IMPACT INVESTMENT READINESS FRAMEWORK

18 Steps
These 18 steps – divided in 3 phases – reflect the typical “real life” journey of impact entrepreneurs once they embark on raising impact investment to scale.

- No. 1 - the Investment Readiness phase - is all about preparing the enterprise BEFORE approaching investors. It’s like an X-ray of the organization from all relevant angles: The social problem, the solution & impact, market & distribution, growth & scaling, and financing & forecast.

- No. 2 – the Signing Readiness phase – covers the steps necessary to approach and secure investors. It covers vital angles such as: How to approach investors, how to create and analyze investor long- and shortlists, how to do management presentations and pitches, how to negotiate term sheets, etc.

- No. 3 – the Market Readiness phase – is about what happens AFTER the impact investors are aboard: e.g., establishing good investor relations, dealing with mission drift tensions, setting up meaningful (impact) reporting, preparing early for the next financing round, and, if applicable, doing a (impact-) responsible exit.
THE 18 STEPS FRAMEWORK

1. Theory of change
   How exactly do you create impact?

2. Analysis of impact
   How do you measure/report your impact?

3. Financing model
   How do you finance your activities?

4. Business model & financial plan
   What are the effects of your products/services on income/cost?

5. Investment readiness
   How do you score in your readiness to raise and use capital?
THE 18 STEPS FRAMEWORK

- **Signing Readiness**
  - Financing instruments: Which type of external finance should you use?
  - Identifying investors: Who are your potential investors?
  - Investor approach: How do you prepare a compelling pitch?
  - Management presentation: How do you convince investors to commit?
  - Investor due diligence: How can you prepare for information requests?
  - Narrowing down the Investor list: How do you choose the right investors for you?
  - Term sheet & negotiation: How do you negotiate key terms and conditions?
  - Signing the financing contract

- **Steps**
  - 6.
  - 7.
  - 8.
  - 9.
  - 10.
  - 11.
  - 12.
  - 13.
THE 18 STEPS FRAMEWORK

Market Readiness

14. Investor relations
   How can you make sure that investors stay committed

15. Monitoring & reporting
   How do you set up impact and financial reports

16. Mission preservation
   How can you avoid conflicts with your social goals?

17. Next financing
   How do you plan ahead if you need more money?

18. Exit (if planned)
   How can you design a responsible exit strategy?
THE SFA LEARNING PLATFORM

Dashboard

Access to Impact Investment for Social Enterprises

Module 1: Orientation
- Unit 1: Define your individual starting position
- Unit 2: Understand if and how impact investment can support your mission
- Unit 3: Find your way within the social capital markets and understand how to manage your impact

Module 2: Financing Needs & Options
- Unit 4: Identify your needs and options for financing
- Unit 5: Understand the different financing instruments and their main features

Module 3: Investment Readiness
- Unit 6: Find out to which extent you are "Investment-ready"

Module 4: Investor Approach & Negotiation
- Unit 7: Create a plan and material to approach investors
- Unit 8: Prepare for investor due diligence and negotiations

Unit 4: Identify your needs and options for financing

The unit will provide insights on how to identify the financing needs of your organization, tools to highlight the basic options for financing such as grants & loans, and how to ensure legal forms of social organization are set up to attract the concept of "Impact Finance." You will then learn to identify your organization's financing needs by using the cash-flow profile and preparing your financial statements. In addition, you will gain an understanding of the basic options for financing such as grants, loans, and hybrid financing, and how they help social enterprises to find a tailor-made financing solution.

Key concepts: Cash-flow profile, Informational Hybrid, Hybrid financing needs, Impact, Dates, Non-Registration, Relational Investment, Impact funds.

Current:
- Contents
  - Cash-flow profiles and financing needs
  - Informational hybrid and options for financing

Workshop:
- Needs and options for Financing

Expert Interviews:
- A legal face for social enterprises
- Impact and ways to reach investors
- Financial services and "Impact Finance"

Group discussions and additional readings:
- Group Discussion and individual readings

Temp files:
- Infographics: Impact Investing Profiles - Financing Needs
- Infographics: Informational Hybrid - Options for Financing
- Infographics: Impact Investing Profiles - Financing Options
- Infographics: Impact Investing Profiles - Key Documents and Tools for Financing
- Infographics: Impact Investing Profiles - Impact Investing Tools and Options for Financing
Get started with SFA as a self-learner

https://social-finance-academy.org/courses/