

“THE \$100K I RECEIVED FROM AN ANGEL INVESTOR MEANT MORE TO ME THAN THE \$100M WE LATER RECEIVED FROM BIG PLAYERS. WITHOUT THOSE EARLY FUNDS, THE BIG MONEY WOULD HAVE HAD NO ROLE TO PLAY.”

IQBAL QUADIR, Founder, Grameenphone, Founder & Director, Legatum Center at MIT

INVESTORS' CIRCLE



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IC LETTER
INNOVATE. INVEST. INSPIRE.

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INVESTORS' CIRCLE WELCOMES YOUR
COMMENTS AND CONTRIBUTIONS TO THE
IC LETTER: ICLETTER@INVESTORSCIRCLE.NET





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Building a Stronger IC Community

SINCE 1992, IC HAS SERVED AS A TESTING GROUND FOR IMPACT INVESTING. On the surface, IC national conferences cultivate relationships between companies that solve some of the world's most pressing problems and investors who write checks, mentor, and support social entrepreneurs. Stepping back, we see that our impact extends well beyond the confines of the IC community and into the larger financial market.

We are helping to change the way capital flows through our system, shifting venture capital from a strictly short-term interest in software and chips to a long-term holding that includes life-science, green building, and renewable energy operations. We are creating a web of local networks of patient capital providers that embodies a paradigm of sustainability. We invite you to join us.

As IC Chair, I would like to share some exciting recent IC Board changes. Investors' Circle would first like to thank Cathy Berry and John Biebel, who have transitioned from IC Directors to IC Advisors. After helping IC and Woody Tasch found and incubate Slow Money, Cathy will now function as a main liaison between our kindred organizations. John Biebel, a seasoned financial advisor, will function as a core liaison between IC and the broader SRI community.

We would also like to welcome two new Board Directors, Ken Merritt and Patricia Dandonoli. Ken leveraged his Wall Street legal experience to become a founding partner of Merritt & Merritt & Moulton, where he leads a transactional corporate practice with an emphasis on venture capital and growth companies. Pat has helped lead mission-driven organizations for over 25 years, most recently in launching and growing to scale the US affiliate of WaterAid, an international development organization devoted to providing safe drinking water and sanitation in developing countries. We are excited to have Ken and Pat on our Board of Directors, as part of our membership, and in our larger community.

Dominic C. Kulik
Chairman

WE HAVE BEGUN THE YEAR WITH A FOCUS ON MOBILIZING CAPITAL and community. We will delve deeply into this topic at our spring conference in San Francisco, CA as we ask ourselves how IC's assets can be leveraged to create a sustainable economy. Some ideas lie within these pages: using the GIIRS rating tool, coalition building, understanding corporate structures, and inspiring the next generation of social enterprises. One thing is certain: it takes both investment dollars and a resourceful community to drive real change in the market. This is that community. What are we going to do in the new decade?

For one, we are enriching the relationships between our member investors, our world-changing companies, and our larger ecosystem. The IC team and several IC members were proud to participate in a due diligence tour of the BlackGold Biofuels facilities at the Oceanside Treatment Plant in San Francisco, CA. BlackGold Biofuels, a company that has developed patent-pending technology to convert sewer grease into biodiesel, was one of our Fall 2009 Venture Fair presenting companies. We donned hardhats, trekked out to the sewage treatment plant, and learned how grease turns into gold.

Deb Parsons
Co-Director



Measuring Impact

FOR OVER 17 YEARS, INVESTORS' CIRCLE MEMBERS HAVE SOUGHT TO mobilize capital to companies making positive social, environmental, and financial impact. During the summer of 2009, we set out to discover just how real this impact has been. The IC20 is an index of the most successful and impactful companies that have received funding through the Investors' Circle network since 1992. These companies stand as shining examples of the potential of social enterprise, proving that a focus on sustainability and social impact need not compromise profitability and that socially responsible investment can result in substantial internal and external return. We are pleased to announce that we will be using the GIIRS platform as our official ratings partner for determining the next generation of IC20 companies.



- 1 Remediation and engineering services for clean water cardinalres.com



- 2 Sustainably-grown Yerba Mate guayaki.com



- 3 Energy efficient lighting fixtures oriones.com



- 4 Organic full leaf teas numitea.com



- 5 Internet-based organic grocery delivery spud.com



- 6 All natural, cultural beverages honesttea.com



- 7 Renewable power in Latin America



- 8 Wild-harvested rainforest fruits from Brazil sambazon.com



- 9 Fair Trade specialty foods equalexchange.coop



- 10 Naturally and humanely produced beef and pork nimanranch.com



- 11 Environmentally friendly solar panels evergreensolar.com



- 12 Durable surfaces from recycled glass and concrete icestone.biz



- 13 Natural Products for pest and weed management marronebio.com



- 14 Solar electric and solar hot water for homes, businesses, dealers and contractors grosolar.com



- 15 Student drop-out prevention curriculum scholarcentric.com



- 16 Organic cotton clothing wildlifeworks.com



- 17 Renewable energy and carbon offsets renewablechoice.com



- 18 Providing connectivity for two billion villagers unitedvillages.com



- 19 All-natural and organic pizza products rusticcrust.com



- 20 Plant food products made from recycled materials terracycle.net

IC Leads Impact Investors, Becomes first GIIRS Partner

By Beth Richardson, B-Lab

CONTINUING INVESTORS' CIRCLE'S LONG-STANDING RECORD OF LEADERSHIP

In impact investing, IC has joined forces with B Lab to become the first GIIRS partner. GIIRS (the Global Impact Investing Ratings System) aims to drive more capital to higher impact investments by providing investors with comparable impact ratings and analysis on companies and funds.


After a competitive process, led by an internal Social Metrics Committee and a pilot program with IC's Fall 2009 Venture Fair presenters, B Lab/GIIRS was selected as IC's exclusive impact metrics provider. As a result of the partnership, all companies that are selected to present at IC Venture Fairs will be required to participate in a complimentary GIIRS assessment.

In partnership with GIIN (the Global Impact Investing Network) and Rockefeller Foundation, B Lab launched GIIRS in January 2010. According to Rockefeller's Antony Bugg-Levine, "A standard with a rating system can help hold the line on social impact and differentiate those who are truly making a difference from those who are simply telling a story." GIIRS will build on the rating system that B Lab uses to certify B Corporations by including portfolio ratings and ratings for companies in the developing world (See the B Corp Update on pg. 12).

As a result of the IC/GIIRS partnership:

IC members will gain access to comprehensive and comparable social and environmental performance data for all prospective IC investments. Using this data, IC members will be able to compare the relative impact of different investment opportunities and have a roadmap by which to start a thorough due diligence process. IC member funds may take advantage of free management company ratings and a 50% discount on GIIRS fund ratings.

IC companies will receive access to free GIIRS assessments. Companies can use their GIIRS ratings both as a way to assess their social and environmental performance and as a tool for raising capital from impact investors inside and outside the IC process.

Investors' Circle as an organization will be able to report on the collective impact of IC companies and investors. The ability to report on this impact data, include trend analyses, will strengthen IC's leadership position within the impact investing community. IC hopes to encourage other investment groups and individual investment intermediaries to adopt GIIRS as the emerging standard for assessing and communicating the social and environmental impact of global private equity and debt investments. 



For more information on B Lab or GIIRS, contact B Lab co-founder Andrew Kassoy at andrew@bcorporation.net or IC Board member Jay Coen Gilbert at jay@bcorporation.net.

TREND WATCH

318:1

CEO-TO-WORKER WAGE EQUITY RATIO IN 2008

6.3:1

AVERAGE CEO-TO-WORKER WAGE EQUITY RATIO OF IC20 COMPANIES

1:17

RATIO OF IC MEMBER INVESTMENT DOLLARS TO FOLLOW-ON INVESTMENT IN THE SAME COMPANY

4785

JOBS CREATED BY IC COMPANIES SINCE 1992

15%

PERCENTAGE OF THE ANGEL MARKET THAT IS FEMALE

28%

PERCENTAGE OF INVESTORS' CIRCLE MEMBERSHIP THAT IS FEMALE

Spotlight on Inspiration: Tony Carr

An interview with Tony Carr, President of Halloran Philanthropies and new IC member



Could you give us some background information on Halloran Philanthropies?

Halloran Philanthropies supports the creation and advancement of social business innovations that emphasize collaboration, sustainability and economic justice. The funds that are used to support our investments and donations come from businesses owned by Harry Halloran. The primary source of this income comes from an oil refinery in Bradford, PA. At 130 years old, it is the oldest continuously operated oil refinery in the world and Harry has owned it for about 15 years. He uses its profits to invest in philanthropies and several companies in the clean-tech and renewable energy sectors.

How have the interests of Halloran Philanthropies evolved since its inception? What has led you to the social investment space?

Our first foundation was called the Enlightened World Foundation, and its primary purpose was to support a dialogue program between leaders of different faiths. This program launched our foundation, and then we decided it was important to expand our scope. Our areas of concentration now include corporate social responsibility, social capital markets, microfinance, and community innovation. We have discovered many things that we have a passion for and our strategic plan has evolved accordingly, bringing us to investments in social and economic development.

What brought you to Investors' Circle and what are you hoping to gain from your IC membership?

We joined IC after the conference in Washington, DC, which was one of the highlights of my experience with Halloran Philanthropies. We are looking to benefit from IC membership in two ways. First, we hope to build exceptional

relationships with exceptional people. One of the things I found at the conference was that people are interested in what we're doing and also in who I am; there seemed to be a real openness and interest in getting to know one another. Second, of course, we hope to find new ways in which we can support innovative businesses.

Let's begin with the relationships – how have you benefitted from professional relationships?


We can't stress enough the importance of making connections, which is something that benefits the whole industry. Linking people with other people in this space proves that, even though we're small, we can have a significant impact in social change. We really rely on the experience of others. One example is that we were interested in a specific company and learned that another Investors' Circle member was the early angel investor. That was encouraging, especially because this member has been a leader in investing for years. We tend to lean on those that have gone before us.

And the deals – what types of companies are you looking for?

We are now beginning to look at opportunities in small and medium businesses, primarily start-ups. Our focus has expanded from renewable energy companies to a broader range of investment opportunities in social enterprises. We have a particular interest in clean energy and water companies in Latin America (specifically Mexico, Brazil and Colombia) and India.

I THINK THAT HAVING BEEN INVOLVED IN SEVERAL START-UP BUSINESSES MYSELF HAS HELPED ME APPRECIATE THE COURAGE THAT INVESTORS SHOW IN TAKING RISKS TO SUPPORT IDEAS AND ENCOURAGES ME TO TAKE THAT RISK AS WELL.

What is the driving force behind your investment strategy? Do you feel it necessary to mitigate your risk?

We invest in entrepreneurs and companies that present an idea that attracts our attention and seems to "click" with our motivations. We follow our intuition. I've learned that sometimes even the most enlightened investors are not comfortable investing in start-ups. I think that having been involved in several start-up businesses myself has helped me appreciate the courage that investors show in taking risks to support ideas and encourages me to take that risk as well. 

Learn more about Halloran Philanthropies at www.halloranphilanthropies.org.

Spotlight on Innovation: Lori Steele

An interview with Lori Steel, Founder and CEO of Everyone Counts

Could you tell us briefly what Everyone Counts does?

Everyone Counts is a team of internationally recognized experts in computer security and elections. After the 2000 Presidential Election, we realized that better systems of governance that utilize the internet, telephones, and established modern technologies could increase access, security and transparency in elections.

What is the biggest challenge you have faced as an early-stage entrepreneur?

In the fund-raising process, I've learned that many investors who evaluate early-stage companies are looking for the same components they expect from later stage companies. They want the right people, good products, little competition, strong financial structure and a large market opportunity. But in a start-up, they also want the company to be cheap. That's something I grappled with early on.

What have been your best and worst experiences with investors?

We've raised about \$3 million since 2006. My worst experience was in the first round. A good friend wrote us a check and three weeks later got scared and asked for it back. A friend of his had done a bit of internet research and passed it on as if he were an expert. They were making comparisons to similar businesses operating in different industries and their concerns could have been cleared up with a direct conversation. I wish that that investor had done his research before making the commitment to invest.

My best experience, though, happened at a point after our first success when we were really cash-strapped. One potential investor came to truly believe in us and saw that we could deliver. He said, "This is a \$1 billion business, isn't it?" and invested \$1 million.

What do you feel should be the role of angel investors in the capital and entrepreneurial space?

Personally, I don't see a huge difference between angels and VCs. Ultimately, it's about the people involved. There are people who have asked questions that have made me a better CEO, and there are people who just like to tell you what they think and what they know and who want to look smarter than the entrepreneur. That approach wastes everyone's time. The best role an investor can play, be they an angel or a fund manager, is to be someone who wants to add value to a company through their expertise.

What advice might you pass along to entrepreneurs starting out today?

If an entrepreneur knows her business really well, she has to have confidence in what she knows and not defer too quickly to other peoples' experiences or perceived expertise. It's wise to listen, but you also need to trust your own instincts and knowledge. Your advisors might be smarter than you, but you should know your industry the best. You need to know the difference between when they know more than you and when they don't.


INNOVATE. INVEST. INSPIRE.



YOUR ADVISORS MIGHT BE SMARTER THAN YOU, BUT YOU SHOULD KNOW YOUR INDUSTRY THE BEST.

Ideally, where do you see your business in five years? What's the biggest challenge to getting there?

In five years, we will be the world's first Fortune 1000 election company. That means our technology will help facilitate elections around the globe and we will have changed the standards in the election industry for security and accessibility.

The biggest challenge to getting there is being able to raise enough capital today to execute on all of the opportunities that we have created and that are now ready to be won. 

Learn more about Everyone Counts at www.everyonecounts.com.

Spotlight on Investing

The following companies are ventures that received funding through our network



Alter Eco

THE BUSINESS IN A NUTSHELL:

Alter Eco works with cooperatives in the Global South to offer exquisite Fair Trade, Organic and Carbon Neutral chocolate, quinoa, rice, sugar and olive oil.

SOCIAL ENTERPRISE? PROVE IT.

Alter Eco's triple bottom line is at the core of the company's activity and business model. We leverage the power of consumers in industrialized countries to fight poverty in the most remote areas of the developing world. Our farmers democratically decide how to invest Alter Eco's Fair Trade Premium in projects that help the whole community, including: Water wells (Ghana), Computers & Scholarships (India), Micro-credit loans (The Philippines) and Electric installation (Peru).

SURVIVAL MODE:

The economic crisis has slowed our growth. We grew 20% in 2008 and 15% in 2009, compared to over 300% in 2007. The economic and social turmoil has been positive, however, in the sense that it has greatly raised awareness. We see strong shifts in attitude among consumers who want to see where their food comes from and approach consumption holistically.

WHAT IS SUCCESS?

We use our own methodologies to evaluate the progress of our partner cooperatives. We measure the performance of each of our suppliers against social, environmental and economic factors, such as the transparency of the organization, recycling practices, women empowerment and implementation of social security and health coverage.

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Berrett-Koehler
Publishers

Barrett-Koehler

THE BUSINESS IN A NUTSHELL:

Berrett-Koehler Publishers is an independent publisher of print and digital publications on current affairs and societal change, business and management, and personal growth and self-help.

SOCIAL ENTERPRISE? PROVE IT.

Berrett-Koehler's mission is "Creating a World That Works for All." We believe that action is needed at all levels: societal, organizational, and individual. We publish groundbreaking books focused on each of these levels. BK Currents titles advance social and economic justice. BK Business titles pioneer new and progressive leadership and management practices and promote socially responsible approaches to business. BK Life titles help people create positive change in their lives.

SURVIVAL MODE:

Thanks to the contributions of many different BK stakeholder groups, Berrett-Koehler has been able to avoid layoffs. Two of our principal suppliers extended additional credit to BK, as did our bank. Berrett-Koehler earned a small profit in both 2008 and 2009 and, unlike many companies, was not forced to scale back our publishing program.

WHAT IS SUCCESS?

Our strategic plan stipulates that by 2011 we will begin audits of BK's performance in quality (in editing, design, production, marketing, sales, and administration), stewardship (operating in the interests of all stakeholders), partnership (stakeholder relationships that embody collaboration, respect, openness, transparency, integrity, and mutualism), and sustainability (keeping BK mission-driven, values-based, and independent, while raising efficiency and performance).

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groSolar

THE BUSINESS IN A NUTSHELL:

groSolar is North America's premier distributor, installer and integrator of solar energy solutions for residential and commercial installations.

SOCIAL ENTERPRISE? PROVE IT.

Our mission is to deliver peace of mind and energy security through clean solar energy systems and whole energy appreciation. Our business was born from a social and environmental mission to combat climate change and to make solar power affordable for the average American home, business and institution. We believe that solar power is one of the best solutions for protecting the environment, providing affordable, stable energy supply for the world, and building the green economy.

SURVIVAL MODE:

Our business grew significantly in 2009 despite many challenges in the health of the economy. Due to tight credit markets, 2009 was a tough year for large-scale commercial solar power. However, our homeowner and small business installation business saw triple-digit growth in 2009 because we were able to leverage our national scale to increase solar installation volume while driving prices down and utilizing state and federal incentives.

WHAT IS SUCCESS?

Our main metrics are megawatts installed/shipped, profitability, and market interest in solar power, which we are driving nationally with our brand. We are committed to a triple-bottom line business model providing high values for people/profit/planet, for our customers, shareholders and employees.

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Natural Systems Utilities

THE BUSINESS IN A NUTSHELL:

NSU is a water management company. We design, build, own and operate decentralized, environmentally sustainable water supply, treatment, and reuse systems built around natural ecologies.

SOCIAL ENTERPRISE? PROVE IT.

Creating positive social and environmental impact is inherent in the core value proposition of our business, which is to deliver safe, reliable water to meet human needs while preserving and protecting freshwater resources and habitat. NSU offers an attractive alternative to traditional water management approaches that rely on a fossil-fuel intensive, industrial-scale engineering and economic model.

SURVIVAL MODE:

The water supply, treatment and infrastructure market is extremely large and growing across all segments. The past 18 month's downturn in the new green building market has been offset by opportunities in other active segments that have been less affected by the housing slump. In addition, NSU has pursued a growth strategy that includes selected acquisition of utility operating companies, which provides predictable, recurring revenue streams and attractive ROI.

WHAT IS SUCCESS?

Financially, NSU will benchmark steady revenue growth and rising profitability driven by recurring, highly predictable revenue from utility operations. NSU also intends to establish metrics and monitor its positive environmental impact in comparison to alternative, conventional technologies.

CONTACT:

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Orion Energy Systems

THE BUSINESS IN A NUTSHELL:

Orion Energy Systems is a leading power technology enterprise that designs, manufactures, and deploys energy management systems for commercial and industrial businesses.

SOCIAL ENTERPRISE? PROVE IT.

Orion's technology has been deployed in more than 5,000 facilities in North America, reducing electricity consumption and costs for businesses by 50 percent and delivering capacity back to the grid during peak hours. As a result, Orion technology has prevented more than 6.1 million tons of carbon dioxide from entering the atmosphere. That's the air-scrubbing equivalent of a nearly 1.7 million-acre forest.

SURVIVAL MODE:

Orion hasn't been immune to the worldwide economic downturn and, like most companies, has seen a decline in sales as our core customer base tightens its budgets. Orion, however, is positioned for future growth and is in the sweet spot of converging market trends concerning over secure low-cost energy, grid reliability, harmful emissions, environmental sustainability, and government policy and legislation.

WHAT IS SUCCESS?

The most important metrics we use to measure our business are the tons of greenhouse gases we displace, the amount of electricity we've reduced from the strained electric grid, and the amount of money we've saved our customers. In a time when a carbon footprint is as important as a company's balance sheet, these metrics validate our mission.

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Sambazon

THE BUSINESS IN A NUTSHELL:

Sambazon markets açai beverages and organic superfoods throughout North America, Brazil and Europe.

SOCIAL ENTERPRISE? PROVE IT.

Sambazon developed a supply chain that includes a sustainable forest project and benefits thousands of small family farmers while protecting the biodiversity of the Amazon's flooded forest region. Açai is considered a "model" NTFP (non-timber forest product) for conservation of floodplain forests of the Amazon delta.

SURVIVAL MODE:

Consumers understand more and more that they are what they eat. In the face of the recent economic downturn, this has made healthy, organic foods a lot more resilient than other consumer products. Also, as the population goes out to restaurants less, they go to the grocery store more. This has protected the food business more than many other industries.

WHAT IS SUCCESS?

As a young company, we must operate as well as any other business that plans to succeed over time, and this means profit. The best way that we can make an impact on this world is to first be financially stable in our business and gain scale so that our philanthropic actions or "market driven conservation" can then make a significant impact on the society. We have adopted a triple bottom line philosophy, and we look to economic, social and environmental factors in determining our footprint and overall means of success.

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Spring Conference Preview

Mobilizing Capital and Community

It takes more than capital to create a sustainable economy. How can we unlock the full potential of our incredible community over the next year and the next decade? What are the trends, new initiatives, and ideas shaping impact investing? Join us in San Francisco for three days of exploration, venture presentations, workshops and networking.

Register by March 19, 2010 to take advantage of Early Bird rates at investorscircle.net!

INVESTORS' CIRCLE SPRING CONFERENCE

2010 April 18-20
The Westin
San Francisco, CA

Upcoming Events Calendar

Cleantech Forum XXVI	February 24-26, 2010	San Francisco, CA	cleantech.com
Social Enterprise Conference	February 27-28, 2010	Cambridge, MA	socialenterpriseconference.org
Natural Products West	March 11-14, 2010	Anaheim, CA	expowest.com
Financial Times Investing in a Sustainable Future	March 24, 2010	New York, NY	ftconferences.com
GreenFest San Francisco	April 10-11, 2010	San Francisco, CA	greenfestivals.org
IC Spring Conference	April 18-20, 2010	San Francisco, CA	investorscircle.net
Social Enterprise Summit + World Forum	April 28-30, 2010	San Francisco, CA	se-alliance.org
SVN's 2010 Annual Member Gathering	April 29-May 2, 2010	Stevenson, WA	svn.org
CERES Conference	May 5-6, 2010	Boston, MA	ceres.org
ACA Summit	May 5-7, 2010	San Francisco, CA	angelcapitalassociation.org
BALLE Business Conference	May 21-23, 2010	Charleston, SC	livingeconomies.org
Sustainable Brands 2010	June 7-10, 2010	Monterey, CA	sustainablelifemedia.com
Slow Money National Gathering	June 9-11, 2010,	Shelburne Farms, VT	slowmoneyalliance.org
All Things Organic	June 16-17, 2010	Chicago, IL	organicexpo.com
LOHAS Forum	June 23-25, 2010	Boulder, CO	lohas.com
NASFT Summer Fancy Food Show	June 27-29, 2010	New York, NY	specialtyfood.com

The Corporate Structures In Between

By Joy Anderson

SOCIAL ENTREPRENEURS CREATE VENTURES THAT PUSH THE BOUNDARIES of traditional legal structures. We talk about hybrid structures, imagine wholly new corporate shapes, and borrow whatever forms we can to protect our missions and foster good business.


CRITERION VENTURES STRUCTURE LAB

Being attuned to the role of legal forms in enabling the balance between doing “good” and making a profit is important for both these social entrepreneurs and their socially responsible investors. We must ask ourselves: What is the base structure - LLC, L3C, 501C3, or C Corp - that best facilitates the operations of a business? What contractual language aligns intent and mission? And what governance structures are required to ensure stakeholder representation? At Criterion Ventures, we launch social ventures with our clients and with partners, and we consider these questions as we sort through potential legal structures. While there are many efforts focused on creating new forms, understanding existing structure options can be a complex process.

WE MUST ASK OURSELVES: WHAT IS THE BASE STRUCTURE - LLC, L3C, 501C3, OR C CORP - THAT BEST FACILITATES THE OPERATIONS OF A BUSINESS? WHAT CONTRACTUAL LANGUAGE ALIGNS INTENT AND MISSION? AND WHAT GOVERNANCE STRUCTURES ARE REQUIRED TO ENSURE STAKEHOLDER REPRESENTATION?

Over the past year, in partnership with many members of Investors' Circle, Criterion Ventures has been working on a framework that demonstrates the range of choices in legal structure. Originally, we imagined something like Tarot Cards, where we could lay out our company's needs, predict its future, and choose the right structure. We engaged game consultants and designers, and the David and Lucille Packard Foundation stepped in with a grant to produce what has become Structure Lab.

In implementation, Structure Lab is more situation-analyzing than fortune-telling. In a six-hour workshop, we cover a broad range of legal and quasi-legal issues using a game that allows participants to explore available structures and apply them to their specific ventures. The game facilitates conversations around different aspects of venture design, including company formation, governance, finance, exit strategies, market interaction, and growth. Participants gain a clear understanding of the potential legal structures that can be employed for their prospective ventures and of the pros and cons of each of those structures as they apply to their individual situations. They become prepared to work with legal counsel to take the next steps in understanding and establishing the optimal legal structure.

Through collaboration with socially-minded law firms and legal advisors, business school social entrepreneurship programs, and other content-developing practitioners, we are building both a set of tools for understanding legal structures and a community with the resources to implement structure choices. In 2010, we are offering over 20 labs that will support over 400 people. We hope to expand our partnerships and our reach, helping social ventures set themselves up for success. 

To learn more, please visit www.criterionventures.com/structure. Note: Structure Lab is an educational program intended to teach participants how to think about how legal structures can be used to further their mission. It does not provide direct legal advice.

Are you a Member?

- World leader in Corporate Social Responsibility and Sustainability News
- Company profiles, archives, featured positions, sustained exposure, discount packages, RSS syndication
- Enhanced member profiles with microsite to promote your identity and showcase news and CSR initiatives, customized feeds, multimedia platform, fully optimized SEO, exposure on social media platforms
- News alerts reach over 45,000 investors, CEOs, media outlets, journalists, CSR professionals, activists, educators, from over 250 countries
- Picked up by news media outlets including The Wall Street Journal, CNN, The New York Times, The Washington Post, NPR, Business Week, Fast Company, The San Francisco Chronicle, CorporateRegister, and more

Limited time Investors' Circle OFFER:
Additional 10% discount on special packages (Save up to 30%)
Code: IC Expiration date: 12/31/2010

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Producing Solutions for Human and Environmental Sustainability from University Research

By Joseph Steig and Judith Giordan



THE UNITED STATES HAS A WELL-DESERVED REPUTATION AS THE WORLD'S powerhouse for technology innovation. But many have been asking whether we are effectively translating that innovation into economic success. With our recent economic crisis, new questions are being raised about whether the U.S. can continue to be competitive on the global stage. The notions that China can't innovate and that India will never be competitive are rapidly fading.

Through a variety of Federal agencies, the United States spends billions of dollars on university research. The challenge we as a nation face is how to preserve the integrity of our university system and our commitment to basic research while continuing to improve the translation of this research to commercial value. A further challenge—and one that is an opportunity for investors like those from Investors' Circle—is how to engage with university researchers to further our economic prosperity in a way that advances human and environmental sustainability.

While many approaches to accelerating the translation of research into innovation have been developed, most have not been as successful as hoped. At Venture Well, we are implementing a new approach that takes into consideration many of the challenges that previous approaches have faced.


WE BELIEVE THAT YOUNG TECHNOLOGISTS WHO ARE PASSIONATE ABOUT TECHNOLOGY AND INNOVATION AND WHO BELIEVE IN BUSINESS SOLUTIONS CAN HAVE UNPRECEDENTED IMPACT NOT ONLY ON THE ECONOMIC HEALTH OF THIS COUNTRY BUT ON THE SUSTAINABILITY OF THE PLANET AS WELL.

How are we doing this? With the explicit intent to address key issues of human and environmental concern, we are engaging university researchers directly and working to help them gain the necessary skills and vocabulary to be effective participants in the research translation process. This makes the researcher a key positive and knowledgeable agent in the complex business process of taking their research to commercialization. It also aims to dispel both the myth that invention is the hardest stage of the commercialization process and the myth that the researcher is not relevant to the long-term success of the venture.

We focus on university researchers at the undergraduate, graduate, post-doctoral and faculty levels. We engage these researchers in a venture development process that uses training and skilled advising to help shape their research into potential ventures. In this process, researchers develop a "lens of the market" view that parallels their research. We help them answer personal questions, including the following: How can I, as a university researcher in the STEM (science, technology, engineering, math) disciplines, be better equipped to translate my research into solutions for the world? How can I continue my academic role and still be a key figure in a transformative venture? How can I help develop a company that can make effective use of investment dollars and become a sustainable venture?

NURTURING UNIVERSITY RESEARCHERS AND HELPING TURN THEIR RESEARCH INTO VIABLE VENTURES RESULTS BOTH IN VALUE TO SOCIETY AND A STRONG VALUE PROPOSITION FOR INVESTORS AND INVESTOR GROUPS.

We believe that young technologists who are passionate about technology and innovation and who believe in business solutions can have unprecedented impact not only on the economic health of this country but on the sustainability of the planet as well. Google's recent change in policy in China is one example that illustrates the role that business can play in addressing societal issues. It's important to note that Google was started by two young Stanford research students.

Nurturing university researchers and helping turn their research into viable ventures results both in value to society and a strong value proposition for investors and investor groups. We look forward to engaging Investors' Circle members in our efforts to more aggressively support young researchers who are making a difference in the world. 

Venture Well comes out of the National Collegiate Inventors & Innovators Alliance, a national non-profit created by The Lemelson Foundation. Over the past fifteen years, the NCIIA has been working to support and promote collegiate entrepreneurship by providing grants and programs for faculty course development and for student invention and entrepreneurship. Judy Giordan and Joseph Steig direct Venture Well for the National Collegiate Inventors & Innovators Alliance and are Investors' Circle members. Contact them at www.venturewell.org

True Confessions Yield Simple Truths

By Alexandra Laforge, IC Staff Member

THE "TRUE CONFESSIONS" BREAKOUT SESSION AT THE 2009 IC FALL

Conference was one of the most controversial in Investors' Circle's history. Moderated by IC co-Founder and angel investing expert, John May, the panel featured three successful entrepreneurs who received funding from IC members. The entrepreneur panelists, Seth Goldman of Honest Tea, Scott Leonard of Indigenous Designs, and Kevin Jones of Cardinal Resources, shared their experiences working with IC members and offered insight into the entrepreneurial perspective of the angel investment relationship. These entrepreneurs told their stories candidly, in hopes of improving IC's investment activities.

Each entrepreneur brought a unique experience to the conversation, yet as they spoke, common themes began to emerge and key guidelines for investors developed:

Be honest. The entrepreneurs expressed disappointment in seemingly interested investors who ceased to communicate or who did not actually have the capacity to invest. Just as entrepreneurs should be upfront when presenting their companies, investors should be honest and transparent about their intentions as well.


Act fast. As John May explains, "due diligence is the process of getting to 'no' as soon as possible." Choosing not to pursue due diligence or invest in a company is an unavoidable part of the angel investment process; however, coming to that conclusion in a timely manner is beneficial to both the investor and entrepreneur, allowing the investor to focus on his or her true interests and the entrepreneur to focus on alternate funding routes.

Think outside the box. Investors' Circle members make financial investments in early-stage social and environmental ventures. Entrepreneurs, however, encourage investors to look beyond this transaction. A number of entrepreneurs point to "soft support," the support, expertise, and mentoring they receive in addition to direct capital, as one of the key benefits of going through the IC network. Investors have the opportunity to support companies

BUILDING ROBUST RELATIONSHIPS WITH ENTREPRENEURS ALLOWS INVESTORS TO LEVERAGE THE IMPACT OF THEIR INVESTMENTS, ENTICING FOLLOW-ON FUNDING IN THE SHORT TERM AND HELPING COMPANIES ACHIEVE GREATER SUCCESS IN THE LONG RUN.

by not only sharing personal expertise, but also by connecting them to outside investors, advisors, and partners. Building robust relationships with entrepreneurs allows investors to leverage the impact of their investments, enticing follow-on funding in the short term and helping companies achieve greater success in the long run.

Don't burn bridges. Investors are not interested in every deal they see. When turning down a company, however, John May advises investors to "keep the doors open for future updates and opportunities," adding that "supporting social entrepreneurs, not just wealth building, is an important part of our mission." Companies enter the social capital ecosystem at different stages and with different needs. Maintaining a positive report with declined companies not only strengthens the social enterprise community, but also preserves opportunities as companies grow and become more attractive deals.

The "true confessions" shared at the fall conference sparked a discussion that we hope to carry into the future. The IC 2010 Spring Conference will turn the spotlight onto investors, giving them the opportunity to share their stories about investments made, deals turned-down, and the investor-entrepreneur relationship. 

Sustainable Business Leadership Forum



Hanson Bridgett, an IC member and supporter, is a leading provider of legal services to organizations engaged in sustainable business. Their Sustainable Business Leadership Forums feature monthly presentations and networking focused on advancing sustainable

businesses. Past topics have included legislation, cleantech, venture capital, green building, microfinance and energy management. At HB forums, you will get in-depth information about the opportunities, challenges, and profits associated with going green. The forum provides attendees the opportunity to learn and connect with like-minded business people who can help you advance your venture or area of interest in the sustainability movement. Hanson Bridgett's clients are diligently engaged

to make improvements in the following areas:

- Clean Technologies
- Socially Responsible Investing
- Organic Agriculture and Food Products
- Smart/Green Development and Transportation
- Green Building and Development
- Water and Waste Recycling/Environmental
- Sustainability Education, Training and Services
- Renewable energy supply, conservation and energy efficiency

By helping their clients succeed, HB is not only fulfilling their responsibility as lawyers; they are doing their part to create a more sustainable world. For more about Hanson Bridgett and its forums, please visit www.hbsustainable.com.

Incubated Project Updates



Patient Capital Collaborative

The Patient Capital Collaborative (PCC) is a series of venture capital funds that invests in Investors' Circle companies. PCC funds are typically raised every 18 months and generally invest in three to five promising IC companies each. PCC funds offer meaningful portfolio diversity, and limited partners are encouraged to invest across a series of PCC funds to create as large and diversified a portfolio of triple bottom line venture investments as suits each limited partner's asset allocation.

The funds are led by a seasoned General Partner and are overseen by Investment Committees that are made up of experienced business leaders in the Sustainable Future field. The funds are open to accredited individual investors as well as larger parties.

The first PCC fund, raised in the fall of 2007, has \$1.5 million in commitments and has invested in four IC companies: New Day Farms (organic heirloom tomato grower), Ocean Renewable Power Company (tidal and run-of-river emission-free power generation), Origin Biomed (maker of Neuragen™ - a safe, non-prescription botanical-based topical treatment for neuropathy), and Rivertop Renewables (producer of renewable carbohydrate-based chemicals).

The PCC just finished fundraising for its 2009 fund with \$1.8 million in subscriptions. "I am pleased we were able to increase subscriptions by 20% despite the poor fundraising environment" says Sky Lance, Managing Principal of Sustainable Resource Ventures, the General Partner of the PCC funds.

With a \$200,000 common stock purchase in Boston Heart Lab (www.bostonheartlab.com), the PCC 2009 fund has already closed an investment in one IC Spring 2009 Conference company and is evaluating several others from the IC Fall 2009 Conference.

For further information, please contact Sky Lance, Managing Principal, at Sky@SustainVC.com or visit Sustainable Resource Ventures' website at www.SustainVC.com.

slow money

SLOW MONEY

"Slow Money gets right to the heart of everything that's ailing our economy and corroding our culture. It offers a formula for a new kind of capitalism in which farmers' markets and stock markets both flourish." - Kerry Trueman, Huffington Post

Slow Money began 2009 with 35 founding members, plans to hold a number of regional Slow Money Institutes, and a recently published book in hand. It ended the year with more than 160 founding members, 800 overall members, 3,500 signatories to the Slow Money Principles, and a campaign to garner one million signatories and 100,000 members. Held in September in Santa Fe, NM, Slow Money's inaugural national gathering hosted 450 attendees from 34 states and six countries, including 26 showcased small food enterprises.

Inquiries Into the Nature of Slow Money: Investing as if Food, Farms, and Fertility Matterd, by Woody Tasch, has been heralded as seminal. According to bookseller Steven Costa, "Once in a while, a book comes along that has the potential to change things. This is one such book. It is going to unleash a major movemet." Working closely with Slow Food and the Business Alliance for Local Living Economies, Slow Money is working to mobilize significant amounts of capital to support local food systems and to engage large numbers of small individual investors in the process of fixing our economy from the ground up ... starting with food.

Slow Money's next national gathering will be held June 9-11, 2010 in Shelburne Farms, VT.

If you want to bring money back down to earth, learn more and sign the Principles at www.slowmoneyalliance.org/principles.html.



B LAB

B Corp Community: As of January 1, 2010, there are 250 Certified B Corps from over 50 industries. Recently certified B Corps include: Equilibrium Capital Management, Sun Light & Power, Southern Energy Management, CSRWire, and the Redwoods Group.

New B Corp benefits: Yale SOM has announced a B Corp loan forgiveness program. ShoreBank has become the first B Corp to save over \$100k through the B Corp-Salesforce partnership.

B Corp policy update: The first B Corp tax break passed in Philadelphia with partner SBN Philadelphia – this pilot program will save B Corps \$500k. Legislation has been introduced in Vermont to create a For Benefit Corporation with partners VBSR and Vermont Employee Ownership Center. The For Benefit Corp will be first new corporate form with higher standards of corporate purpose, accountability, and transparency.

For more information on B Lab's work, contact IC Board member Jay Coen Gilbert at jay@bcorporation.net or B Lab co-Founder Andrew Kassoy at andrew@bcorporation.net.

Spotlight on Action

THE INVESTORS' CIRCLE COMMUNITY IS BUILT AROUND PEOPLE of great passion. Our members and entrepreneurs work to create a more sustainable economy through direct investing and social venture development, but those are just two models in our ecosystem. Our Taking Action Partner, American Sustainable Business Council, will represent a coalition of business networks committed to public policies that promote a vibrant, just and sustainable economy. Learn how you can get more involved with this group.



WHAT?

American Sustainable Business Council is a growing coalition of business networks committed to public policies that promote a vibrant, just and sustainable economy. It represents over 40,000 businesses and social enterprises and more than 150,000 entrepreneurs, owners, executive, investors and business professionals.

WHY?

America faces many serious challenges – but America's most visible business organizations, such as the U.S. Chamber of Commerce, promote policies that perpetuate the problems. A growing community of forward-thinking business leaders is forging a new way for progressive business voices to become a prominent force in the media and in Washington.

HOW?

ASBC provides a collaborative framework so that business networks such as Investors' Circle, SVN, B Lab, BALLE, and Green America can help their members engage in policy advocacy. We work at the federal and state level to design and execute campaigns, identify opportunities for influence, organize visits to policy makers, and mobilize business voices to champion sustainability in the media.

CONTACT

For more information on how networks can join and how businesses and individuals can participate, visit www.asbcouncil.org, email info@asbcouncil.org or contact David Brodwin at 415.265.3861.

The time has come for business to play a prominent role in building a vibrant, just and sustainable economy. Growth and development must take their proper place alongside shared prosperity, environmental protection and social justice as key priorities for our economy.

The American Sustainable Business Council is building the foundation, framework and political influence for a transition to a new economy grounded in principles of sustainability and equity. The Council works on a wide range of issues including financial reform, climate change, tax policy, and chemicals. The Council will elevate the public presence of diverse businesses representing sustainability, local economies, micro-enterprises, and corporate social responsibility.

We aim to move beyond the politics and business of the past to create the innovative solutions —enterprises, collaborations, and ideas—necessary for accelerating such a transformation.

Increasingly, legislators and their advisors are expressing the urgent need for progressive businesses to take a more active role as a champion of economic reform and social change. These businesses and their associations want to engage in public policy but most have not had access to the resources or capability to maximize their potential influence.

Successful engagement requires the power that only a coordinated and collaborative entity can provide. The American Sustainable Business Council was created specifically to leverage this collective strength and catalyze policy change.

“For America to once again become a land of justice and equity, hope and possibility, it is essential for progressive and responsible business to have a seat at the table as policy is shaped, rules are written and priorities set. The American Sustainable Business Council is the most important and exciting new initiative I’ve been involved with since I started Seventh Generation over 21 years ago.”

Jeffrey Hollender, Co-Founder & Executive Chair, Seventh Generation

Partners in the American Sustainable Business Council include: Association for Enterprise Opportunity, New Voice of Business, Business Alliance for Local Living Economies, Responsible Wealth, B Lab, Social Enterprise Alliance, California Association for Microenterprise Opportunity, Social Venture Network, Green America, Sustainable Business Alliance, Green Chamber of Commerce, and Wealth for the Common Good.