and deliver greater impact? Looking at it relative to the review of impact accelerator programs noted earlier, key takeaways include:

- **"Standardization vs. customization" to configuration:** Customizing programming and support to a specific sector, location, or business stage didn't make sense for this inflection cohort given Echoing Green's approach supporting a diversity of social entrepreneurs. Similarly, Fellowship applicants have reported needing a broad variety of investment-readiness supports, from business plan creation to pitch feedback sessions.[20] The cohort Fellows did easily self-organize into sector- and geography-specific peer support. Informed by the inflection cohort pilot, Echoing Green's approach to entrepreneurial support is that of "configuration"—a middle ground between standardized cookie-cutter models and full customization. Fellows have given early positive feedback to a curated menu of investment-readiness resources and tools.

- **Networks and infrastructure:** Echoing Green has a unique advantage in having both a global network, given its history, and a suite of programming across the social change ecosystem to develop a robust system of support for social change leaders. Like other impact accelerators, it needs to deliberately build strong follow-on funding networks, especially in emerging markets. Many Fellows in the cohort reported that accelerators added value by enhancing their understanding of the broader ecosystem, not just individual skill-building. As one said, "Exposure to diffe ent networks is critical; it helped me to accelerate my thinking by having a broad group of advisors." In addition to investment-readiness resources and tools, experts from Echoing Green's network provide services including pro bono legal support and financial consulting to help Fellows solve start-up business issues.

  Fellows in the cohort also perceived a link between aligning an accelerator's geographic or sector-specific focus with its utility; as also noted in the research review, accelerators should bolster their connection with the ecosystem of funders, peers, and regulatory environments in which their portfolio companies work.

- **High cost and funding sources challenge scalability:** The impact investing inflection cohort budget was USD 180,000. Of this, USD 90,000 went to travel and retreat expenses, USD 30,000 for skill-building grants, and USD 60,000 for indirect (staff and overhead) expenses. A significant cost driver was airline travel, as half of the cohort needed to be flown to retreat locations in the San Francisco Bay Area and New York City. Echoing Green fully funded this program from general operating grant revenue and did not raise any dedicated funds for this pilot.

  Investors who found investment through the program were not asked, and did not offe , to donate to Echoing Green. If the pilot was replicated in the future, investors would not likely underwrite programming, as noted in the accelerator research review, but there could be additional cost savings to the key drivers via donated corporate airline miles and utilizing only donated space.

- **The value of (multiple) accelerators:** Ninety percent of the Fellows reported participating in at least one other accelerator in addition to Echoing Green, with 60 percent participating in at least three. Programs included Village Capital, Unreasonable Institute, and university-based accelerators. Fellows saw each as having different value—and a combined value. They appreciated being able to sequence them to meet their leadership and business needs and get support, training, and mentorship when they needed it.

To help entrepreneurs identify the right fit for their needs at the right time, accelerators and other support programs should be transparent with applicants about their core competencies, broadcast their value as reported by past participants, and the strength of their networks. Sharing data to see if and where their entrepreneur participants sequence them relative to other accelerators, and if there are trends in sequencing that can be capitalized on by partnerships across accelerator programs, could be an area for future research. Of all the things Echoing Green has learned from a quarter century of investing in bold leaders and big ideas, perhaps the most important lesson is that the world's most intractable problems cannot be solved in isolation.

Inflection Cohort Funding Profile

Echoing Green Fellow: Zubaida Bai
Hybrid Organization: ayzh Health and Livelihood Private Limited / ayzh Inc.
Year Founded: 2012
Sector: Health & Healthcare
Geography: Global

ayzh develops low-cost, appropriate technology for health and livelihood designed to meet the unique needs of women in resource-poor settings worldwide.

After raising over USD 1 million for ayzh over its first two years and deploying it to grow her business, founder and CEO Zubaida Bai needed to raise another round of USD 2 million to scale the organization's operations and wanted to ensure an optimal fundraising process. She joined the cohort at the start of this raise.

Within the 15-month cohort timeline, Zubaida raised 75 percent of her target goal from a mix of grant, equity, and debt capital. One key investor, the Open Road Alliance Foundation, came directly through a connection made by Echoing Green. That recoverable grant was deployed to continue to produce inventory for the growing customer demand; in the same period, ayzh's customer base grew 285 percent.

ayzh is currently exploring its growth by building a strong base for manufacturing and creating extension hubs for marketing and production. They are also preparing to launch two additional products, the newborn kit and the postpartum hygiene kit. At the same time, Zubaida is preparing a strategic plan for growth for the next five years and intends to fill financial and human resource gaps identified by the strategic plan later in 2016.

Zubaida reported: "For me, the main value of the inflection cohort experience was the focus on me, as the individual entrepreneur, instead of on my company. Other programs I've been a part of have been more focused on the business, but Echoing Green, both in the initial Fellowship and the inflection cohort, take a different approach. They supported and helped *me* get where I wanted to go."

Source: Echoing Green, 2016.

LOOKING AHEAD

In addition to the outcomes of the planned programming for the inflection cohort, a surprising and unintended outcome was that the Fellows were actively interested in taking action to leverage their collective voice to support one another and future social entrepreneurs. As part of the cohort's goal to frame the impact investment landscape, Echoing Green invited leaders on the investor side of the table to come in and talk to the entrepreneurs honestly and off the record. As a result of listening to speakers and in talking with one another, the Fellows realized that, in addition to individual fundraising challenges, the lack of early-stage impact capital is a result of systemic, structural market challenges. They quickly accepted that they are pioneers in their respective emerging markets and in many cases will be "guinea pigs" in terms of new investment and blended capital structures, impact performance measurement, and business model growth.

Many of their conversations paralleled what Echoing Green has heard at impact investor- or peer institution-only meetings. For example, topics (though not necessarily suggested solutions) were similar: collaboration around how to improve the impact investment market, what makes a "good" impact investor, how to preserve companies' missions, and how to account for risk. Being social entrepreneurs, they came up with constructive ideas for collective action.

The cohort and staff came up with distinct ideas, including an impact investor roundtable in which they, as social entrepreneurs with business model traction but still facing barriers to growth, could contribute to the impact investing discourse. Held at the Ford Foundation in April 2015, this roundtable brought together a group of investors and the entrepreneurs to have a frank and open discussion. The goal was to build the muscle of open conversation as well as build a community. The three main themes of conversation were:

- The need to reclaim the spirit of "co-conspiracy" in solving the world's biggest problems via for-profit social enterprise and impact investment, welcoming additional opportunities to build a broader, true community of investors and entrepreneurs.
- The need on both sides for better mechanisms to learn from each other. There is opportunity to identify ways to accelerate learning in order to meet entrepreneurs' time-sensitive needs for funding and investor needs for due diligence.
- The need to make information around various stakeholder incentives and constraints widely available in order to identify core pain points and true opportunities for collaboration.

Echoing Green is applying lessons learned from this cohort to its current and alumni for-profit Fellow community. It will continue to elevate its Fellows in funder circles, given that a cohesive voice of active social entrepreneurs has been largely absent in the impact investing discourse. Since entrepreneurs don't have the benefit of an equal power dynamic when talking with investors, Echoing Green will continue to aggregate and share their concerns and best practices. In addition, the cohort, led by staff, co-created tools to help emerging social entrepreneurs navigate impact investment fundraising. These tools are being piloted with the Fellow community and will be shared after measuring usage and feedback. It will also continue to formalize interactions across Fellowship years by supporting virtual and in-person convenings.

As the social innovation field continues to evolve, impact investors, accelerators, and other supporters of emerging social entrepreneurs can continue to learn and specialize—understanding and communicating their unique value and also how they interact to form an ecosystem of support and funding. Echoing Green knows its risk-taking capital and seed-stage support are still rare, and the next generation of talent cannot be unleashed by one organization alone. It presents these initial insights in hopes that others will add to the conversation and take them even further. As this generation of social entrepreneurs creates innovative solutions, so must fellowships, accelerators, and early-stage funders innovate on financing and support to work together to solve age-old problems around the world.

APPENDIX

Echoing Green Impact Investing Inflection Cohort Retreat Agenda Sample

Community Building: Opportunities to meet and connect with Fellow cohort participants

Inspiration: Hearing from other leaders about their own personal journey through this process

Monday, September 8th Landscape and Framing	Tuesday, September 9th Building Cohort Connections	Wednesday, September 10th Feeling Inspired
9:00-10am: Welcome + Introductions	9:30-10am: Debrief + Daily Overview	9:30-10am: Debrief + Daily Overview
10-11am: Fireside Chat and Q&A: Kristin Groos Richmond of Revolution Foods	10-11:30am: Fireside Chat and Q&A: Felix Brandon Lloyd of ZooBean and 2007 EG Fellow	10-11:30am: Facilitated Discussion: "How might we support each other outside of this convening?"
11-11:15pm: Break	11:30-12:30pm: Lunch	11:30am-12pm: Break
11:15am-12:30pm: Cohort Overview: What are the goals of this experience? What is the program methodology?	12:30-1:15pm: Challenges Brainstorm: What are the most salient challenges we are each facing?	10-11:30am: Fireside Chat and Q&A: Mitch Kapor of the Kapor Center
12:30-2pm: Lunch and Chaplaincy	1:15pm-1:30pm: Break	1-1:30pm: Lunch
2-3pm: Fireside Chat and Q&A: Tracy Weatherby of Active Ingredient Consulting	1:30-2:15pm: Peer Advisory Session: Round 1	1:30-3pm: Design Thinking & Building Blocks: "How might we become successful at raising capital?"
3-3:30pm: Break + Debrief	2:15-2:30pm: Break + Debrief	3- 3:30pm: Logistics + Closing
3:30-4:30pm: Landscape Overview and Q&A: John Goldstein of Imprint Capital	2:30-3:15pm: Peer Advisory Session: Round 2	
4:30-5pm: Break + Debrief	2:15-2:30pm: Break + Debrief	
5-6pm: Fireside Chat and Q&A: Cheryl Dorsey, 1992 EG Fellow	3:30-4:15pm: Peer Advisory Session: Round 3	
6-7pm: Optional Drinks with Echoing Green	4:15-5pm: Break + Debrief	
	5-6pm: Landscape Overview and Q&A: Antony Bugg-Levine of Nonprofit Finance Fund	
	6-8pm: Group Dinner	

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ENDNOTES

1 The Echoing Green Fellowship consists of financial and programmatic support over a two-year period to select nonprofit, for-profit, or hybrid organizations that have demonstrated an innovative approach to solving the world's biggest problems. More information here: http://www.echoinggreen.org/fellowship.

2 The data and observations in this white paper reflect this inflection cohort's experience. Readers should not use these data to draw conclusions about specific geographies, sectors, organization types, or the broad early-stage social enterprise field.

3 We define business accelerators as intermediary organizations working to scale enterprises by providing leadership, business, or mentorship support and/or funding. Impact accelerators are those focused on supporting for-profit social enterprises.

4 Alejandro S. Amezcua, "Boon or Boondoggle? Business Incubation as Entrepreneurship Policy," Public Administration—Dissertations, Paper 80 (2010); "Accelerating Impact: Exploring Best Practices, Challenges and Innovations in Impact Enterprise Acceleration," working paper, Monitor Deloitte, with support from The Rockefeller Foundation (February 2015).

5 "An innovative idea and organizational leadership skills are worthless if the leader is burned out. Part of Echoing Green's unique perspective is our focus on the individual leader themselves. And while we would be delighted to see our Fellows change the world through the organization they are starting now, we are hopeful that their passion for social change lasts a lifetime, even if this particular organization does not." Rich Leimsider & Erica Lock, Echoing Green, *The Echoing Green Fellowship: Our Philosophy of Support* (2014), http://bit.ly/1QG503p.

6 http://bit.ly/26CwylP.

7 For that paper and this one, Echoing Green used USAID's List of Developing Countries to segment the data. https://www.usaid.gov/sites/default/files/documents/1876/310maa.pdf.

8 Min Pease, Echoing Green, *Deviation from the Standard* (2015), http://bit.ly/21ko278.

9 J.P. Morgan & The Global Impact Investing Network, *Eyes on the Horizon: The Impact Investor Survey* (2015), http://bit.ly/1pz1ulC. Aspen Network of Development Entrepreneurs *Impact Report* (2014), http://bit.ly/21HxnVh.

10 Andrea Davila, Echoing Green, *The Echoing Green Fellowship: Building a Lifelong Community* (2013), http://bit.ly/1Tkq1Te.

11 Ibid. Echoing Green ran four pilot alumni inflection cohorts. In addition to this cohort, the topics of the other cohorts were: Scaling a Venture, Geographic Expansion, and Launching a Thought Leadership Platform.

12 Since 2009, Echoing Green has offered chaplaincy as a service to Fellows in response to the layered nature of social change work, recognizing that starting and leading social change ventures requires the whole person, and it is this wholeness that Echoing Green wants to support. Based in research, effective chaplaincy involves providing support and pastoral care during difficult times and on ordinary days. Supporting Fellows of all faith traditions and those who have no faith tradition, the chaplain team provides support in terms of growth as well as emotionally, spiritually, ethically, and professionally.

13 Echoing Green selected 11 alumni, but this paper refers to 10, as one alum was unable to make most of the inflection cohort retreats and commitments.

14 A community of practice is defined as a "group of people who share a concern, a set of problems, or a passion about a topic, and who deepen their knowledge and expertise in this area by interacting on an ongoing basis." E. Wenger, R. McDermott, & W. M. Snyder, *Cultivating Communities of Practice* (Boston: Harvard Business School Press, 2002).

E. Wenger & W. Snyder, "Communities of Practice: The Organizational Frontier," *Harvard Business Review*, January–February 2002, 139–45.

15 Saurabh Lall, Lily Bowles, & Ross Baird, "Bridging the 'Pioneer Gap': The Role of Accelerators in Launching High-Impact Enterprises," *Innovations: Technology, Governance, Globalization* 8, no. 3–4 (2013): 105–37.

16 Echoing Green developed a survey that measured the Fellows' progress from baseline to post-cohort with regard to their access to a community of practice, skills development, and inspiration/continued commitment. The same survey was given after each retreat and after the inflection cohort concluded. Participants responded on a 1- to 5-point scale, with 1 being strongly agree, and 5 weakly agree with the statements for numerical data points to complement their written responses.

17 See the Appendix for a sample agenda.

18 Min Pease, Echoing Green, *Deviation from the Standard* (2015), http://www.echoinggreen.org/pubs/Deviation-Standard-Impact-Investing.html.

19 Eric Hangen & Michael Swack, *The Global Impact Investing Network and Carsey School of Public Policy, Scaling U.S. Community Investing: The Investor-Product Interface* (2015), https://thegiin.org/assets/images/pub/GIIN_Scaling%20US%20Community%20Investing%20The%20Investor-Product%20Interface.pdf. Paul Irving, Lisa Woll, & David Wood, SIF, Initiative for Responsible Investment, & Milken Institute, *Expanding the Market for Community Investment in the United States* (2013), http://www.ussif.org/files/publications/ussif_expanding_markets.pdf. *The Impact Programme, Survey of the Impact Investment Markets 2014: Challenges and Opportunities in Sub-Saharan Africa and South Asia* (2015), http://www.theimpactprogramme.org.uk/wp-content/uploads/2015/08/DFID-Impact-Programme-Market-Survey-Web-20151.pdf. Jessica Freireich & Katherine Fulton, Monitor Institute, *Investing for Social & Environmental Impact: A Design for Catalyzing an Emerging Industry* (2009), http://monitorinstitute.com/downloads/what-we-think/impact-investing/Impact_Investing.pdf.

20 Min Pease, Echoing Green, *Deviation from the Standard* (2015), http://www.echoinggreen.org/pubs/Deviation-Standard-Impact-Investing.html.

Authors

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Additional reading

Echoing Green's impact investing publications:
http://www.echoinggreen.org/publications#invest

About Echoing Green

For nearly thirty years, Echoing Green, a nonprofit that has disbursed USD 40 million in funding and strategic assistance to almost 700 emerging leaders, has found and forged the most promising talent into leaders who spend their lives working with purpose. It continues to build a global community of emerging leaders who launched Teach For America, City Year, One Acre Fund, The Global Fund for Children, SKS Microfinance, and more. Whether it's through its Fellowships or other innovative leadership initiatives, it unleashes unexpected potential from hidden places by tracking down the best and the brightest leaders, bringing them together, and launching them on a path to success.

As one of the few seed funders of social entrepreneurs, Echoing Green hopes to inform and increase the flow of early-stage impact capital. Its impact investing program stems from its experience in selecting, funding, and supporting these Fellows, and contributes Fellows' and Fellowship applicants' funding stories, applicant trends, and innovative models of seed-stage investment to inform the type and flow of capital needed to help emerging social entrepreneurs succeed.